

Meeting Date: May 20, 2026
Agenda Executive Summary

4. Investment Performance Review

Presented by Susan Brown, Finance & Accounting Services Manager and Terryl Aguon, Treasury Analyst with Deanne Woodring, Government Portfolio Advisors

The City's Financial Policies require staff to submit a portfolio report to the Finance Committee no less than twice per year. This will be the first update for calendar year 2026.

Requested Action: Information and Committee Discussion

5. Investment Policy – Annual Review

Presented by Susan Brown, Finance & Accounting Services Manager and Terryl Aguon, Treasury Analyst

The City annually reviews and updates its Investment Policy. Ms. Brown and Ms. Aguon review any proposed changes and request the Finance Committee's consideration and recommendation for the policy that will be considered by City Council later this year. GPA, the City's Investment Advisor, has recommended a significant restructuring of the city's Investment Police in alignment with current best practices. More details are included in the memo accompanying this item and the enclosed attachments.

Requested Action: Recommendation to Council

6. FY 2025/26 Budget to Actual Report (April)

Presented by Elizabeth McCann, Budget & Finance Director and Bill Eggert, Budget Manager

Requested Action: Information and Committee Discussion

Meeting Date: May 20, 2026

Agenda Item: 3. Meeting Minutes – February 18, 2026 & March 18, 2026

Attached are the draft minutes for the February 18, 2026 and March 18, 2026 Finance Committee meetings. Please review them prior to the meeting. Approval of the minutes will be included on the agenda.

City of Gresham Finance Committee
Wednesday, February 18, 2026, 7:00 p.m.
Zoom Meeting Minutes

Finance Committee Members Present:

Mike Schultze, Vice-Chair
Nick McWilliams, Chair
Rusty Allen
Anisa Ali
Faith Luch
Preston Pace

Finance Committee Members Absent:**Council Liaison in Attendance:**

Janine Gladfelter

Staff Members in Attendance:

Elizabeth McCann, Director of Budget & Finance
Susan Brown, Finance & Accounting Manager
Terryl Aguon, Treasury Analyst
Ian Peterson, Sr Financial Analyst

Christina Ott (Recording Secretary)

1. Convene Meeting and Roll Call

The meeting was convened at 7pm by Chair McWilliams.

2. Public Comment

None

3. Meeting Minutes – January 21, 2026

Chair McWilliams noted a correction regarding the context of the discussion he had with Ms. McCann regarding the Police Training Facility Lease item. This has been corrected to read, *“There was discussion between Ms. McCann and Chair McWilliams clarifying that this is coming to the committee because it is a debt mechanism.”*

There was a motion made by Mr. Pace and seconded by Mr. Allen to:

“Approve the meeting minutes with the included revision.”

Motion passes unanimously.

4. Forgivable Loan, Wastewater Treatment Plant

Ms. McCann began with her presentation.

“Presentation can be seen as a part of Attachment A.”

Mr. Pace asked for a recap of the funding breakdown.

Ms. McCann started by presenting it was a \$14 million dollar project. There would be a \$4 million-dollar forgiven loan from Oregon Department of Environmental Quality (DEQ), \$2 million of which would be forgivable and the balance with favorable loan terms, a federal grant of \$1 million, \$8 million from Microchip for all related projects, and the rest will be funded from rate revenue from the wastewater bills.

Mr. Pace and Ms. McCann confirmed the aspect the Committee was reviewing was the loan portion of the funding.

Chair McWilliams questioned if this project would have a long-life expectancy and how long it would be.

Ms. McCann stated there would be wastewater engineers at the next meeting that would be able to answer more technical questions, but the wastewater plant was at least 50 years old. There are continually projects occurring to extend the life of the plant or enhance the capacity and meet permitting requirements. This project would result in a long-term asset.

Ms. Ali asked what would happen if the project was delayed or exceeded the budget.

Ms. McCann replied the engineers refine the project cost estimates as the project moves through design phases, but in general when they go into these types of projects, they have a typical costs and they factor in items like inflation. If the project gets delayed, there are two potential outcomes. One is we could violate the permit requirements which would have consequences that would have to be addressed with DEQ, or the city could try to limit the ammonia that comes to the plant.

Mr. Allen asked how long the payback term is.

Ms. Aguon responded it is a 30-year payback.

Mr. Pace asked what options were available if the project was over budget.

Ms. McCann responded that rate revenue would be used. This loan is replacing rate revenue as the original funding source, so this loan is reducing the overall burden on the Gresham community.

There was a motion made by Chair McWilliams and seconded by Mr. Allen to:

“Recommended to Council to approve loan agreement.”

Motion passes unanimously.

5. Property Tax Update

Mr. Peterson began with his presentation.

“Presentation can be seen as a part of Attachment B.”

Chair McWilliams and Mr. Peterson had a discussion to clarify the relationship between property tax collections for Urban Renewal and the frozen base used in calculating Urban Renewal taxes. Further discussion with Ms. McCann compared the taxes collected from the Rockwood/West Gresham urban renewal area with the projections for the new Civic/Downtown urban renewal area. The discussion continued about what would happen to the tax revenue when the urban renewal expired and how property tax owners would not see an overall change in the property taxes, since only the allocation between jurisdictions change.

Ms. Luch inquired based on the collections and actuals for 2024, why was it copied over to 2025 and not adjustment made based on actuals.

Mr. Peterson answered there was revenue growth, but it was heavily influenced by one-time impacts to personal property accounts which were not anticipated. As a result, the current forecast adjusts the budget to better align with historical trends and reduce volatility.

6. Follow-up on agenda items from January 21, 2026

Ms. McCann began by sharing the agenda items that were carried over from the previous meeting. She then opened it up to questions or comments about the materials or the content in them.

Chair McWilliams commented it would be nice to have context of prior year spend percentage paperwork towards the Budget to Actual report.

7. Project Updates

Ms. McCann began sharing some updates:

- Budget Committee meeting is scheduled for April.
- Finance/Budget Committee duties for the Gresham Redevelopment Commission are being reassigned to this committee by City Council and the Redevelopment Commission.
- Auditors presented an update to Council that was like last month's committee report. The federal single audit was delayed due to late guidance following a government shutdown and ultimately resulted in one finding related to a programmatic federal grant report that was not filed on time. Aside from this issue, the audit received a clean opinion, and staff are developing an action plan to prevent similar delays in the future.

Councilor Gladfelter noted the delay was due to staffing changes and there were no penalties towards the city due to this.

Chair McWilliams noted that he could not recall any findings during his tenure on the committee, that this was an extremely rare event, and was very appreciative of staff.

Councilor Gladfelter left the meeting prior to Agenda item #8 – Council Compensation.

8. Council Compensation

Ms. McCann began giving a brief summary of the Council Compensation history and process for the new members, including that voters approved compensation for the Mayor and Council in 2015 and the responsibility of setting the compensation was assigned to the Finance Committee. The committee reviews the compensation annually and chooses to keep compensation the same, apply a cost-of-living adjustment, or propose other changes. To ensure compliance with Oregon Revised Statute, staff requested the committee formally state that the mayor and council are not paid for serving on the Budget Committee.

Attachments provided include historical compensation data, benefit details, salary comparison caps tied to Multnomah County and Metro positions, and recent Consumer Price Index information to aid the committee's decision.

Chair McWilliams led the committee through a discussion about the impacts of a cost-of living adjustment based on the CPI index.

There was a motion made by Mr. Pace and seconded by Chair McWilliams to:

“Approve the compensation received by the Mayor and Council and does not include those periods of time when the Mayor and the Council serve as members of the City of Gresham Budget Committee, per ORS 294.414(3).”

Motion passes unanimously.

There was a second motion made by Chair McWilliams and seconded by Mr. Allen to:

“Approve a cost-of-living adjustment of 2.2% applied to the monthly salary of Mayor, Council President, and councilors rounded up to the next dollar.”

Motion passes unanimously.

9. Committee Business

Ms. McCann shared that she has shared that Mr. Allen and Ms. Luch were interested in serving on the Public Safety Levy Advisory Subcommittee. She will notify the Committee when the appointment is on the City Council Agenda.

Chair McWilliams asked about Council’s decision for the lease for the Police’s new training facility.

Ms. McCann responded that the Council approved of the lease.

10. Good of the order

None

11. Meeting Adjournment

The meeting was adjourned by Chair McWilliams at 8:20pm. The next Finance Committee meeting will be held on March 18, 2026 at 7:00pm.

Nick McWilliams, Chair

Christina Ott, Recording Secretary

**City of Gresham Finance Committee
Wednesday, March 18, 2026, 7:00 p.m.
Zoom Meeting Minutes**

Finance Committee Members Present:

Nick McWilliams, Chair
Preston Pace

Finance Committee Members Absent:

Mike Schultze, Vice-Chair
Rusty Allen
Anisa Ali
Faith Luch

Council Liaison in Attendance:

Janine Gladfelter

Staff Members in Attendance:

Elizabeth McCann, Director of Budget & Finance
Ian Peterson, Sr Financial Analyst
Christina Ott, Administrative Analyst
Ellen Van Riper, City Attorney
Chris Strong, Transportation Director
Justin Douglas, Urban Renewal and Economic Development Director
Mike Whiteley, Water Director
Andrew Degner, Wastewater Director
Kathy Majidi, Parks and Stormwater Director

Marijana Mota (Recording Secretary)

1. Convene Meeting and Roll Call

The meeting was convened at 7:05 p.m. by Chair McWilliams.

2. Public Comment

None

3. Meeting Minutes – February 18, 2026

Approval of the meeting minutes will be deferred until the next meeting on May 20, 2026, since a

quorum was not present.

4. Capital Improvement Program Update

Elizabeth McCann & Chris Strong began with their presentation.

'Presentation can be seen as a part of Attachment A'

The floor was opened to questions from the committee. There were no questions.

5. Urban Renewal Budget Process Review

Elizabeth McCann began with her presentation.

'Presentation can be seen as a part of Attachment B'

Mr. Pace inquired whether the statute required the City to charge interest on the funds that are borrowed overnight.

Ms. McCann responded that this was an interest-free loan. Other debt mechanisms have been used to fund GRDC; such as bonds being sold with a longer maturity that were repaid with interest. The City has also bought GRDC's debt as an investment over a multiple-year period. Since the Rockwood Urban Renewal Area is approaching its end, longer-term borrowings as feasible.

It is anticipated that similar short-term arrangements will be utilized to help fund the Downtown/Civic Urban Renewal Area for the first couple of years. As their tax revenues become stable, longer-term debt structures will be revisited.

There was a discussion which clarified that GRDC contracts with the City of Gresham to implement its mission and goals.

6. General Fund Forecast

Ian Peterson began with his presentation.

'Presentation can be seen as a part of Attachment C'

Chair McWilliams asked if the Combined Forecast graph included the public safety levy revenue. It was confirmed that the revenue does include the public safety levy.

Mr. Pace commended Mr. Peterson for a great job on the presentation.

7. Project Updates

Ms. McCann introduced Marijana Mota, who recently was promoted to Budget & Finance Administrative Assistant 3, as the new recording secretary for the Finance Committee. The Committee expressed appreciation to Ms. Ott, who had previously served the Committee in this role.

8. Committee Business

The April 15th, 2026 Finance Committee meeting is cancelled in lieu of the Budget Committee meeting on April 16th, 2026.

The Budget Committee meetings will be held April 16 and April 28, 2026, with an additional meeting on April 30, 2026 if needed. All meetings will begin at 6:00 p.m. and be held via Zoom.

GRDC Budget Committee meeting will be held May 7th, 2026 at 6:00 p.m. via Zoom.

9. Good of the order

None

10. Meeting Adjournment

The meeting was adjourned by Chair McWilliams at 8:14 p.m. The next Finance Committee meeting will be held on May 20, 2026 at 7:00 p.m.

Nick McWilliams, Chair

Marijana Mota, Recording Secretary

Meeting Date: May 20, 2026
Agenda Item: 5. Investment Performance Review

The City's Financial Policies require staff to submit a portfolio report to the Finance Committee no less than twice per year. Government Portfolio Advisors (GPA) will present the investment review. In addition, GPA will be providing an overview of the role of an investment advisor, best practices for municipal investing, and the City's portfolio. This will be the first update for calendar year 2026. A copy of their presentation is attached.

CITY OF GRESHAM

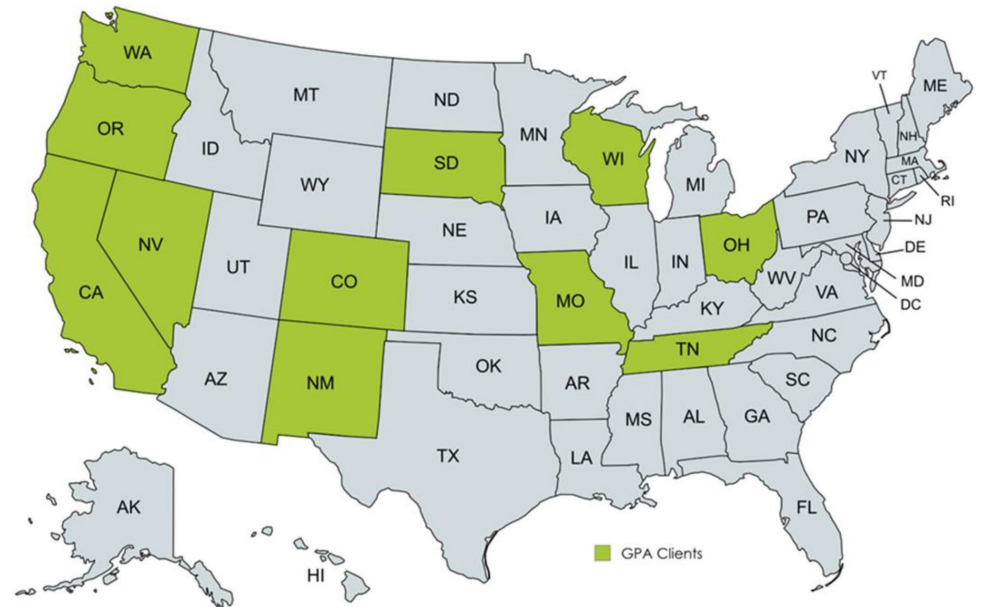
Quarterly Investment Report
Finance Committee
May 20, 2026

Data as of April 30, 2026

About GPA



- ✓ GPA specializes in providing investment advisory services for general operating, reserve and bond proceeds funds for public entities
- ✓ GPA acts in a fiduciary capacity and considers ourselves an extension of our clients' staff
- ✓ GPA professionals have decades of experience devoted to working with public entities



Founded on February 4, 2014
 CRD #170384
 SEC #801-79184
 Oregon WBE Certificate #9314

*AUM as of January 31, 2026
 Asset Under Management "AUM"

Role of the Registered Investment Advisors

City of Gresham was one of the first in the country to utilize an investment advisor.

- Registered Investment Advisor Acts in a Fiduciary Capacity.
- Advisors have extensive resources that leverage the City's finance team.
 - ✓ Investment Expertise and Strategy
 - ✓ Credit and Market Research
 - ✓ Broker Dealer Relationships
 - ✓ Reporting
 - ✓ National Association Outreach
 - ✓ Presentations

Importance of a Strategy for Public Funds

10 Pillars of the SSA Way



Pillar of Stability

Liquidity Management

- ✓ Define Required Liquidity
- ✓ Understand Available Sources about Security Types
- ✓ Stress Test & Confirm Resilience
- ✓ Policy Alignment & Guidelines

Portfolio Components

- ✓ Define Core vs Liquidity Ratio
- ✓ Time Horizon of Needs
- ✓ Cash Flow Analysis
- ✓ Establish Portfolio Target Amounts

Portfolio Diversification

- ✓ Diversification is Risk Control
- ✓ Monitor Issuer and Sector Limits
- ✓ Document Concentration Risk Management

Pillar of Structure

Interest Rate Exposure

- ✓ Assess Risk/Return Trade-Off
- ✓ Understand Duration and WAM Sensitivity
- ✓ Align Rate Exposure Consistent with Objectives

Yield Environment

- ✓ Evaluate Current Yield vs History
- ✓ Assess Yield Curve Shape
- ✓ Constant Treasuries used as a baseline

Market Conditions

- ✓ Evaluate Rising/Falling Rate Scenarios
- ✓ Check Liquidity Stress Tested
- ✓ Review Portfolio Resilience

Pillar of Accountability

Investment Strategy

- ✓ Design Strategy Document
- ✓ Define Target Allocations
- ✓ Align Decisions with Strategy

Guidelines & Controls

- ✓ Monitor Credit Quality Limits
- ✓ Manage Maturity & Concentration Limits
- ✓ Share Compliance Reporting

Communication

- ✓ Communicate Strategy to Governing Bodies
- ✓ Align Transparency of Fees
- ✓ Coordinate Advisors, Brokers and Custodians

Monitor & Report

- ✓ Consistent Portfolio Monitored Regularly
- ✓ Evaluate Portfolio vs. Benchmark
- ✓ Open Transparent Reporting

Compliance Report and Investment Strategy Review

Compliance Report

City of Gresham | GRESH Total Portfolio



April 30, 2026

Category

Policy Diversification Constraint	Policy Limit	Actual Value*	Status
US Treasury Obligations Maximum % of Holdings	100.000	53.241	Compliant
US Agency FFCB Issuer Concentration	25.000	7.347	Compliant
US Agency FHLB Issuer Concentration	25.000	11.585	Compliant
US Agency FHLMC Issuer Concentration	25.000	0.996	Compliant
US Agency FNMA Issuer Concentration	25.000	0.978	Compliant
US Agency Obligations - All Other Issuers Combined	25.000	1.152	Compliant
US Agency Obligations Issuer Concentration	25.000	11.585	Compliant
US Agency Obligations Maximum % of Holdings	100.000	22.058	Compliant
Municipal Bonds Issuer Concentration	10.000	0.000	Compliant
Municipal Bonds Maximum % of Holdings	25.000	0.000	Compliant
Municipal Issue Direct Maximum Amount (Millions)	15.000	0.000	Compliant
Corporate Notes & Commercial Paper Maximum % of Holdings	35.000	11.866	Compliant
Corporate Notes & Commercial Paper Single Issuer %	5.000	2.336	Compliant
Bank Deposits and Certificates of Deposit Issuer Concentration	10.000	0.000	Compliant
Bank Deposits and Certificates of Deposit Maximum % of Holdings	25.000	0.000	Compliant
Certificates of Deposit Issuer Concentration	10.000	0.000	Compliant
Certificates of Deposit Maximum % of Holdings	25.000	0.000	Compliant
Banker's Acceptance Issuer Concentration	10.000	0.000	Compliant
Banker's Acceptance Maximum % of Holdings	25.000	0.000	Compliant
LGIP-Oregon Short Term Fund Maximum	63,387,000.00	55,713,376.45	Compliant
Repurchase Agreements Issuer Concentration	10.000	0.000	Compliant
Repurchase Agreements Maximum % of Holdings	25.000	0.000	Compliant
No 144A or 4(2)	0.000	0.000	Compliant

1) Actual values are based on market value.

2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Compliance Report

City of Gresham | GRESH Total Portfolio



April 30, 2026

Category

Policy Maturity Structure Constraint	Policy Limit	Actual	Status
Maturity Constraints Under 1 year Minimum Amt of Total Portfolio	\$29,535,510	\$141,458,220	Compliant
Maturity Constraints Under 7 years Minimum % of Total Portfolio - except UST and Agency	100%	100%	Compliant
Maturity Constraints Under 30 Day Minimum Amt of Total Portfolio	\$15,786,098	\$58,360,965	Compliant
Policy Maturity Constraint	Policy Limit	Actual Term	Status
US Treasury Maximum Maturity At Time of Purchase (years)	7.000	5.086	Compliant
US Agency Maximum Maturity At Time of Purchase (years)	7.000	6.967	Compliant
Municipal Issue Direct Maximum Maturity At Time of Purchase (years)	10.000	0.000	Compliant
Municipals Maximum Maturity At Time of Purchase (years)	7.000	0.000	Compliant
Corporate Maximum Maturity At Time of Purchase (years)	7.000	6.000	Compliant
Commercial Paper Maximum Maturity At Time of Purchase (days)	270.000	0.000	Compliant
Certificates of Deposit Maximum Maturity (days)	366.000	0.000	Compliant
Banker's Acceptance Maximum Maturity At Time of Purchase (days)	180.000	0.000	Compliant
Repurchase Agreements Maximum Maturity At Time of Purchase (days)	90.000	0.000	Compliant
Maturity Constraints Between 7-10 years Maximum % of Total Portfolio - UST and AGY Only	10.000	0.000	Compliant
Weighted Average Maturity (years)	3.500	2.012	Compliant
Policy Credit Constraint			Status
Municipal Bonds Ratings Minimum AA-/Aa3/AA- (Rated by 1 NRSRO)			Compliant
Corporate Notes Ratings Minimum AA-/Aa3/AA- (Rated by 1 NRSRO)			Compliant
Commercial Paper Ratings Minimum A1/P1/F1 (Rated by 1 NRSRO)			Compliant
Banker's Acceptance Ratings Minimum A1/ P1/F1 (Rated by 1 NRSRO)			Compliant

1) Actual values are based on market value.

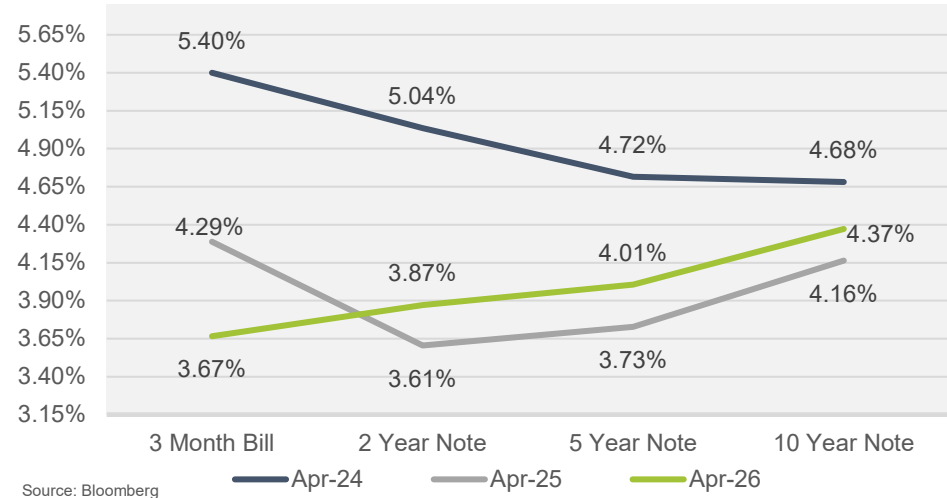
2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Interest Rates & The Yield Curve

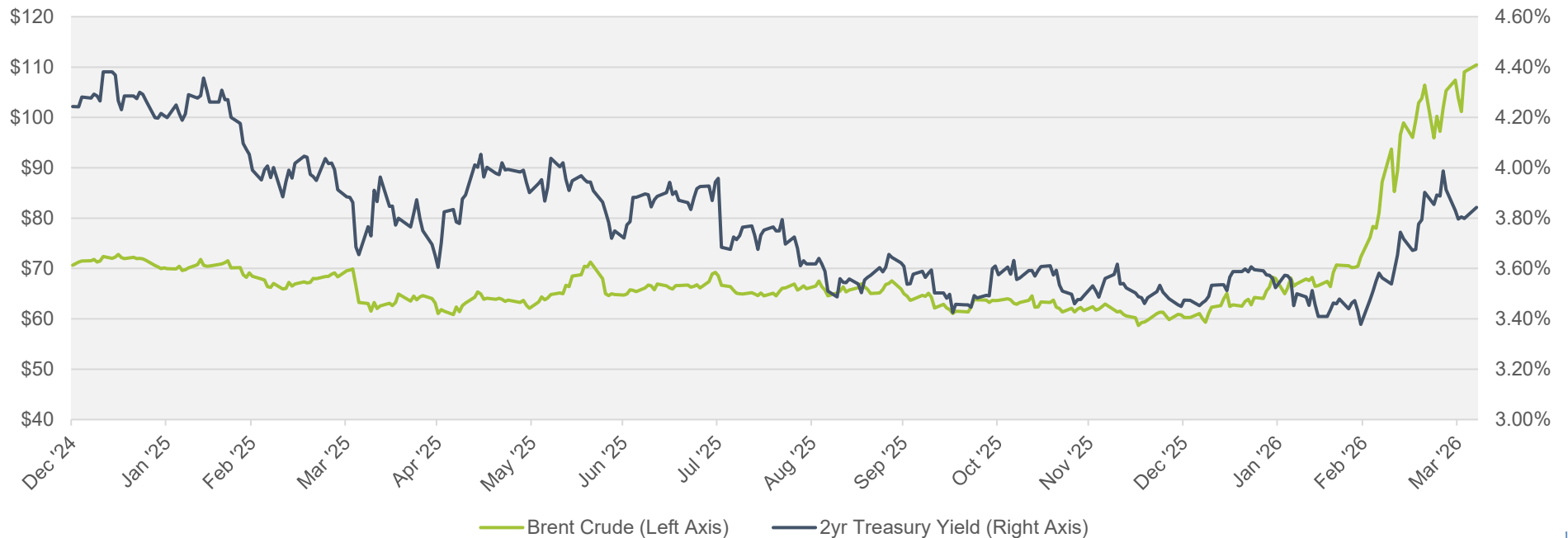


Market Overview

- The yield curve normalized at the end of March 2026
- Most of the movement that occurred in March on the heels of rising oil prices which bond markets fear could spark a surge in global inflation.
- Over the two years ago rates have declined significantly across maturity sectors, with the largest decline in 3 month bill.



Yields Rose in March on Surging Oil Prices



Strategic Quarterly Update

City of Gresham | GRESH Total Portfolio



- **Fed Policy & Market Yields:** Treasury yields edged higher, led by moves in the 2to 5-year sector, while the Fed held the federal funds rate steady.
- **Economic Conditions:** Labor markets showed resilience despite noisy data, inflation eased early in the quarter but is expected to reaccelerate on higher oil prices, and GDP growth slowed sharply due to reduced government spending and trade uncertainty.
- **Investment Strategy:** The Fed held rates steady with only one projected cut in 2026, while futures markets priced out easing. Portfolio strategy favors neutral duration and selective credit exposure, with Treasuries offering better relative value than agency, muni, or supranational debt.

Portfolio Positioning

- With uncertainty surrounding FOMC policy over the next year, GPA is focused on maintaining a neutral duration in Core portfolios.
- Liquidity targets are being monitored to ensure that sufficient balances are available as needed.
- The total portfolio book yield increased from 3.984 to 4.030.
- The total portfolio unrealized gain ended the quarter at \$732,453.
- The core portfolio duration increased over the quarter from 2.042 last quarter to 2.115 this quarter. The benchmark duration ended the quarter at 2.086.
- Net total return for the core portfolio, which includes change in market value and interest income, was 0.20%. The benchmark total return for the period was 0.18%.

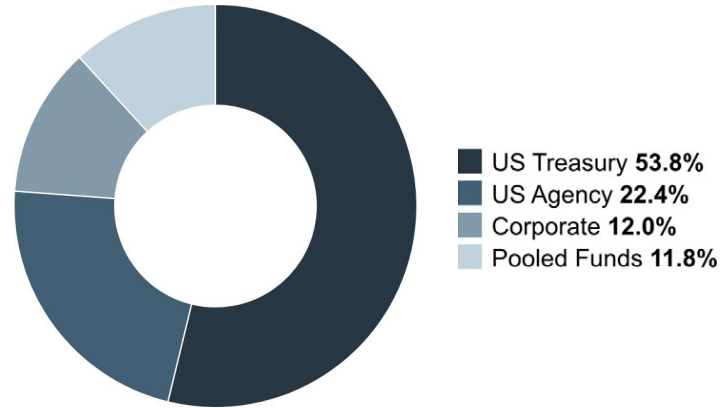
Summary Overview

City of Gresham | GRESH Total Portfolio

Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	50,998,697
Investments	381,466,489
Book Yield	4.03%
Market Yield	3.93%
Effective Duration	1.87
Years to Maturity	2.04
Avg Credit Rating	AA+

Allocation by Asset Class



Strategic Structure

Account	Par Amount	Book Value	Market Value	Net Unrealized Gain (Loss)	Book Yield	Maturity*	Effective Duration	Benchmark Duration	Benchmark
GRESH-Investments	383,050,000	377,626,671	378,359,124	732,453	4.03%	2.31	2.11	2.09	ICE BofA 0-5 Year US Treasury Index
GRESH-Liquidity	50,998,697	50,998,697	50,998,697	0	4.00%	0.01	0.01	0.09	ICE BofA US 1-Month Treasury Bill Index
Total	434,048,697	428,625,368	429,357,821	732,453	4.03%	2.04	1.87	1.85	

Strategic Quarterly Update

City of Gresham | GRESH Total Portfolio



April 30, 2026

Metric	Previous	Current
Strategy	01/31/2026	04/30/2026
Effective Duration		
Investments	2.04	2.11
Benchmark Duration	2.08	2.09
Total Effective Duration	1.82	1.87
Total Return (Net of Fees %)*		
Investments	0.38	0.20
Benchmark Return	0.33	0.18
Total Portfolio Performance	0.45	0.17
<i>*Changes in Market Value include net unrealized and realized gains/losses.</i>		
Maturity Total Portfolio		
Average Maturity Total Holdings	1.98	2.04

Metric	Previous	Current
Book Yield	01/31/2026	04/30/2026
Ending Book Yield		
Investments	3.97%	4.03%
Liquidity	4.10%	4.00%
Total Book Yield	3.98%	4.03%
Values		
	01/31/2026	04/30/2026
Market Value + Accrued		
Investments	382,956,868	381,466,489
Liquidity	47,609,695	50,998,697
Total MV + Accrued	430,566,563	432,465,185
Net Unrealized Gain/Loss		
Total Net Unrealized Gain/Loss	3,009,139	732,453

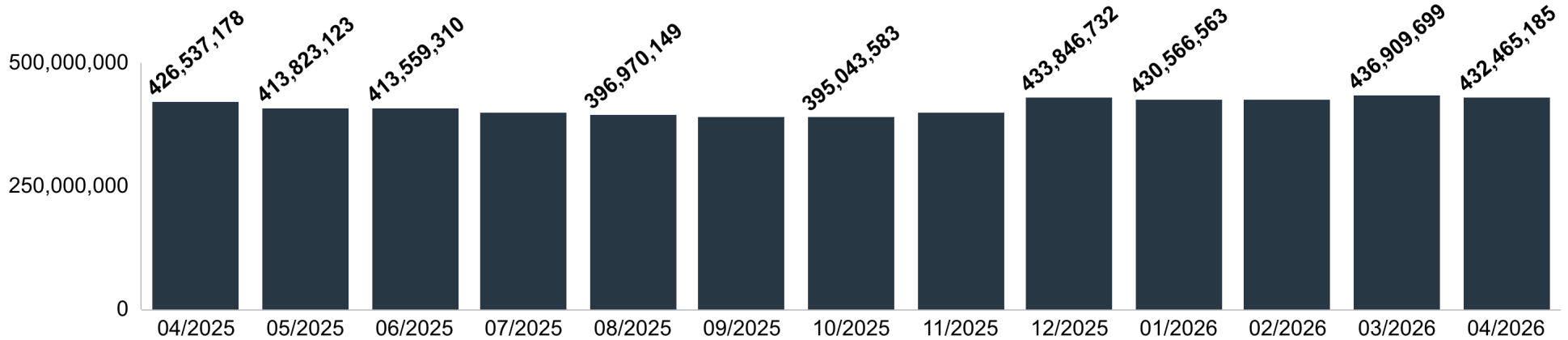
Historical Balances



City of Gresham | GRESH Total Portfolio

April 30, 2026

Market Value



Market Value and Return

Period Begin	Period End	Market Value + Accrued	Earned Income	Book Yield	Effective Duration	Maturity in Years
04/01/2025	04/30/2025	426,537,178	1,400,120	4.02%	1.83	2.01
05/01/2025	05/31/2025	413,823,123	1,412,812	4.00%	1.86	2.02
06/01/2025	06/30/2025	413,559,310	1,357,995	3.99%	1.86	2.02
07/01/2025	07/31/2025	404,984,811	1,362,907	4.02%	1.87	2.04
08/01/2025	08/31/2025	396,970,149	1,334,576	3.99%	1.96	2.13
09/01/2025	09/30/2025	392,638,213	1,281,365	3.98%	1.90	2.07
10/01/2025	10/31/2025	395,043,583	1,300,682	3.98%	1.82	1.98
11/01/2025	11/30/2025	404,829,184	1,289,982	4.00%	1.72	1.86
12/01/2025	12/31/2025	433,846,732	1,444,368	3.98%	1.84	2.01
01/01/2026	01/31/2026	430,566,563	1,430,030	3.99%	1.82	1.98
02/01/2026	02/28/2026	429,787,957	1,329,350	3.99%	1.82	1.98
03/01/2026	03/31/2026	436,909,699	1,459,414	4.02%	1.86	2.03
04/01/2026	04/30/2026	432,465,185	1,432,263	4.03%	1.87	2.04

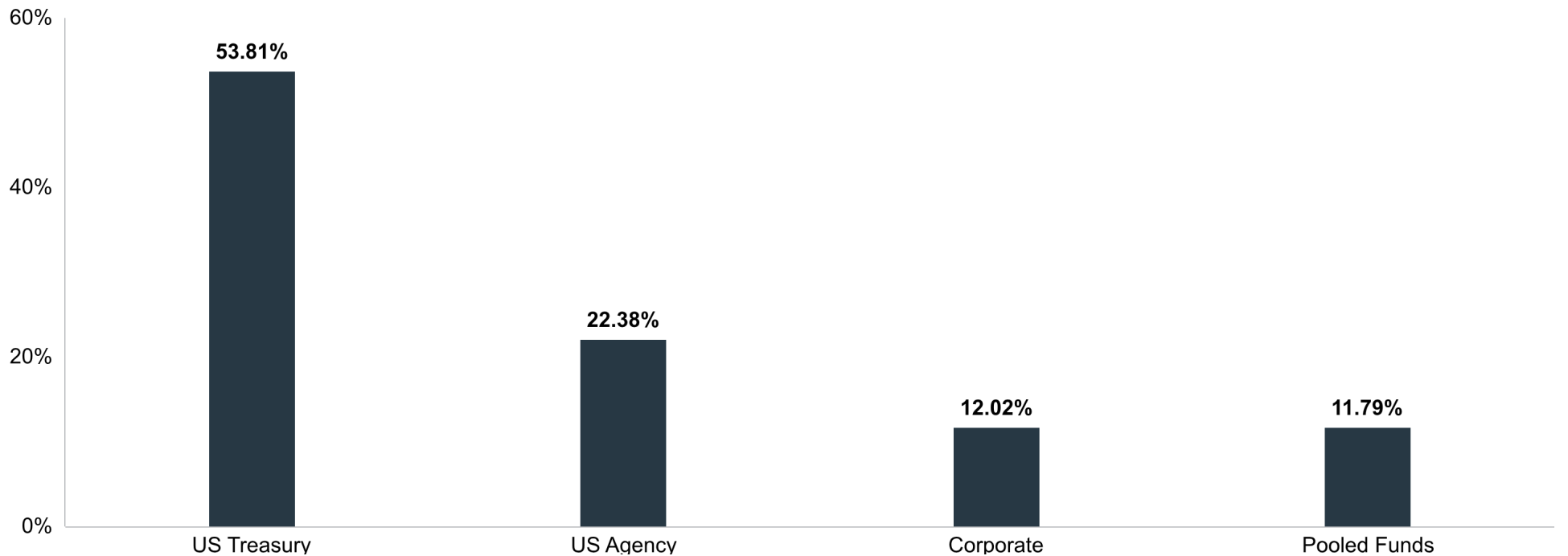
Security Type Distribution

City of Gresham | GRESH Total Portfolio



April 30, 2026

Security Type	Par Amount	Book Yield	Market Value + Accrued	% of Market Value + Accrued
US Treasury	234,400,000	3.86%	232,720,218	53.81%
US Agency	97,000,000	4.17%	96,781,550	22.38%
Corporate	51,650,000	4.56%	51,964,720	12.02%
Pooled Funds	50,998,697	4.00%	50,998,697	11.79%
Total	434,048,697	4.03%	432,465,185	100.00%



Corporate Note and Commercial Paper Exposure



City of Gresham | GRESH Total Portfolio

April 30, 2026

Market Value and Return

Security	Par Value	Coupon Rate	Years to Maturity	S&P Rating	Moody's Rating	Fitch Rating	Book Yield	Net Unrealized Gain/Loss
AMAZON.COM INC	10,150,000	3.015%	0.87	AA	A1	AA-	3.05%	-5,525
APPLE INC	6,000,000	1.200%	1.78	AA+	Aaa	NA	4.62%	43,248
BANK OF AMERICA CORP	5,500,000	2.551%	1.77	A-	A1	AA-	5.42%	39,265
BANK OF NEW YORK MELLON CORP	5,000,000	3.250%	1.04	A	Aa3	AA-	4.66%	29,001
CITIBANK NA	5,000,000	5.803%	2.42	A+	Aa3	A+	5.97%	197,559
COLGATE-PALMOLIVE CO	2,500,000	3.100%	1.29	A+	Aa3	NA	4.34%	9,867
JPMORGAN CHASE & CO	5,000,000	5.299%	3.23	A	A1	AA-	5.26%	79,620
MICROSOFT CORP	2,500,000	3.300%	0.77	AAA	Aaa	WR	4.40%	7,398
WALMART INC	5,000,000	3.950%	1.36	AA	Aa2	AA	3.90%	-1,773
WELLS FARGO BANK NA	5,000,000	5.254%	0.62	A+	Aa2	AA-	5.14%	30,331
Total	51,650,000	3.624%	1.51	AA-	Aa3	AA-	4.56%	428,991

Risk Management - Maturity/Duration

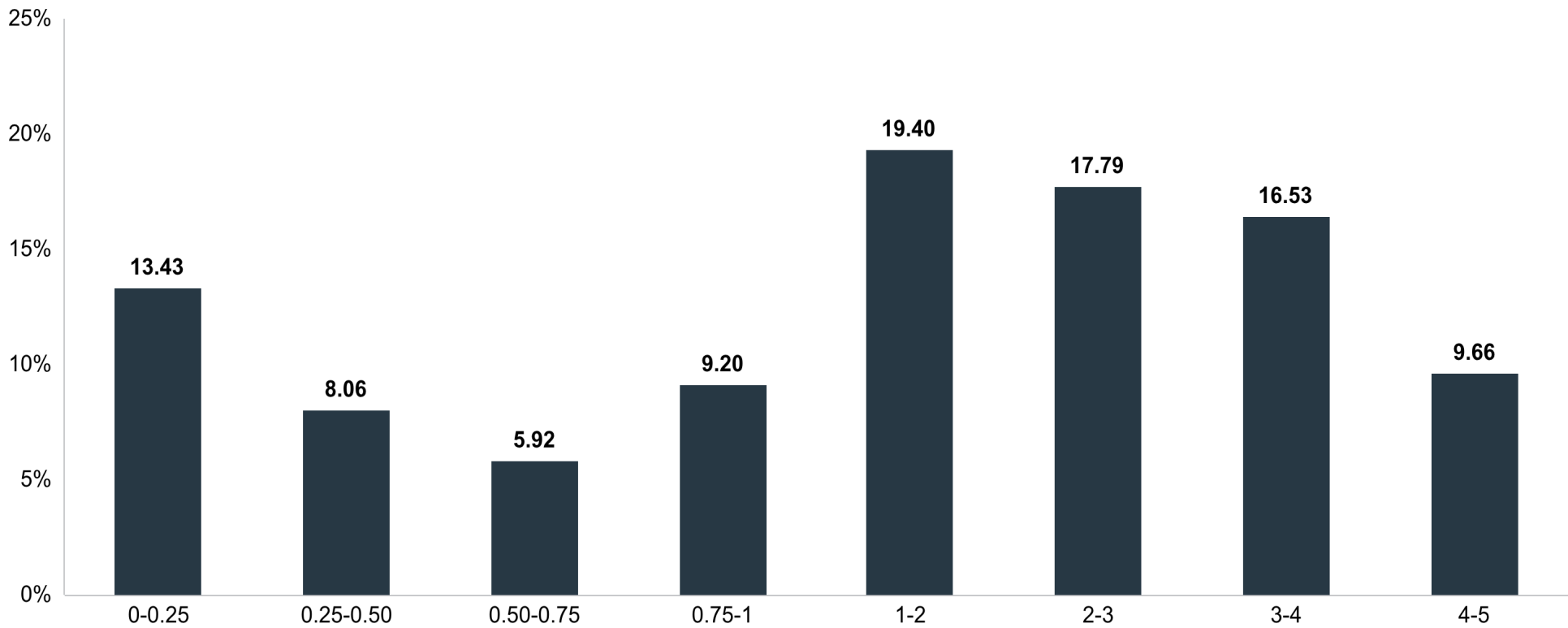
City of Gresham | GRESH Total Portfolio



April 30, 2026

Effective Duration 1.87 Yrs	Years to Maturity 2.04 Yrs	Days to Maturity 744
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Distribution by Effective Duration

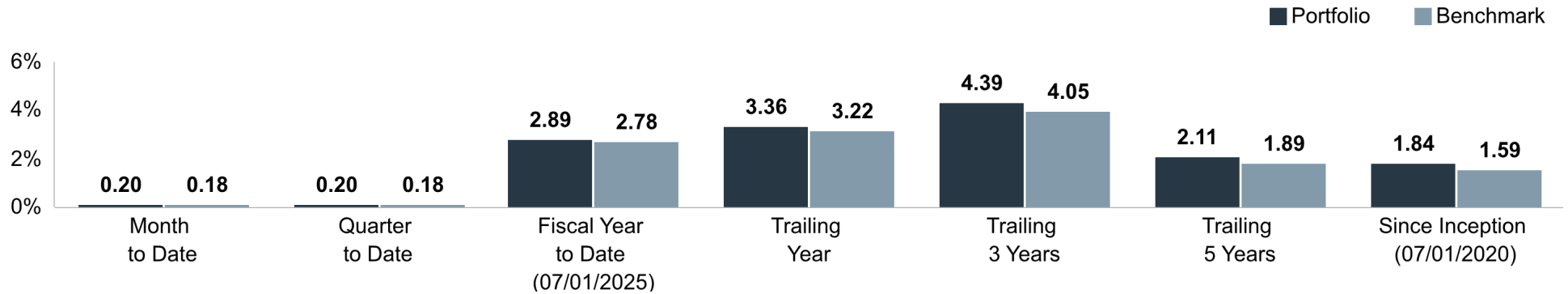


Return Management - Performance



City of Gresham | GRESH-Investments

April 30, 2026



Historical Returns

Period	Month to Date	Quarter to Date	Fiscal Year to Date (07/01/2025)	Trailing Year	Trailing 3 Years	Trailing 5 Years	Since Inception (07/01/2020)
Return (Net of Fees)*	0.197%	0.197%	2.885%	3.364%	4.386%	2.109%	1.841%
Return (Gross of Fees)	0.197%	0.197%	2.916%	3.402%	4.426%	2.148%	1.881%
ICE BofA 0-5 Year US Treasury Index	0.183%	0.183%	2.784%	3.223%	4.053%	1.890%	1.594%

Asset Class Contribution

	Market Value	Duration	Contribution	Performance
US Agency	96,781,550.14	2.16	0.049%	0.195%
Municipal	0.00	0.00	0.000%	0.000%
US Treasury	232,720,218.12	2.30	0.100%	0.171%
Corporate	51,964,720.40	1.21	0.047%	0.311%
Total	381,466,488.66	2.11	0.197%	0.197%

*Net of fees include Investment Advisor Fees

ORS 294.135(a) requires local governments investing in securities with maturities longer than 18 months to annually adopt their investment policies. The Council is required to adopt the policy annually and it was last adopted in September 2025. After review of the policy this year, it is being presented for re-adoption for 2026 to Council with the following recommended changes:

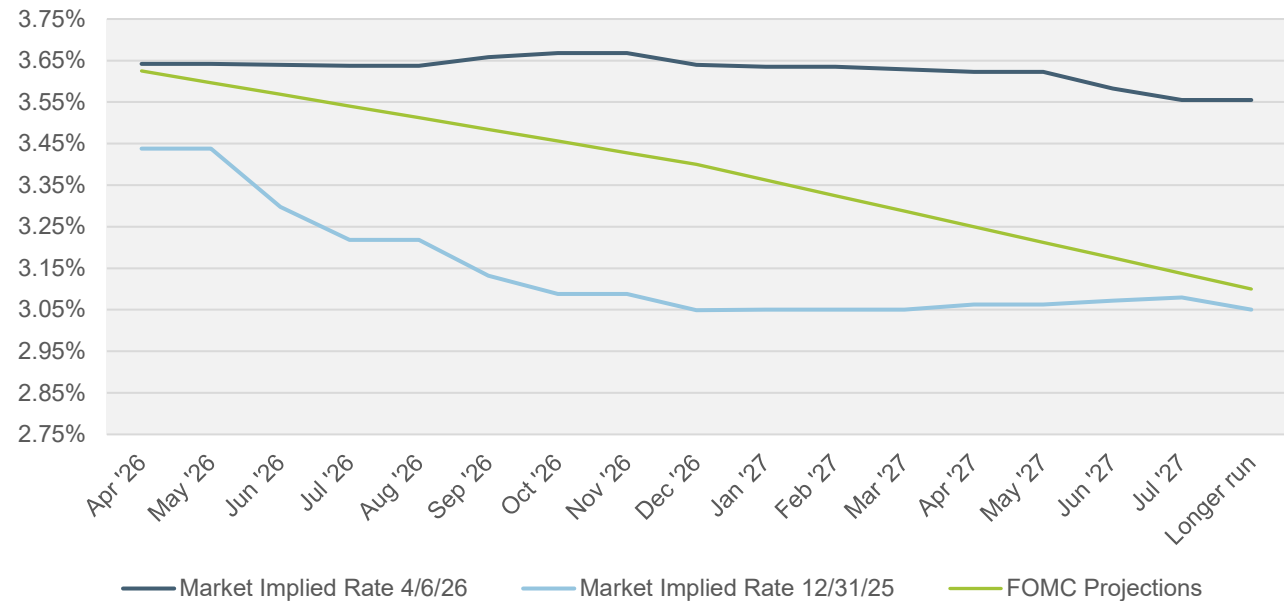
GPA has implemented a checklist process to review the policy that compares the existing policy to the Government Finance Officers Association (GFOA) and the Oregon-Short-Term-Fund Board Sample Policy. These standards ensure that the policy is aligned to current best practice standards.

Update formatting to align to best practices:

- ✓ Add Governing Authority and Conformance Language in Intro section
- ✓ Add Investment Committee language – New section near Delegation of Authority Section
- ✓ Add Pooling Language to Accounting section
- ✓ Add Financial Institution Section
- ✓ Clean up maximum maturity language to properly show that 10 years is maximum maturity for US Treasury and Agency
- ✓ Separate CD's and Bank Deposits and reduce CD's to 10% - fixed language and table reduce to 10% in table - In allowable securities
- ✓ Add to Maturity table - in Maturity Sector
- ✓ Add compliance language per OSTF Section after Reporting

- The Federal Reserve held two meetings in Q1, both times voting to keep the federal funds policy rate unchanged in its current range of 3.50%-3.75%.
- As of their latest meeting that concluded March 18th, the Fed remains forecasting one 25 basis point rate cut in 2026.
- Futures markets that had more than two rate cuts priced in at the end of 2025, are no longer pricing in any.
- Kevin Warsh, a former Fed Governor and Wall Street Vet, will become the next Chair of the Fed on May 15th pending confirmation by the Senate.

Fed Funds Futures Implied Rate vs Fed Projections



FOMC Dot Plot



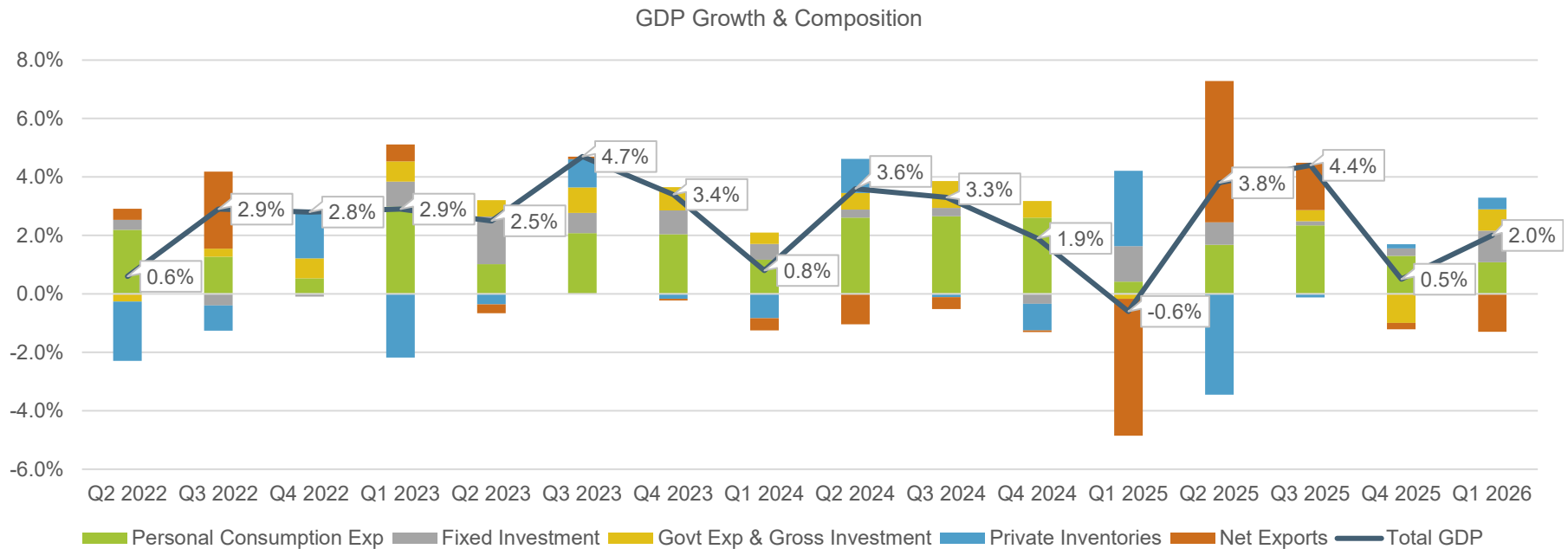
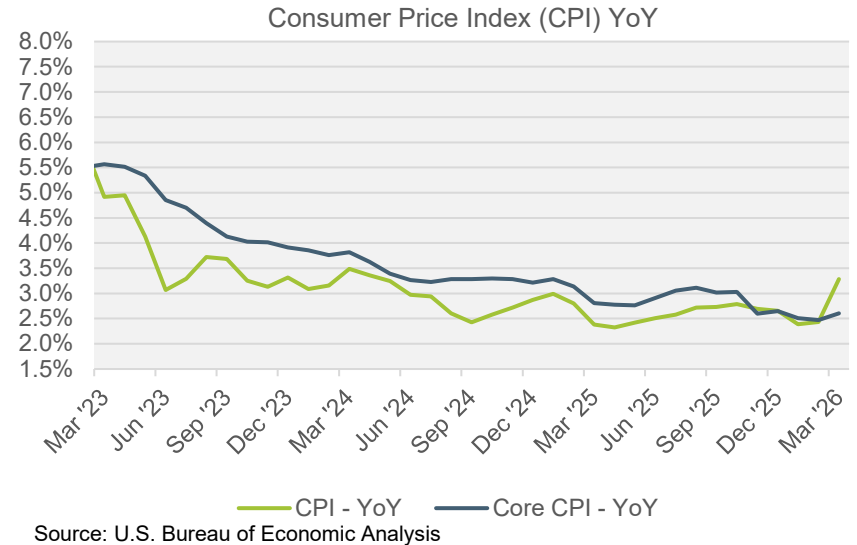
Source: Bloomberg

GDP and Inflation

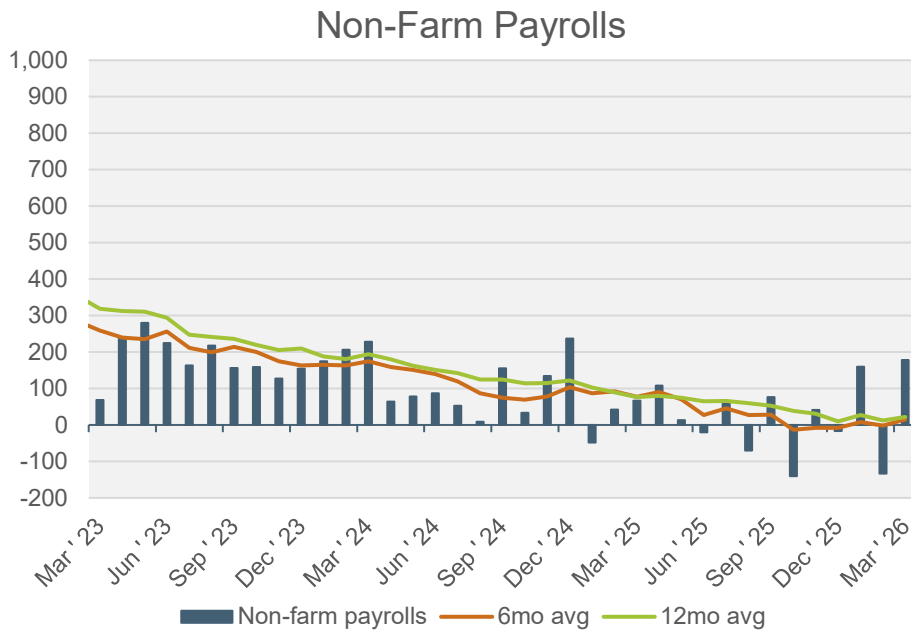


Market Overview

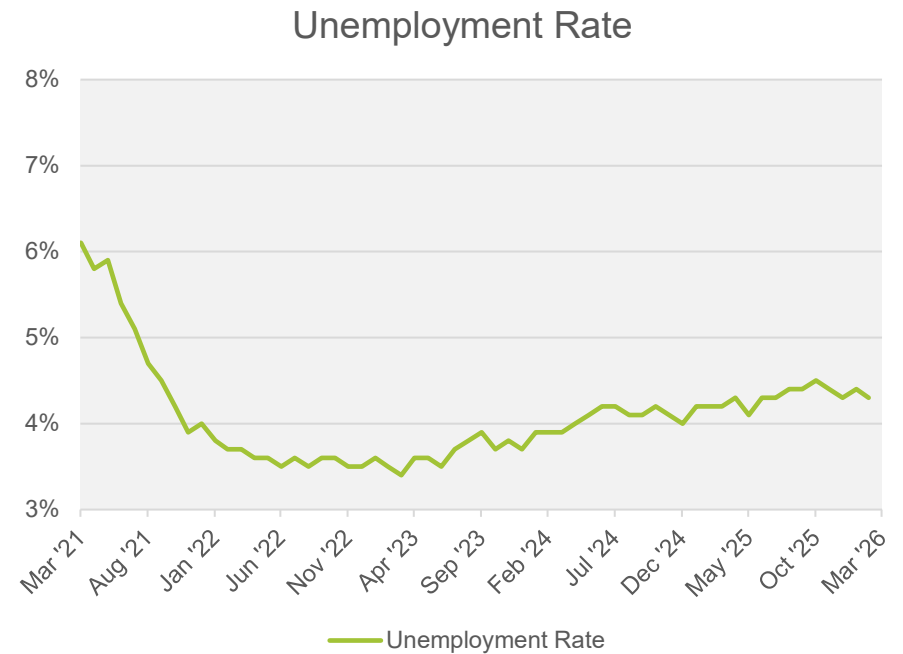
- Price growth decelerated modestly in the first two months of Q1 with the headline Consumer Price Index falling from an annual 2.7% in December to 2.4% in February while core CPI slowed from 2.6% to 2.5%, respectively.
- However, CPI accelerated in March due to spiking oil prices with CPI advancing to 3.3% while core CPI rose to 2.6%.
- Growth in the economy slowed to an annualized rate of 0.5% in Q4, revised down from an initial estimate of 1.4%.
- Economic forecasts call for GDP growth of approximately 0.7% in Q1 while the Atlanta Fed's GDPNow model is predicting an advance of 1.3%.



Market Overview



Source: U.S. Bureau of Labor and Statistics



- The labor market proved resilient in Q1 with the March jobs report showing that the economy added an outsized 178 thousand workers to payrolls for the month despite following a revised contraction of 133 thousand in February.
- The report was noisy, notably from a nursing strike that understated February's figures and then overstated March's.
- Despite the noise, several sectors witnessed improvement signaling hope that the job market may be stabilizing.
- The unemployment rate fell unexpectedly but was driven by a decrease in participation.

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A thick, dark blue line graphic that starts at the bottom left, rises to a peak, dips slightly, rises again to a higher peak, dips, and then rises to the top right corner of the page.

Government Portfolio Advisors
503-248-9973
www.gpafixedincome.com

MEMO

To: Terryl Aguon and Susan Brown – City of Gresham
From: Deanne Woodring, CFA – Government Portfolio Advisors
Date: May 12, 2026
Re: Investment Policy Review and Update 2026

ORS 294.135(a) requires local governments investing in securities with maturities longer than 18 months to annually adopt their investment policies. The Council is required to adopt the policy annually and it was last adopted in September 2025.

GPA has implemented a checklist process to review the policy that compares the existing policy to the Government Finance Officers Association (GFOA), Government Investment Officers Association (GIOA) and Oregon Short Term Fund Board Sample Policy. These standards ensure that the policy is aligned to current best practice standards.

FOLLOWING UPDATES AND ADDITION - New Section number listed in ()

1. Re-organization of policy to optimize flow
2. Add Governing Authority Language (3)
3. Add Philosophy Section with new strategy language and sell language (6)
4. Add Finance Committee language in Standards of Care Section (7A.3)
5. Separate and Update Investment Advisor language into two sections: Standards of Care (7A.4) and Transaction Counterparties (8C)
6. Update Broker/Dealer language in Transaction Counterparties Section (8A)
7. Add Direct Issuers (8B) and Financial Institutions (8D) language in Transaction Counterparties Section
8. Separate out Delivery vs Payment language from Safekeeping Section (9A & 9B)
9. Move and Update Pooling Language to Accounting Method section (9E)
10. Update language for US Treasury and Agency to give better descriptions (10A.1 & 10A.2)
 - a. Clean up maximum maturity language to properly show that 10 years is maximum maturity for US Treasury and Agency
 - b. Update table accordingly (11B)
11. Separate Certificates of Deposit from Bank Deposits in the language and table and adjusted percentage allowed accordingly. (10A.8 & 10A.9)
12. Add approval of permitted investments (10C) and prohibited investment (10D.6) language
13. Add in Credit Risk language in line with OSTF policy (11A)
14. Add to Maturity table and language (11D)
 - a. Add an Under 5 year Constraint
 - b. Reinforce language about Under 30 day and 1 year constraints in table
 - c. Add more maturity language
 - d. Add a Callable Securities constraint of 25%
15. Added to Bond Proceed language per OSTF policy and applies to separately managed Bond Proceed Portfolio (12)
16. Add Guideline Compliance Measurement language per OSTF Section (13B)
17. Update Performance Evaluation language (13C)
18. Add Training and Business Continuity Language (14)
19. Moved Rating table to Annex sections (Annex 5)

City of Gresham Investment Policy

1. INTRODUCTION

The City of Gresham, Oregon (hereinafter referred to as the City) was incorporated in 1905 and is a home rule city operating under a city charter adopted in 1978. The government of the City is vested in an elected, seven-member city council, which includes the mayor. The city council appoints the city manager, who is responsible for the day-to-day management of the City. Gresham has a population of approximately 1150,233,000 and is located 17 miles east of downtown Portland, Oregon.

2. POLICY STATEMENT

The purpose of this Investment Policy is to establish the investment objectives, delegation of authority, standards of prudence, eligible investments and transactions, internal controls, reporting requirements, and safekeeping and custodial procedures necessary for the prudent management and investment of the funds of the City of Gresham.

~~No officer or designee may engage in an investment transaction except as provided under the terms of this policy. All participants in the investment process shall seek to act responsibly as custodians of public trust.~~

~~This Policy has been adopted by Resolution No. 3666 of the City Council of Gresham, Oregon, on September 16, 2025 and replaces the City's previous Investment Policy, dated September~~

Commented [SW1]: Moved to Delegated Authority Section

Commented [SW2]: In Cover page

3. GOVERNING AUTHORITY

The City of Gresham's investment program shall be operated in conformance with Oregon Revised Statutes and applicable federal law. Specifically, this investment policy is written in conformance with ORS 294.035; 294.040; 294.052; 294.135; 294.145; and 294.810. All funds within the scope of this policy are subject to laws established by the state of Oregon.

4. SCOPE

The provisions of this Investment Policy shall apply to all investable funds of the City of Gresham and its component unit, except for deferred compensation fund assets, pension fund assets, and assets of restricted trust and escrow funds. Included under the provisions of this Policy are financial assets of general operating funds, enterprise funds, special revenue funds, and any other funds not specifically excluded which are recognized in the City's Comprehensive Annual Financial Report. The fiscal year 2024⁴⁵ average balance of funds invested in the City's general portfolio was \$400.6^{380.6} million.

~~Except for restricted and excluded funds and special accounts, all excess cash shall be pooled into one account for investment purposes. The net investment income derived from the pooled investment account shall be allocated pro-rata to the contributing funds based upon their average daily cash balances and in accordance with generally accepted accounting principles.~~

Commented [SW3]: Will cover in pooled accounting language

5. OBJECTIVES

The City's funds shall be invested in accordance with all applicable City, State and Federal regulations, and in a manner designed to accomplish the following objectives, in priority order:

A. Safety

~~1.~~—Preservation of capital and protection of investment principal.

B. Liquidity

~~2.~~—Maintenance of sufficient liquidity to meet all operating requirements that are ~~reasonably anticipated~~anticipated.

C. Diversification

~~3.~~—Diversification to avoid incurring unreasonable risks regarding specific security types or individual financial institutions.

D. Return

~~4.~~—Maximize risk-optimized portfolio return throughout economic and fiscal cycles (within the constraints of this Investment Policy). This policy discourages active trading and turnover of investments.

E. Responsibility

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE RISK

The City recognizes that the organization and the citizens which it serves benefit from an environment that is sustainably managed, a society that functions well, and sound governance systems. In support of these goals, the performance of the portfolio relies upon thorough risk management of these factors. The risks associated with environmental, social, and governance (ESG) criteria may be considered to effectuate the objectives of the portfolio. Understanding ESG risks and how to mitigate them will allow the City to effectively manage its portfolio in the short- and long-term.

6. PHILOSOPHY

A. Investment Strategy

The primary investment philosophy of the City is to maintain sufficient liquidity to meet ongoing and anticipated cash flow needs. An understanding of the timing and purpose of cash flows is central to all investment decisions.

Funds that are not required for immediate or daily operating needs may be invested in a manner that preserves liquidity while seeking to enhance returns, consistent with the City's risk and return objectives. To clearly communicate the intended use, time horizon, and objectives of invested funds, such monies may be allocated among defined portfolio components, each portfolio reflecting the current purpose of funds.

B. Investment Risk Management

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The City recognizes that no investment

is totally risk-free and that the investment activities of the City are a matter of public record. Accordingly, the City recognizes that within a diversified portfolio, losses sometimes occur, and such losses shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security before maturity may be in the best long-term interest of the City.

The City's Custodial Officer (ORS 294.004 (2)) and staff acting in accordance with this Investment Policy, written procedures, and Oregon Revised Statutes 294.035 and 294.040 and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price change or other loss in accordance with ORS 294.047, provided that these deviations and realized losses are reported as soon as practical to the City Manager and action is taken to control adverse developments. Realized losses in the City's portfolio shall be charged against current or future investment earnings.

Commented [SW4]: From old Prudence Section

C. Selling of Securities

Securities shall be held until maturity, with the following exceptions:

- i. A security with declining credit below authorized ratings may be sold prior to maturity to minimize loss of principal.
- ii. Liquidity needs of the portfolio require that a security be sold prior to maturity.
- iii. The portfolio duration or maturity buckets should be adjusted to better reflect the structure of the underlying benchmark portfolio.
- iv. A security rebalance that would improve the quality, yield, or target duration in the portfolio.

7. STANDARDS OF CARE

A. Delegation of Authority~~ELEGATION OF AUTHORITY~~

i. Governing Body

The ultimate fiduciary responsibility and authority for the investment of City funds resides with the City Council.

ii. Delegation of Authority

The City hereby designates the Budget & Finance Department Director as the Custodial Officer for the City's funds. The Custodial Officer shall invest City funds in accordance with ORS Chapter 294, Public Financial Administration, and with this Investment Policy. This Policy shall constitute a "written order" from City Council per ORS 294.035. The Custodial Officer, with the consent of the City Manager, may further delegate the authority to invest City funds to additional City Finance personnel. Persons authorized to transact investment business on behalf of the City are listed in Annex I of this Policy.

No officer or designee may engage in an investment transaction except as provided under the terms of this policy. All participants in the investment process shall seek to act responsibly as custodians of public trust.

Commented [SW5]: Moved here so it is more connected with the officer section

~~In order to~~To manage the portfolio, resources shall be allocated to the cash management program. This commitment of resources shall include financial and staffing considerations.

iii. Finance Committee

~~The City reports to the finance committee on a regular basis to provide guidance to the Custodial Officer(s) and monitor investment policy compliance. The committee has the responsibility to review the annual report, policy updates, and investment strategy.~~

iv. Investment Advisor

~~The City may engage the services of one or more external investment managers to assist in the management of the City's investment portfolio in a manner consistent with this investment policy. The investment advisors contracted service may include the authorization to transact with approved broker/dealers on behalf of City. These transactions must be on a non-discretionary basis, requiring approval by the Custodial Officer or designee, prior to transacting.~~

~~Prudence~~**RUDENCE AND INDEMNIFICATION**

B.

The standard of prudence to be used for managing the City's assets is the "prudent person" rule which 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."

~~The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The City recognizes that no investment is totally risk free and that the investment activities of the City are a matter of public record. Accordingly, the City recognizes that within a diversified portfolio, losses sometimes occur, and such losses shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security before maturity may be in the best long-term interest of the City.~~

~~The City's Custodial Officer (ORS 204.004 (2)) and staff acting in accordance with this Investment Policy, written procedures, and Oregon Revised Statutes 204.035 and 204.040 and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price change or other loss in accordance with ORS 204.047, provided that these deviations and realized losses are reported as soon as practical to the City Manager and action is taken to control adverse developments. Realized losses in the City's portfolio shall be charged against current or future investment earnings.~~

C. Ethics and Conflicts of Interest**THICS AND CONFLICTS OF INTEREST**

City investment staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or create the appearance of an impairment of their ability to make impartial investment decisions. City investment staff involved in the investment process and investment officials shall disclose in writing to the City Manager any financial interests they have in financial institutions that conduct business with the City and they shall subordinate their personal investment transactions to those of the City.

Employees shall comply with ORS 244.040 (Code of Ethics), ORS 244.120 (Methods of Handling Conflicts), GARS Article 3.15 (Standards of Conduct), any amendments to these provisions, and any Code of Ethics applicable to employees that the City may adopt in the future.

8. TRANSACTION COUNTERPARTIES

A. Broker/Dealers

The Custodial Officer shall determine which broker/dealer firms and registered representatives are authorized for purposes within the scope of the policy.

The following minimum criteria must be met prior to authorizing investment transactions for any direct transactions by the City staff. The Custodial Officer may impose more stringent criteria.

- i. Broker/Dealer firms must meet the following minimum criteria:
 - a. Be registered with the Securities and Exchange Commission (SEC)
 - b. Be registered with the Financial Industry Regulatory Authority (FINRA)
 - c. Provide most recent audited financials
 - d. Provide FINRA Focus Report filings

- ii. Approved broker/dealer employees who execute transactions with the City of Gresham must meet the following minimum criteria:
 - a. Be a registered representative with the Financial Industry Regulatory Authority (FINRA);
 - b. Be licensed by the state of Oregon;
 - c. Provide certification (in writing) of having read, understood, and agreed to comply with the most current version of this investment policy.

- iii. Factors to consider during periodic review of all broker/dealers and their respective authorized registered representatives include:
 - a. Pending investigations related to fraud of public funds by securities regulators
 - b. Significant changes in net capital
 - c. Pending customer arbitration cases (if available)
 - d. Regulatory enforcement actions

iv. The Custodial Officer may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The investment advisor's annual broker/dealer review procedures should be like the City's.

The advisor may be authorized through the contracted agreement to open accounts on behalf of the City with the broker/dealers on the approved list. The City will receive documentation directly from the brokers for account verification and regulatory requirements.

v. A list will be maintained of approved broker/dealer firms and affiliated registered representatives listed in Annex III.

~~SELECTION OF BROKER/DEALERS AND FINANCIAL INSTITUTIONS ACTING AS BROKER/DEALERS~~

~~Broker/dealers and other financial institutions shall be selected by the Custodial Officer on the basis of their expertise in public cash management and their ability to provide service for the City's account. It shall be the policy of the City to purchase securities only from approved institutions and firms. Approved Broker/Dealers are provided in Annex III.~~

~~To be eligible, a firm must meet at least one of the following criteria:~~

- ~~1. Be recognized as a Primary Dealer by the Federal Reserve Bank of New York or have a Primary Dealer within its holding company structure; or~~
- ~~2. Report voluntarily to the Federal Reserve Bank of New York; or~~
- ~~3. Qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule.)~~

~~Approved broker/dealers and the firms they represent shall be licensed to do business in the State of Oregon and, as such, are subject to the provisions of the Oregon Revised Statutes. Approved broker/dealers shall submit proof of registration in the State of Oregon, both for the firm and for the designated representative. Further, the broker/dealer representative shall submit evidence of holding the Financial Industry Regulatory Authority (FINRA) Series 6 or Series 7 license, and either the Series 63 or Series 66 license. License requirements are per the Oregon Division of Finance and Corporate Securities.~~

~~Periodic review of all authorized broker/dealers and their respective authorized registered representatives will be conducted by the Custodial Officer. Factors to consider would be:~~

- ~~• Pending investigations of the customer representatives by securities regulators~~
- ~~• Significant changes in net capital~~
- ~~• Pending arbitration cases of customer representatives~~
- ~~• Regulatory enforcement actions against registered representatives~~

~~The City may engage the services of investment advisory firms to assist in the management of the portfolio and investment advisors may utilize their own list of approved Broker/Dealers. Such Broker/Dealers will comply with the selection criteria above and the list of approved firms shall be provided to the City on an annual basis or upon request.~~

~~The City may purchase Commercial Paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria outlined in item 3 of the Suitable and Authorized Securities and Transactions section of this Policy.~~

B. Direct Issuers

~~Obligations that are permitted for purchase by this policy may be purchased directly from the issuer without being listed as an approved broker/dealer.~~

C. Investment Advisor ~~NVESTMENT ADVISORY SERVICES~~Services

~~A list will be maintained of approved advisors selected by conducting a process of due diligence.~~

~~i. The following items are required for all approved Investment Advisors:~~

- ~~a. The investment advisor firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon (Note: Investment advisor firms with assets under management > \$100 million must be registered with the SEC, otherwise the firm must be licensed by the state of Oregon).~~
- ~~b. All investment advisor firm representatives conducting investment transactions on behalf of the City must be registered representatives with FINRA.~~
- ~~c. All investment advisor firm representatives conducting investment transactions on behalf of the City's must be licensed by the state of Oregon.~~
- ~~d. Contract terms will include that the Investment Advisor will comply with the City's Investment Policy.~~

~~ii. A periodic review of all authorized investment advisors under contract will be conducted by the Custodial Officer to determine their continued eligibility within the portfolio guidelines. The Investment Advisor must notify the City of Gresham immediately if any of the following issues arise while serving under a City's contract:~~

- ~~a. Pending customer arbitration cases~~
- ~~b. Regulatory enforcement actions~~
- ~~c. Significant decline in assets under management~~

~~Subject to required procurement procedures, the City may engage the support services of outside professionals in regard to its investment program, so long as it can be demonstrated or anticipated that these services produce a net financial advantage and necessary financial protection of the City's resources. External service providers shall be licensed with the State of Oregon Division of Financial Regulation (DFR), subject to Oregon Revised Statutes, and the provisions of this Investment Policy.~~

~~iii. The investment advisory service firm will function in a non-discretionary role and provide technical market research to help in implementing investment strategies. Non-discretionary management requires that the City maintain control of investments by requiring the firm to obtain approval for all investment transactions.~~

~~The investment advisory firm must be registered with the Securities and Exchange Commission and licensed by the State of Oregon. All investment advisory firm representatives conducting investment transactions for the City must provide certification in writing of having read, understood and agreed to comply with this investment policy.~~

D. Financial Institutions

All financial institutions who desire to become depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.

~~OTHER INVESTMENT GUIDELINES~~

E. Competitive Transactions

Each investment transaction shall be competitively transacted with broker/dealers who have been authorized by the City. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded. A record shall be maintained by the City ~~of~~ all bids and offerings for security transactions ~~in order to~~ ensure that the City receives competitive pricing.

If the City is offered a security for which there is no other readily available competitive offering, then the Custodial Officer shall document quotations for comparable or alternative securities. When purchasing original issue securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

9. CUSTODY AND CONTROLS

A. Delivery vs. Payment

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis in accordance with ORS 294.145 (4) and (5).

B. Third-Party Safekeeping~~SAFEKEEPING AND CUSTODY~~

Custodian banks shall be selected ~~on the basis of~~based on their ability to provide services for the City's account and the competitive pricing of their safekeeping related services. The City shall execute a written Safekeeping Agreement with each custodian bank prior to utilizing that bank's safekeeping services. Financial institutions approved to provide safekeeping services for the City of Gresham are listed in Annex II.

~~The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis in accordance with ORS 294.145 (4) and (5).~~

It is the intent of the City that all purchased securities be perfected in the name of the City. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities purchased by the City, and all purchased securities under the terms of a City approved Master Repurchase Agreement, shall be delivered by book entry and shall be held in third-party safekeeping by a City approved custodian bank or the Depository Trust Company (DTC).

All fed-wire book entry securities shall be held in the Federal Reserve System in a customer account or trust account at the custodian bank which names the City as the

customer. DTC eligible securities shall be held in the custodian bank's participant account at the DTC.

C. Internal Controls~~INTERNAL CONTROLS AND COMPLIANCE~~

The Custodial Officer is responsible for establishing and maintaining an adequate internal control structure designed to ~~reasonably assure~~ assure that invested funds are invested within the parameters of this investment policy and protected from loss, theft, or misuse. Specifics for the internal controls shall be documented in writing. The established control structure shall be reviewed and updated periodically by the ~~investment officer~~ Custodial Officer.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points:

- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery of securities whenever possible, but control requirements for physical delivery should be addressed when necessary
- Clear delegation of authority to subordinate staff members
- Confirmation of transactions for investments and wire transfers
- Compliance with and oversight of Investment Policy
- Review, maintenance, and monitoring of security procedures

D. EXTERNAL AUDITS

An external auditor shall provide an annual independent review to assure compliance with Oregon state law and the City's policies and procedures.

E. ACCOUNTING METHOD

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP) relating to investment accounting. 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.

~~SUITABLE AND AUTHORIZED SECURITIES AND TRANSACTIONS~~

10.

A. Permitted Investments

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.052 (Definitions; investment by municipality of proceeds of bonds), ORS 294.135 (Investment maturity dates), ORS 294.145

(Prohibited conduct for custodial officer), ORS 294.805 to 294.895 (Local Government Investment Pool). ~~Maximum maturity, minimum credit ratings and any other limitations based on settlement date. Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.~~

The City will diversify investments across maturities, security types and issuers to avoid incurring unreasonable risks. The City has further defined the eligible types of securities and transactions as follows:

~~1. 1. — U.S. Treasury Obligations: Treasury Bills, Treasury Notes, Treasury Bonds and Treasury Strips— Direct obligations of the United States Treasury whose payment is guaranteed by the United States with maturities not exceeding seven-ten years from the date of settlement. [ORS Section 294.035(3)(a)] See exception in 2a. The maximum ownership of U.S. Treasury Obligations is 100%.~~

~~2. 2. — U.S. Federal Agency and Instrumentality Obligations: Federal agency and instrumentalities of the United States or enterprises sponsored by the United States Government (GSE) and whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government Securities with maturities not exceeding ten-seven years from the date of trade settlement. [ORS Section 294.035(3)(a)] See exception in 2a. The maximum ownership of Federal Agency Obligations is 100% with no more than 25% of the portfolio held in any one agency issuer.~~

Commented [SW6]: 25 or 35%

~~3. 9. — Municipal Debt Obligations: Lawfully issued debt obligations of the states of Oregon, California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating on the settlement date of AA- or better by Standard and Poor's or Aa3 or better by Moody's or equivalent rating by any nationally recognized statistical rating organization, or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating agency (NRSRO). As defined in ORS 294.040, such obligations are authorized only if there has been no default in payment of either the principal or the interest of obligations of the issuing entity within five years preceding investment. [ORS Section 294.035(3)(b) and (c)] Ownership of such obligations shall be limited to 25% of the portfolio, with no more than 10% of the portfolio held in any one issuer. Maturities for these obligations shall not exceed seven years from the date of settlement.~~

~~2a. Exception for securities purchased in 1 and 2 above: A maximum of 10% of the City's portfolio may be invested in Treasury, Agency, and/or Instrumentality securities that mature between 7 and 10 years.~~

~~4. 4. — Corporate Bonds 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. Such bonds shall be issued by a commercial, industrial, or utility business or issued by or on behalf of a financial institution with final maturities not exceeding seven years from the date of settlement.~~

~~The debt must be rated AA- or better by Standard and Poor's, or Aa3 or better by Moody's, or equivalent rating by any nationally recognized statistical rating organization at the time of purchase. [ORS Section 294.035(3)(i)] Ownership of corporate bonds and commercial~~

~~paper shall be limited to a combined total of 35% of the portfolio, with no more than 5% of the portfolio held in any one issuer or its affiliates or subsidiaries.~~

~~5. 3.—Commercial Paper 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. Such debt shall be issued by a commercial, industrial or utility business or issued by or on behalf of a financial institution with maturities not exceeding 270 days from the date of settlement. Commercial paper must be rated at least A-1 by Standard and Poor's or P-1 by Moody's, or equivalent rating by any nationally recognized statistical rating organization at the time of purchase. [ORS Section 294.035(3)(i)]~~Ownership of commercial paper and corporate bonds shall be limited to a combined total of 35% of the portfolio, with no more than 5% of the portfolio held in any one issuer or its affiliates or subsidiaries.

~~4.—Corporate Bonds 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. Such bonds shall be issued by a commercial, industrial, or utility business or issued by or on behalf of a financial institution with final maturities not exceeding seven years from the date of settlement.~~

~~The debt must be rated AA or better by Standard and Poor's, or Aa3 or better by Moody's, or equivalent rating by any nationally recognized statistical rating organization at the time of purchase. Ownership of corporate bonds and commercial paper shall be limited to a combined total of 35% of the portfolio, with no more than 5% of the portfolio held in any one issuer or its affiliates or subsidiaries.~~

~~5.—Bankers Acceptances which are (a) guaranteed by and carried on the books of a financial institution located and licensed to do banking business in the State of Oregon; or a financial institution located in the States of California, Idaho or Washington that is wholly owned by a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon; (b) Banker's acceptances shall be eligible for discount by the Federal Reserve System; and (c) the issuing institution's short-term letter of credit rating shall be in the highest category by Standard and Poor's or Moody's or Fitch. Maturities shall be limited to 180 days from the date of settlement and ownership of bankers' acceptances shall not exceed 25% of the portfolio, with no more than 10% of the portfolio held in any one issuer. [ORS 294.035(3)(h)]~~

~~6. 9a.—City of Gresham Obligations~~Exception for securities purchased in 9 above: A maximum of \$15 million may be invested in securities issued by the City of Gresham or a component unit of the City of Gresham that mature within 10 years.

~~6.—State of Oregon Local Government Investment Pool organized pursuant to ORS 294.805 through 294.895. Participation in the Pool shall not exceed the maximum limit semi-annually set by ORS 294.810, or the exceptions listed therein. Details of the maximum limit are provided in Annex IV.~~

~~7.—Time Deposit Open Accounts, Certificates of Deposit, and Savings Accounts in insured institutions as defined in ORS 706.008 that maintains an office in Oregon.~~

~~All deposits, including time deposit open accounts, Certificates of Deposit, and savings accounts that are purchased by the City shall be FDIC insured or collateralized in accordance~~

~~with the provisions of ORS Chapter 295. Ownership of time certificates of deposit shall be limited to 25% of the portfolio, with no more than 10% with any one financial institution at the time of purchase, and maturities shall not exceed 366 days.~~

- ~~8. Repurchase Agreements with maturities of 90 days or less collateralized by U.S. Treasury securities with the maturity of the collateral not exceeding three years. For the purpose of or this section, the term collateral shall mean purchased securities under the terms of the City approved Master Repurchase Agreement. The purchased securities shall have an original minimum market value including accrued interest of 102% of the dollar value of the transaction, as prescribed by written policy of the Oregon Short-Term Fund Board. Collateral shall be held delivery-versus-payment in the City's custodian bank as safekeeping agent, and the market value of the collateral securities shall be marked-to-the-market daily. Broker/dealers and Financial Institutions must have an executed Master Repurchase Agreement with the City. Ownership of repurchase agreements shall be limited to a combined total of 25% of the portfolio, with no more than 10% of the portfolio held in any one institution.~~

7. [ORS Section 294.035(3)(i)]

Repurchase Agreements shall be entered into only with City approved Primary Dealers reporting to the Federal Reserve Bank of New York or firms that have a Primary Dealer within their holding company structure. The Custodial Officer shall maintain a copy of the City's approved Master Repurchase Agreement.

8. Certificates of Deposit in insured institutions as defined in ORS 706.008, in credit unions as defined in ORS Section 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)].

~~Bank Time Deposit/Savings Accounts: Time deposit open accounts or savings accounts in insured institutions as defined in ORS Section 706.008, in credit unions as defined in ORS Section 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)(e)].~~ 7. Time Deposit Open Accounts, Certificates of Deposit, and Savings Accounts in insured institutions as defined in ORS 706.008 that maintains an office in Oregon.

~~All deposits, including time deposit open accounts, Certificates of Deposit, and savings accounts that are purchased by the City shall be FDIC insured or collateralized in accordance with the provisions of ORS Chapter 295. Ownership of time certificates of deposit shall be limited to 25% of the portfolio, with no more than 10% with any one financial institution at the time of purchase, and maturities shall not exceed 366 days.~~ 9.

~~Municipal Debt Obligations: Lawfully issued debt obligations of the states of Oregon, California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating on the settlement date of AA- or better by Standard and Poor's or Aa3 or better by Moody's or equivalent rating by any nationally recognized statistical rating organization, or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating agency (NRSRO). As defined in ORS 294.040, such obligations are authorized only if there has been no default in payment of either the principal or the interest of obligations of the issuing entity within five years preceding investment. Ownership of such obligations shall be limited to 25% of the portfolio, with no more than 10% of the portfolio held in any one~~

~~issuer. Maturities for these obligations shall not exceed seven years from the date of settlement.~~

~~9.~~

Commented [SW7]: Repetitive with Collateralization Section

~~6.~~ State of Oregon Local Government Investment Pool organized pursuant to ORS 294.805 through 294.895. Participation in the Pool shall not exceed the maximum limit semi-annually set by ORS 294.810, or the exceptions listed therein. Details of the maximum limit are provided in Annex IV. ~~9a. Exception for securities purchased in 9 above: A maximum of \$15 million may be invested in securities issued by the City of Gresham or a component unit of the City of Gresham that mature within 10 years.~~

~~10.~~

B. Bank CollateralizationOLLATERALIZATION

All bank deposits, time deposits, certificates of deposit, and savings accounts held in bank depositories, which exceed the amounts insured by one or more agencies of the United States Government shall be collateralized in accordance with the provisions of ORS Chapter 295.

Per Oregon Revised Statutes Chapter 295, it is the responsibility of the State Treasurer to ensure that public funds are collateralized appropriately by the public depositories holding the deposits.

Collateral for repurchase agreements shall be limited in maturity and priced in compliance with ORS 294.035 (3)(j). See item 8 of the Suitable and Authorized Securities ~~and Transactions~~ section of this policy.

C. Approval of Permitted Investments

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

OTHER INVESTMENT GUIDELINES

D. Prohibited Conduct

Oregon State Statutes have addressed several areas of prohibited conduct for the Custodial Officer when making investments, ORS 294.145. Specifically, the ~~C~~eustodial ~~e~~Officer shall not:

~~i. 1.~~—Make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction; or

~~ii. 2.~~—Enter into any agreement to invest funds or sell securities for future delivery for a fee other than interest; or

~~iii. 3.~~—Lend securities to any person or institution, except on a fully collateralized basis, and except when such lending is specifically permitted under an investment policy adopted pursuant to ORS 294.135 (1)(a); or

iv. ~~4.~~—Pay for any securities purchased by the Custodial Officer until the ~~e~~Officer has received sufficient evidence of title thereof. Evidence of title shall be consistent with modern investment, banking and commercial practices and may include physical possession, book entry and automated recordation of such title. However, the Custodial Officer may instruct one or more custodian banks, as defined in ORS 295.001, to accept or release securities as the Custodial Officer considers advisable to be held in safekeeping for collection of principal and interest or other income; or

v. ~~5.~~—Deliver securities to the purchaser upon sale prior to receiving payment in full. However, the Custodial Officer may deliver the securities to any custodian bank, defined in ORS 295.001 upon instructions to hold the same pending receipt by the institution of full payment therefor.

vi. Invest in Prohibited Investments listed below:

- The City shall not invest in “144A” private placement securities, this includes commercial paper privately placed under section 4(a)(2) of the Securities Act of 1933.
- The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.
- The City shall not purchase mortgage-backed securities.
- The City shall not purchase, per ORS 294.040, any bonds of issuers listed in ORS 294.035(3)(a) to (c) that have a prior default history.
- No commitment to buy or sell securities may be made more than 14 days prior to the anticipated settlement date.

Commented [SW8]: Does this work?

11. INVESTMENT PARAMETERS

A. Credit Risk

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

- Diversification: It is the policy of the City of Gresham to diversify its investments. Where appropriate, exposures will be limited by security type; maturity; issuance, issuer, and security type, allowed security types and investment exposure limitations are detailed in the table below.
- Credit Ratings: Investments must have a rating from at least one of the following nationally recognized statistical ratings organizations (NRSRO): Moody’s Investors Service; Standard & Poor’s; and Fitch Ratings Service as detailed in the table below. Ratings used to apply the guidelines below should be investment level ratings and not issuer level ratings.
- The minimum weighted average credit rating of the portfolio’s rated investments shall be AA-/Aa3/AA- by Standard & Poor’s, Moody’s Investors Service and Fitch Ratings Service respectively.
- Total Portfolio Diversification Constraints table below limits exposures among investments permitted by this policy.

B. Diversification Constraints

As of the date of this Policy, ~~all of the above securities, deposits and transactions have been approved by the State Treasurer pursuant to ORS 294.046. Any amendments to ORS 294.046 or the State Treasurer's statement of permitted investments for governmental entities shall be assumed to be a part of this Investment Policy immediately upon being enacted.~~ It is the intent of the City that the foregoing list of authorized securities is strictly interpreted. All diversification requirements shall be calculated based on the market value of the holdings at the time of purchase. Specific diversification requirements shall be applied to the aggregate holdings of an institution at the time of purchase. Any deviation from this list must be pre-approved in writing by the City Manager.

Summary Table

Suitable and Authorized Securities and Transactions Total Portfolio Diversification Constraints

Security Type	Maximum Portfolio %	Maximum Issuer %	Maturity Restrictions	Rating Restrictions (S&P, Moody's, Fitch)
U.S. Treasury Obligations	100%	100%	7 years [±]	N/A
Federal Agency and Instrumentality Obligations	100%	25%	7 years [±]	N/A
Commercial Paper	35%	5%	270 Days	A-1, P-1, or F1
Corporate Bonds			7 years	AA-, Aa3, or AA-
Banker's Acceptance	25%	10%	180 Days	Highest Rating for Letter of Credit
Oregon LGIP	ORS 294.810 balance limitation	ORS 294.810 balance limitation	N/A	N/A
Certificates of Deposit	25%	10%	366 Days	N/A
Repurchase Agreements	25%	10%	90 Days	N/A
Municipal Obligations (OR, CA, ID, WA Only)	25%	10%	7 years	AA-, Aa3, or AA- (Long-term) A-1, P-1, or F1 (Short-term)
Municipal Obligations of the City of Gresham	\$15,000,000	\$15,000,000	10 Years	A-A3 A-

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P, Moody's or Equivalent NRSRO	Years to Maturity
US Treasury Obligations	100%	None	-	7 Years
US Agency Obligations	100%	35%	-	7 Years
Municipal Obligations	25%	10%	AA- / Aa3 Short Term*	7 Years
Corporate Notes	35%**	5%***	AA- / Aa3	7 Years
Commercial Paper			A1 / P1	270 Days
Bankers Acceptance	25%	10%	A1 / P1	180 Days
City of Gresham Obligations	\$15,000,000	\$15,000,000	A- / A3	10 Years
Repurchase Agreements	25%	10%	-	90 Days
Certificates of Deposit	10%	5%	Oregon Public Depository	18 Months
Bank Deposits Local	25%	10%	Oregon Public Depository	366 Days
State LGIP	Maximum allowed per ORS 294.810	None	-	-

*Short Term Ratings: Moody's - P1/MIG1/VMIG1, S&P - A-1/SP-1, Fitch - F1
 **35% maximum combined corporate and commercial paper per ORS
 ***Issuer constraints apply to the combined issues in corporate and commercial paper holdings

~~*According to section 2a, a maximum of 10% of the portfolio may be invested in U.S. Treasury Obligations, Federal Agency Obligations and Federal Instrumentality Obligations that mature between 7 and 10 years.~~

In case of conflict between this summary table and the preceding text narrative, the text narrative controls.

~~The weighted average credit quality of the portfolio shall not be greater than a value of three (3) using the table immediately below and the lowest rating provided.~~

Commented [SW9]: GPA recommends highest vs OSTFB sample which states "lowest"

Commented [SW10]: Moving table down to glossary

Value	Moody's Ratings		S&P Ratings		Fitch Ratings	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
4	U.S. Treasury		U.S. Treasury		U.S. Treasury	
4	Federal Instrumentality		Federal Instrumentality		Federal Instrumentality	
4	Aaa	P-1	AAA	A-1	AAA	F1
2	Aa4		AA+		AA+	
3	Aa2		AA		AA	
4	Aa3		AA-		AA-	

5	A1		A+		A+	
6	A2		A		A	
7	A3		A-		A-	
8	Baa1		BBB+		BBB+	
9	Baa2		BBB		BBB	
10	Baa3		BBB-		BBB-	

C. Determining a Security's Rating

A single rating will be determined for each investment by utilizing the highest security level rating available for the security from Standard and Poor's, Moody's Investor Services and Fitch Ratings respectively. Ratings table in Annex V.

Securities that have been downgraded to below the minimum ratings will be sold or held at the Custodial Officer's discretion. The Custodial Officer is responsible for bringing the portfolio back into compliance as soon as practicable.

Commented [SW11]: Sell language now in philosophy

As of the date of this Policy, all of the above securities, deposits and transactions have been approved by the State Treasurer pursuant to ORS 294.046. Any amendments to ORS 294.046 or the State Treasurer's statement of permitted investments for governmental entities shall be assumed to be a part of this Investment Policy immediately upon being enacted. It is the intent of the City that the foregoing list of authorized securities is strictly interpreted. All diversification requirements shall be calculated based on the market value of the holdings at the time of purchase. Specific diversification requirements shall be applied to the aggregate holdings of an institution at the time of purchase. Any deviation from this list must be pre-approved in writing by the City Manager.

D. ~~Maturity~~ Maturity Limits and Liquidity Requirements Limits

Liquidity risk is the risk that an investment may not be easily marketable or redeemable, as well as a shortfall of operating cash resulting in the need to sell securities and, thus, principal risk. The following strategies will be employed to mitigate liquidity risks:

- i. Where feasible and prudent, investment maturities should be matched with expected cash outflows to mitigate risk.
- ii. The City of Gresham will not directly invest in securities maturing more than 10 years from the date of purchase.
- iii. The maximum weighted maturity of the total portfolio shall not exceed 3.50 years. This maximum is established to safeguard the portfolio from excessive price change exposure.

iv. Liquidity funds will be held in the State Pool or in bank deposits and may include securities maturing one year and shorter.

v. At all times, the City of Gresham shall maintain an amount in the portfolio in cash and investments maturing within 30 days equal to at least two times the highest month's negative change in the portfolio balance from the previous calendar year, adjusted for any anomalies or extraordinary items. The City shall maintain an amount in the portfolio in cash and investments maturing within one year equal to at least two times the change in the portfolio balance between January and October of the previous calendar year, adjusted for any anomalies or extraordinary items. The City will calculate these liquidity requirements upon the adoption of this policy and in January each year thereafter and will report the requirements in monthly compliance calculations.

vi. Core Investment funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between one day and 10 years and will be only invested in higher quality and liquid securities.

~~To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. Unless matched to a specific cash flow requirement, the City shall not invest in securities maturing more than seven years from the date of settlement. However, a maximum of 10% of the portfolio may be invested in Treasury, Agency, and/or Instrumentality securities that mature between 7 and 10 years. The City also reserves the right to purchase a maximum of \$15 million of securities issued by the City of Gresham or a component unit of the City of Gresham that mature within 10 years. The weighted average final maturity of the City's portfolio shall at no time exceed 3.5 years.~~

Commented [SW12]: Please confirm that you want this language here as well as in the table

Total Portfolio Maturity Constraints

Maturity Constraints	Minimum % of Total Portfolio
Under 30 Days	2x Highest Negative Change in a Month to Portfolio Balance in Prior Calendar Year adjusted for any anomalies or extraordinary items
Under 1 Year	2x Change of Portfolio Balance from January to October of Prior Calendar Year
Under 7 Years	90%
Under 10 Years	100%
Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	3.5 Years
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

~~At all times, the City of Gresham shall maintain an amount in the portfolio in cash and investments maturing within 30 days equal to at least two times the highest month's negative change in the portfolio balance from the previous calendar year, adjusted for any anomalies or extraordinary items. The City shall maintain an amount in the portfolio in cash and investments maturing within one year equal to at least two times the change in the portfolio balance between January and October of the previous calendar year, adjusted for any anomalies or extraordinary items. The City will calculate these liquidity requirements upon the adoption of this policy and in~~

~~January each year thereafter and will report the requirements in monthly compliance calculations.~~

OTHER INVESTMENT GUIDELINES

12. INVESTING BOND PROCEEDS

The City recognizes that bond proceeds may be subject to the provisions of the Internal Revenue Code, Federal Arbitrage Regulations, as amended.

Investments of bond proceeds are restricted under bond covenants that may be more restrictive than the investment parameters included in this policy. The investments will be made in a manner to match cash flow expectations based on managed disbursement schedules.

Funds from bond proceeds and amounts held in a bond payment reserve or proceeds fund may be invested pursuant to ORS 294.052.

Information will be maintained for arbitrage rebate calculations.

~~**ENVIRONMENTAL, SOCIAL, AND GOVERNANCE RISK**~~

~~The City recognizes that the organization and the citizens which it serves benefit from an environment that is sustainably managed, a society that functions well, and sound governance systems. In support of these goals, the performance of the portfolio relies upon thorough risk management of these factors. The risks associated with environmental, social, and governance (ESG) criteria may be considered to effectuate the objectives of the portfolio. Understanding ESG risks and how to mitigate them will allow the City to effectively manage its portfolio in the short and long term.~~

13. REPORTING, COMPLIANCE AND PERFORMANCE

A. Reporting Requirements

Designated City Finance personnel shall compile and submit a monthly report to the Custodial Officer or designee listing the cost, current fair value, credit ratings, benchmarking, compliance and duration of investments held by the City, in accordance with GASB Statements 31 and 40. The report shall include a summary of investment earnings and performance results for the period.

The Custodial Officer shall submit semi-annual reports unless otherwise requested to the City's Finance Committee and City Council, which includes benchmarking, compliance and a summary of investment earnings and performance results during the period.

B. Guideline Compliance

i. Guideline Measurement

Guideline measurements will use market value of investments.

ii. Guideline Compliance

- If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this policy, the Custodial Officer shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.
- Violations of portfolio guidelines as a result of transactions; actions to bring the portfolio back into compliance and; reasoning for actions taken to bring the portfolio back into compliance shall be documented and reported to the City of Gresham's Finance Committee.
- Due to fluctuations in the aggregate surplus funds balance, maximum or minimum percentages for a particular issuer, investment type or minimum maturity constraint may be surpassed at a point in time. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

C. Performance Evaluation

i. The liquidity portfolio yields will be compared to the Oregon Short Term Pool Rate.

ii. The Core portfolio will be invested into a predetermined structure that will be measured against a selected performance benchmark portfolio. The structure will be based upon a chosen minimum and maximum effective duration (average maturity) and will have the objective to achieve market rates of returns over long investment horizons. The purpose of the benchmark is to appropriately manage the risk in the portfolio given interest rate cycles. The core portfolio is expected to provide similar returns to the benchmark over interest rate cycles but may underperform or outperform in certain periods. The portfolio will be positioned to first protect principal and then achieve market rates of return. The benchmark will be a standard market index like the 0-3 year or 0-5 year index and comparisons will be calculated monthly and reported quarterly.

iii. When comparing the performance of the City of Gresham's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio's rate of return.

iv. The mark to market pricing will be calculated monthly and be provided in a monthly report.

~~The Custodial Officer shall periodically establish a benchmark yield for the City's investments. Considerations for establishing the benchmark yield shall include a market index that closely aligns to the City's portfolio duration and the average yield on the US Treasury rates ranging from 3 months to 5 years. 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 rate of return.~~

14. TRAINING & BUSINESS CONTINUITY

A. Training

The City of Gresham strives for professionalism and accountability in the investment of its funds. To assure the highest possible professional standards, the City will provide opportunities and funding for the personnel involved in the investment function to complete continuing education programs or other training in cash and investment management sufficient to maintain their skills and remain up-to-date on best practices and new regulations.

B. Business Continuity

The Custodial Officer has developed a Business Continuity Plan (Plan) describing the City of Gresham anticipated response to a range of events that could significantly disrupt its business. Because the timing and impact of disasters, emergencies and other events is unpredictable, flexibility is necessary when responding to actual disruptions as they occur. With that in mind, the goal of the Plan is to prevent lapses in operations or resume operations as quickly and smoothly as possible, while remaining within the requirements of state and federal law.

The Plan for responding to a significant business disruption addresses safeguarding of employees' lives and City property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the City books and records, and allowing the continued ability to manage the investment program and transact business.

15. POLICY REVISIONS

This Investment Policy shall be reviewed by the City's Finance Committee and if necessary, the Oregon Short-Term Fund Board prior to being submitted to the City Council for adoption on an annual basis in accordance with ORS 294.135(a). The data contained in the Annexes to this document may be updated by the Custodial Officer as necessary, provided the changes in no way affect the substance or intent of this Policy.

ANNEX I: Authorized Personnel

Persons authorized to transact investment business on behalf of the City of Gresham are as follows:

Elizabeth McCann, Budget & Finance Department Director - Custodial Officer
Teryl Aguon, Treasury Analyst
Susan Brown, Finance & Accounting Services Manager

ANNEX II: Approved Custodians

The following safekeeping and custodian institution has been approved by the City of Gresham:

U.S. Bank National Association

ANNEX III: Approved Broker/Dealers

The following broker/dealers have been approved by the City of Gresham:

<u>Academy Securities Inc</u>	<u>MarketAxess</u>
<u>B of A Securities</u>	<u>Mischler Financial Group</u>
<u>Bank of NYC Mellon Cap Markets</u>	<u>Mizuho Securities USA LLC</u>
<u>Barclays Capital Inc.</u>	<u>Morgan Stanley</u>
<u>BMO Capital Markets</u>	<u>MUFG Securities Americas Inc.</u>
<u>Cantor Fitzgerald</u>	<u>Multi-Bank Securities</u>
<u>Castle Oak Securities</u>	<u>National Bank of Canada</u>
<u>CIBC Global Markets Inc.</u>	<u>Natwest Markets</u>
<u>Citadel Securities LLC</u>	<u>Nomura</u>
<u>Citigroup Global Markets Inc.</u>	<u>Piper Sandler & Co</u>
<u>Credit Suisse Securities USA LLC</u>	<u>PNC Capital Markets</u>
<u>Crews and Associates</u>	<u>Raymond James</u>
<u>D.A. Davidson</u>	<u>RBC Capital Markets</u>
<u>Daiwa Capital Markets</u>	<u>SG Americas Securities LLC (Societe Generale)</u>
<u>FHN Financial Securities Corp.</u>	<u>Siebert Williams Shank</u>
<u>Fifth Third Bank</u>	<u>SMBC Nikko Securities America Inc.</u>
<u>Goldman Sachs & Co.</u>	<u>Stifel Nicolaus</u>
<u>Great Pacific Securities</u>	<u>Stonex Financial Inc.</u>
<u>Hartfield, Titus & Donnelly LLC</u>	<u>TD Securities (USA) LLC</u>
<u>Hilltop Securities</u>	<u>Toyota Financial Services Securities</u>
<u>Insperex LLC</u>	<u>Truist Securities</u>
<u>Jefferies LLC</u>	<u>UBS Securities LLC</u>
<u>JP Morgan Securities Inc.</u>	<u>US Bancorp Investments Inc.</u>
<u>KeyBanc Capital Markets</u>	<u>Wells Fargo Securities</u>
<u>Loop Capital Markets</u>	
<u>Academy Securities Inc.</u>	

~~B of A Securities
Bank of NYC Mellon Cap Markets
Barclays Capital Inc.
BMO Capital Markets
Cantor Fitzgerald
Castle Oak Securities
CIBC Global Markets Inc.
Citadel Securities LLC
Citigroup Global Markets Inc.
Credit Suisse Securities USA LLC
Crew and Associates
D.A. Davidson
Daiwa Capital Markets
Fifth Third Bank
FHN Financial Securities Corp.
Goldman Sachs & Co.
Great Pacific Securities
Hartfield, Titus & Donnelly LLC
Insperex LLC
Jefferies LLC
JP Morgan Securities Inc.
KeyBanc Capital Markets
Loop Capital Markets
MarketAxess
Mischler Financial Group
Mizuho Securities USA LLC
Morgan Stanley
Multi-Bank Securities
MUFG Securities Americas Inc.
National Bank of Canada
Natwest Markets
Nomura
Piper Sandler & Co.
Raymond James
RBC Capital Markets
SG Americas Securities LLC
Siebert Williams Shank
Stifel Nicolaus
Stonex Financial Inc.
SMBC Nikko Securities America Inc.
TD Securities (USA) LLC
Toyota Financial Services Securities
Truist Securities
UBS Securities LLC
US Bancorp Investments Inc.
Wells Fargo Securities~~

ANNEX IV: Limits of Participation in State of Oregon Local Government Investment Pool

Participation in the pool shall not exceed the maximum limit annually set by ORS 294.810. The limitation stated in this section shall not apply to funds of a governing body which are placed in the investment pool on behalf of another governing unit.

C.P.I. adjustments for Local Government Balance Limitation

Period Start	Period End	U.S. City Average CPI	LGIP Deposit Limitation
9/1/12	8/31/13	232.018	\$ 46,073,407
9/1/13	8/31/14	235.685	\$ 46,801,588
9/1/14	8/31/15	236.749	\$ 47,012,858
9/1/15	8/31/17	238.653	\$ 47,390,998
9/1/17	8/31/18	243.392	\$ 48,333,000
9/1/18	8/31/19	249.280	\$ 49,500,000
9/1/19	8/31/20	254.016	\$ 50,400,000
9/1/20	8/31/21	257.721	\$ 51,177,000
9/1/21	8/31/22	265.447	\$ 52,713,000
9/1/22	8/31/23	285.848	\$ 56,763,000
9/1/23	8/31/24	301.374	\$ 59,847,000
9/1/24	8/31/25	310.955	\$ 61,749,000
9/1/25	8/31/26		\$ 63,387,000

Annex V: Rating Tables

<u>Value</u>	<u>Moody's Ratings</u>		<u>S&P Ratings</u>		<u>Fitch Ratings</u>	
	<u>Long Term</u>	<u>Short-Term</u>	<u>Long Term</u>	<u>Short-Term</u>	<u>Long Term</u>	<u>Short-Term</u>
<u>1</u>	<u>U.S. Treasury</u>		<u>U.S. Treasury</u>		<u>U.S. Treasury</u>	
<u>1</u>	<u>Federal Instrumentality</u>		<u>Federal Instrumentality</u>		<u>Federal Instrumentality</u>	
<u>1</u>	<u>Aaa</u>	<u>P-1</u>	<u>AAA</u>	<u>A-1</u>	<u>AAA</u>	<u>F1</u>
<u>2</u>	<u>Aa1</u>		<u>AA+</u>		<u>AA+</u>	
<u>3</u>	<u>Aa2</u>		<u>AA</u>		<u>AA</u>	
<u>4</u>	<u>Aa3</u>		<u>AA-</u>		<u>AA-</u>	
<u>5</u>	<u>A1</u>		<u>A+</u>		<u>A+</u>	
<u>6</u>	<u>A2</u>		<u>A</u>		<u>A</u>	
<u>7</u>	<u>A3</u>		<u>A-</u>		<u>A-</u>	
<u>8</u>	<u>Baa1</u>		<u>BBB+</u>		<u>BBB+</u>	
<u>9</u>	<u>Baa2</u>		<u>BBB</u>		<u>BBB</u>	
<u>10</u>	<u>Baa3</u>		<u>BBB-</u>		<u>BBB-</u>	

City of Gresham Investment Policy

1. INTRODUCTION

The City of Gresham, Oregon (hereinafter referred to as the City) was incorporated in 1905 and is a home rule city operating under a city charter adopted in 1978. The government of the City is vested in an elected, seven-member city council, which includes the mayor. The city council appoints the city manager, who is responsible for the day-to-day management of the City. Gresham has a population of approximately 110,000 and is located 17 miles east of downtown Portland, Oregon.

2. POLICY STATEMENT

The purpose of this Investment Policy is to establish the investment objectives, delegation of authority, standards of prudence, eligible investments and transactions, internal controls, reporting requirements, and safekeeping and custodial procedures necessary for the prudent management and investment of the funds of the City of Gresham.

3. GOVERNING AUTHORITY

The City of Gresham's investment program shall be operated in conformance with Oregon Revised Statutes and applicable federal law. Specifically, this investment policy is written in conformance with ORS 294.035; 294.040; 294.052; 294.135; 294.145; and 294.810. All funds within the scope of this policy are subject to laws established by the state of Oregon.

4. SCOPE

The provisions of this Investment Policy shall apply to all investable funds of the City of Gresham and its component unit, except for deferred compensation fund assets, pension fund assets, and assets of restricted trust and escrow funds. Included under the provisions of this Policy are financial assets of general operating funds, enterprise funds, special revenue funds, and any other funds not specifically excluded which are recognized in the City's Comprehensive Annual Financial Report. The fiscal year 2025 average balance of funds invested in the City's general portfolio was \$400.6 million.

5. OBJECTIVES

The City's funds shall be invested in accordance with all applicable City, State and Federal regulations, and in a manner designed to accomplish the following objectives, in priority order:

A. Safety

Preservation of capital and protection of investment principal.

B. Liquidity

Maintenance of sufficient liquidity to meet all operating requirements that are anticipated.

C. Diversification

Diversification to avoid incurring unreasonable risks regarding specific security types or individual financial institutions.

D. Return

Maximize risk-optimized portfolio return throughout economic and fiscal cycles (within the constraints of this Investment Policy). This policy discourages active trading and turnover of investments.

E. Responsibility

The City recognizes that the organization and the citizens which it serves benefit from an environment that is sustainably managed, a society that functions well, and sound governance systems. In support of these goals, the performance of the portfolio relies upon thorough risk management of these factors. The risks associated with environmental, social, and governance (ESG) criteria may be considered to effectuate the objectives of the portfolio. Understanding ESG risks and how to mitigate them will allow the City to effectively manage its portfolio in the short- and long-term.

6. PHILOSOPHY

A. Investment Strategy

The primary investment philosophy of the City is to maintain sufficient liquidity to meet ongoing and anticipated cash flow needs. An understanding of the timing and purpose of cash flows is central to all investment decisions.

Funds that are not required for immediate or daily operating needs may be invested in a manner that preserves liquidity while seeking to enhance returns, consistent with the City's risk and return objectives. To clearly communicate the intended use, time horizon, and objectives of invested funds, such monies may be allocated among defined portfolio components, each portfolio reflecting the current purpose of funds.

B. Investment Risk Management

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The City recognizes that no investment is totally risk-free and that the investment activities of the City are a matter of public record. Accordingly, the City recognizes that within a diversified portfolio, losses sometimes occur, and such losses shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security before maturity may be in the best long-term interest of the City.

The City's Custodial Officer (ORS 294.004 (2)) and staff acting in accordance with this Investment Policy, written procedures, and Oregon Revised Statutes 294.035 and 294.040 and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price change or other loss in accordance with ORS 294.047, provided that these deviations and realized losses are reported as soon as practical to the City Manager and action is taken to control adverse developments. Realized losses in the City's portfolio shall be charged against current or future investment earnings.

C. Selling of Securities

Securities shall be held until maturity, with the following exceptions:

- i. A security with declining credit below authorized ratings may be sold prior to maturity to minimize loss of principal.
- ii. Liquidity needs of the portfolio require that a security be sold prior to maturity.
- iii. The portfolio duration or maturity buckets should be adjusted to better reflect the structure of the underlying benchmark portfolio.
- iv. A security rebalance that would improve the quality, yield, or target duration in the portfolio.

7. STANDARDS OF CARE

A. Delegation of Authority

i. Governing Body

The ultimate fiduciary responsibility and authority for the investment of City funds resides with the City Council.

ii. Delegation of Authority

The City hereby designates the Budget & Finance Department Director as the Custodial Officer for the City's funds. The Custodial Officer shall invest City funds in accordance with ORS Chapter 294, Public Financial Administration, and with this Investment Policy. This Policy shall constitute a "written order" from City Council per ORS 294.035. The Custodial Officer, with the consent of the City Manager, may further delegate the authority to invest City funds to additional City Finance personnel. Persons authorized to transact investment business on behalf of the City are listed in Annex I of this Policy.

No officer or designee may engage in an investment transaction except as provided under the terms of this policy. All participants in the investment process shall seek to act responsibly as custodians of public trust.

To manage the portfolio, resources shall be allocated to the cash management program. This commitment of resources shall include financial and staffing considerations.

iii. Finance Committee

The City reports to the finance committee on a regular basis to provide guidance to the Custodial Officer(s) and monitor investment policy compliance. The committee has the responsibility to review the annual report, policy updates, and investment strategy.

iv. Investment Advisor

The City may engage the services of one or more external investment managers to assist in the management of the City's investment portfolio in a manner consistent with this investment policy. The investment advisors contracted service may include the authorization to transact with approved broker/dealers on behalf of City. These

transactions must be on a non-discretionary basis, requiring approval by the Custodial Officer or designee, prior to transacting.

B. Prudence

The standard of prudence to be used for managing the City's assets is the "prudent person" rule which 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."

C. Ethics and Conflicts of Interest

City investment staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or create the appearance of an impairment of their ability to make impartial investment decisions. City investment staff involved in the investment process and investment officials shall disclose in writing to the City Manager any financial interests they have in financial institutions that conduct business with the City and they shall subordinate their personal investment transactions to those of the City.

Employees shall comply with ORS 244.040 (Code of Ethics), ORS 244.120 (Methods of Handling Conflicts), GARS Article 3.15 (Standards of Conduct), any amendments to these provisions, and any Code of Ethics applicable to employees that the City may adopt in the future.

8. TRANSACTION COUNTERPARTIES

A. Broker/Dealers

The Custodial Officer shall determine which broker/dealer firms and registered representatives are authorized for purposes within the scope of the policy.

The following minimum criteria must be met prior to authorizing investment transactions for any direct transactions by the City staff. The Custodial Officer may impose more stringent criteria.

- i. Broker/Dealer firms must meet the following minimum criteria:
 - a. Be registered with the Securities and Exchange Commission (SEC)
 - b. Be registered with the Financial Industry Regulatory Authority (FINRA)
 - c. Provide most recent audited financials
 - d. Provide FINRA Focus Report filings
- ii. Approved broker/dealer employees who execute transactions with the City of Gresham must meet the following minimum criteria:
 - a. Be a registered representative with the Financial Industry Regulatory Authority (FINRA);
 - b. Be licensed by the state of Oregon;

- c. Provide certification (in writing) of having read, understood, and agreed to comply with the most current version of this investment policy.
- iii. Factors to consider during periodic review of all broker/dealers and their respective authorized registered representatives include:
 - a. Pending investigations related to fraud of public funds by securities regulators
 - b. Significant changes in net capital
 - c. Pending customer arbitration cases (if available)
 - d. Regulatory enforcement actions
- iv. The Custodial Officer may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The investment advisor's annual broker/dealer review procedures should be like the City's.

The advisor may be authorized through the contracted agreement to open accounts on behalf of the City with the broker/dealers on the approved list. The City will receive documentation directly from the brokers for account verification and regulatory requirements.

- v. A list will be maintained of approved broker/dealer firms and affiliated registered representatives listed in Annex III.

B. Direct Issuers

Obligations that are permitted for purchase by this policy may be purchased directly from the issuer without being listed as an approved broker/dealer.

C. Investment Advisor Services

A list will be maintained of approved advisors selected by conducting a process of due diligence.

- i. The following items are required for all approved Investment Advisors:
 - a. The investment advisor firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon (Note: Investment advisor firms with assets under management > \$100 million must be registered with the SEC, otherwise the firm must be licensed by the state of Oregon).
 - b. All investment advisor firm representatives conducting investment transactions on behalf of the City must be registered representatives with FINRA.
 - c. All investment advisor firm representatives conducting investment transactions on behalf of the City's must be licensed by the state of Oregon.
 - d. Contract terms will include that the Investment Advisor will comply with the City's Investment Policy.

- ii. A periodic review of all authorized investment advisors under contract will be conducted by the Custodial Officer to determine their continued eligibility within the portfolio guidelines. The Investment Advisor must notify the City of Gresham immediately if any of the following issues arise while serving under a City's contract:
 - a. Pending customer arbitration cases
 - b. Regulatory enforcement actions
 - c. Significant decline in assets under management
- iii. The investment advisory service firm will function in a non-discretionary role and provide technical market research to help in implementing investment strategies. Non-discretionary management requires that the City maintain control of investments by requiring the firm to obtain approval for all investment transactions.

D. Financial Institutions

All financial institutions who desire to become depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.

E. Competitive Transactions

Each investment transaction shall be competitively transacted with broker/dealers who have been authorized by the City. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded. A record shall be maintained by the City, all bids and offerings for security transactions to ensure that the City receives competitive pricing.

If the City is offered a security for which there is no other readily available competitive offering, then the Custodial Officer shall document quotations for comparable or alternative securities. When purchasing original issue securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

9. CUSTODY AND CONTROLS

A. Delivery vs. Payment

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis in accordance with ORS 294.145 (4) and (5).

B. Third-Party Safekeeping

Custodian banks shall be selected based on their ability to provide services for the City's account and the competitive pricing of their safekeeping related services. The City shall execute a written Safekeeping Agreement with each custodian bank prior to utilizing that bank's safekeeping services. Financial institutions approved to provide safekeeping services for the City of Gresham are listed in Annex II.

It is the intent of the City that all purchased securities be perfected in the name of the City. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities purchased by the City, and all purchased securities under the terms of a City approved Master Repurchase Agreement, shall be delivered by book entry and shall be held in third-party safekeeping by a City approved custodian bank or the Depository Trust Company (DTC).

All fed-wire book entry securities shall be held in the Federal Reserve System in a customer account or trust account at the custodian bank which names the City as the customer. DTC eligible securities shall be held in the custodian bank's participant account at the DTC.

C. Internal Controls

The Custodial Officer is responsible for establishing and maintaining an adequate internal control structure designed to assure that invested funds are invested within the parameters of this investment policy and protected from loss, theft, or misuse. Specifics for the internal controls shall be documented in writing. The established control structure shall be reviewed and updated periodically by the Custodial Officer.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points:

- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery of securities whenever possible, but control requirements for physical delivery should be addressed when necessary
- Clear delegation of authority to subordinate staff members
- Confirmation of transactions for investments and wire transfers
- Compliance with and oversight of Investment Policy
- Review, maintenance, and monitoring of security procedures

D. EXTERNAL AUDITS

An external auditor shall provide an annual independent review to assure compliance with Oregon state law and the City's policies and procedures.

E. ACCOUNTING METHOD

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP) relating to investment accounting. 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.

10. SUITABLE AND AUTHORIZED SECURITIES

A. Permitted Investments

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.052 (Definitions; investment by municipality of proceeds of bonds), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for custodial officer), ORS 294.805 to 294.895 (Local Government Investment Pool). Maximum maturity, minimum credit ratings and any other limitations based on settlement date.

The City will diversify investments across maturities, security types and issuers to avoid incurring unreasonable risks. The City has further defined the eligible types of securities and transactions as follows:

1. U.S. Treasury Obligations: Direct obligations of the United States Treasury whose payment is guaranteed by the United States with maturities not exceeding ten years from the date of settlement. [ORS Section 294.035(3)(a)]
2. U.S. Agency Obligations: Federal agency and instrumentalities of the United States or enterprises sponsored by the United States Government (GSE) and whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government with maturities not exceeding ten years from the date of trade settlement. [ORS Section 294.035(3)(a)]
3. Municipal Debt Obligations: Lawfully issued debt obligations of the states of Oregon, California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating on the settlement date of AA- or better by Standard and Poor's or Aa3 or better by Moody's or equivalent rating by any nationally recognized statistical rating organization, or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating agency (NRSRO). As defined in ORS 294.040, such obligations are authorized only if there has been no default in payment of either the principal or the interest of obligations of the issuing entity within five years preceding investment. [ORS Section 294.035(3)(b) and (c)]
4. Corporate Bonds 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. Such bonds shall be issued by a commercial, industrial, or utility business or issued by or on behalf of a financial institution with final maturities not exceeding seven years from the date of settlement.

The debt must be rated AA- or better by Standard and Poor's, or Aa3 or better by Moody's, or equivalent rating by any nationally recognized statistical rating organization at the time of purchase. [ORS Section 294.035(3)(i)]

5. Commercial Paper 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. Such debt shall be issued by a commercial, industrial or utility business or issued by or on behalf of a financial institution with maturities not exceeding 270 days from the date of settlement. Commercial paper must be rated at least A-1 by Standard and Poor's or P-1 by Moody's, or equivalent rating by any nationally recognized statistical rating organization at the time of purchase. [ORS Section 294.035(3)(i)]

Bankers Acceptances which are (a) guaranteed by and carried on the books of a financial institution located and licensed to do banking business in the State of Oregon; or a financial institution located in the States of California, Idaho or Washington that is wholly owned by a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon; (b) Banker's acceptances shall be eligible for discount by the Federal Reserve System; and (c) the issuing institution's short-term letter of credit rating shall be in the highest category by Standard and Poor's or Moody's or Fitch. Maturities shall be limited to 180 days from the date of settlement. [ORS 294.035(3)(h)]

6. City of Gresham Obligations: A maximum of \$15 million may be invested in securities issued by the City of Gresham or a component unit of the City of Gresham that mature within 10 years.
7. Repurchase Agreements with maturities of 90 days or less collateralized by U.S. Treasury securities with the maturity of the collateral not exceeding three years. For this section, the term collateral shall mean purchased securities under the terms of the City approved Master Repurchase Agreement. The purchased securities shall have an original minimum market value including accrued interest of 102% of the dollar value of the transaction, as prescribed by written policy of the Oregon Short-Term Fund Board. Collateral shall be held delivery-versus-payment in the City's custodian bank as safekeeping agent, and the market value of the collateral securities shall be marked-to-the-market daily. Broker/dealers and Financial Institutions must have an executed Master Repurchase Agreement with the City. [ORS Section 294.035(3)(j)]

Repurchase Agreements shall be entered into only with City approved Primary Dealers reporting to the Federal Reserve Bank of New York or firms that have a Primary Dealer within their holding company structure. The Custodial Officer shall maintain a copy of the City's approved Master Repurchase Agreement.

8. Certificates of Deposit in insured institutions as defined in ORS 706.008, in credit unions as defined in ORS Section 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)].

Bank Time Deposit/Savings Accounts: Time deposit open accounts or savings accounts in insured institutions as defined in ORS Section 706.008, in credit unions as defined in ORS Section 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)(e)].

9. State of Oregon Local Government Investment Pool organized pursuant to ORS 294.805 through 294.895. Participation in the Pool shall not exceed the maximum limit semi-annually set by ORS 294.810, or the exceptions listed therein. Details of the maximum limit are provided in Annex V.

B. Bank Collateralization

All bank deposits, time deposits, certificates of deposit, and savings accounts held in bank depositories, which exceed the amounts insured by one or more agencies of the United States Government shall be collateralized in accordance with the provisions of ORS Chapter 295.

Per Oregon Revised Statutes Chapter 295, it is the responsibility of the State Treasurer to ensure that public funds are collateralized appropriately by the public depositories holding the deposits.

Collateral for repurchase agreements shall be limited in maturity and priced in compliance with ORS 294.035 (3)(j). See item 8 of the Suitable and Authorized Securities section of this policy.

C. Approval of Permitted Investments

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

D. Prohibited Conduct

Oregon State Statutes have addressed several areas of prohibited conduct for the Custodial Officer when making investments, ORS 294.145. Specifically, the Custodial Officer shall not:

- i. Make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction; or
- ii. Enter into any agreement to invest funds or sell securities for future delivery for a fee other than interest; or
- iii. Lend securities to any person or institution, except on a fully collateralized basis, and except when such lending is specifically permitted under an investment policy adopted pursuant to ORS 294.135 (1)(a); or
- iv. Pay for any securities purchased by the Custodial Officer until the Officer has received sufficient evidence of title thereof. Evidence of title shall be consistent with modern investment, banking and commercial practices and may include physical possession, book entry and automated recordation of such title. However, the Custodial Officer may instruct one or more custodian banks, as defined in ORS 295.001, to accept or release securities as the Custodial Officer considers advisable to be held in safekeeping for collection of principal and interest or other income; or
- v. Deliver securities to the purchaser upon sale prior to receiving payment in full. However, the Custodial Officer may deliver the securities to any custodian bank, defined in ORS 295.001 upon instructions to hold the same pending receipt by the institution of full payment therefor.
- vi. Invest in Prohibited Investments listed below:

- The City shall not invest in “144A” private placement securities, this includes commercial paper privately placed under section 4(a)(2) of the Securities Act of 1933.
- The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.
- The City shall not purchase mortgage-backed securities.
- The City shall not purchase, per ORS 294.040, any bonds of issuers listed in ORS 294.035(3)(a) to (c) that have a prior default history.
- No commitment to buy or sell securities may be made more than 14 days prior to the anticipated settlement date.

11. INVESTMENT PARAMETERS

A. Credit Risk

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

- i. **Diversification:** It is the policy of the City of Gresham to diversify its investments. Where appropriate, exposures will be limited by security type; maturity; issuance, issuer, and security type, allowed security types and investment exposure limitations are detailed in the table below.
- ii. **Credit Ratings:** Investments must have a rating from at least one of the following nationally recognized statistical ratings organizations (NRSRO): Moody’s Investors Service; Standard & Poor’s; and Fitch Ratings Service as detailed in the table below. Ratings used to apply the guidelines below should be investment level ratings and not issuer level ratings.
- iii. The minimum weighted average credit rating of the portfolio’s rated investments shall be AA-/Aa3/AA- by Standard & Poor’s, Moody’s Investors Service and Fitch Ratings Service respectively.
- iv. Total Portfolio Diversification Constraints table below limits exposures among investments permitted by this policy.

B. Diversification Constraints

As of the date of this Policy, all the above securities, deposits and transactions have been approved by the State Treasurer pursuant to ORS 294.046. It is the intent of the City that the foregoing list of authorized securities is strictly interpreted. All diversification requirements shall be calculated based on the market value of the holdings at the time of purchase. Specific diversification requirements shall be applied to the aggregate holdings of an institution at the time of purchase. Any deviation from this list must be pre-approved in writing by the City Manager.

Total Portfolio Diversification Constraints

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P, Moody's or Equivalent NRSRO	Years to Maturity
US Treasury Obligations	100%	None	-	7 Years
US Agency Obligations	100%	35%	-	7 Years
Municipal Obligations	25%	10%	AA- / Aa3 Short Term*	7 Years
Corporate Notes	35%**	5%***	AA- / Aa3	7 Years
Commercial Paper			A1 / P1	270 Days
Bankers Acceptance	25%	10%	A1 / P1	180 Days
City of Gresham Obligations	\$15,000,000	\$15,000,000	A- / A3	10 Years
Repurchase Agreements	25%	10%	-	90 Days
Certificates of Deposit	10%	5%	Oregon Public Depository	18 Months
Bank Deposits Local	25%	10%	Oregon Public Depository	366 Days
State LGIP	Maximum allowed per ORS 294.810	None	-	-

*Short Term Ratings: Moody's - P1/MIG1/VMIG1, S&P - A-1/SP-1, Fitch - F1

**35% maximum combined corporate and commercial paper per ORS

***Issuer constraints apply to the combined issues in corporate and commercial paper holdings

In case of conflict between this summary table and the preceding text narrative, the text narrative controls.

C. Determining a Security's Rating

A single rating will be determined for each investment by utilizing the highest security level rating available for the security from Standard and Poor's, Moody's Investor Services and Fitch Ratings respectively. Ratings table in Annex V.

D. Maturity Limits

Liquidity risk is the risk that an investment may not be easily marketable or redeemable, as well as a shortfall of operating cash resulting in the need to sell securities and, thus, principal risk. The following strategies will be employed to mitigate liquidity risks:

- i. Where feasible and prudent, investment maturities should be matched with expected cash outflows to mitigate risk.
- ii. The City of Gresham will not directly invest in securities maturing more than 10 years from the date of purchase.

- iii. The maximum weighted maturity of the total portfolio shall not exceed 3.50 years. This maximum is established to safeguard the portfolio from excessive price change exposure.
- iv. Liquidity funds will be held in the State Pool or in bank deposits and may include securities maturing one year and shorter.
- v. At all times, the City of Gresham shall maintain an amount in the portfolio in cash and investments maturing within 30 days equal to at least two times the highest month's negative change in the portfolio balance from the previous calendar year, adjusted for any anomalies or extraordinary items. The City shall maintain an amount in the portfolio in cash and investments maturing within one year equal to at least two times the change in the portfolio balance between January and October of the previous calendar year, adjusted for any anomalies or extraordinary items. The City will calculate these liquidity requirements upon the adoption of this policy and in January each year thereafter and will report the requirements in monthly compliance calculations.
- vi. Core Investment funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between one day and 10 years and will be only invested in higher quality and liquid securities.

Total Portfolio Maturity Constraints

Maturity Constraints	Minimum % of Total Portfolio
Under 30 Days	2x Highest Negative Change in a Month to Portfolio Balance in Prior Calendar Year adjusted for any anomalies or extraordinary items
Under 1 Year	2x Change of Portfolio Balance from January to October of Prior Calendar Year
Under 7 Years	90%
Under 10 Years	100%
Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	3.5 Years
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

12. INVESTING BOND PROCEEDS

The City recognizes that bond proceeds may be subject to the provisions of the Internal Revenue Code, Federal Arbitrage Regulations, as amended.

Investments of bond proceeds are restricted under bond covenants that may be more restrictive than the investment parameters included in this policy. The investments will be made in a manner to match cash flow expectations based on managed disbursement schedules.

Funds from bond proceeds and amounts held in a bond payment reserve or proceeds fund may be invested pursuant to ORS 294.052.

Information will be maintained for arbitrage rebate calculations.

13. REPORTING, COMPLIANCE AND PERFORMANCE

A. Reporting Requirements

Designated City Finance personnel shall compile and submit a monthly report to the Custodial Officer or designee listing the cost, current fair value, credit ratings, benchmarking, compliance and duration of investments held by the City, in accordance with GASB Statements 31 and 40. The report shall include a summary of investment earnings and performance results for the period.

The Custodial Officer shall submit semi-annual reports unless otherwise requested to the City's Finance Committee and City Council, which includes benchmarking, compliance and a summary of investment earnings and performance results during the period.

B. Guideline Compliance

i. Guideline Measurement

Guideline measurements will use market value of investments.

ii. Guideline Compliance

- If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this policy, the Custodial Officer shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.
- Violations of portfolio guidelines as a result of transactions; actions to bring the portfolio back into compliance and; reasoning for actions taken to bring the portfolio back into compliance shall be documented and reported to the City of Gresham's Finance Committee.
- Due to fluctuations in the aggregate surplus funds balance, maximum or minimum percentages for a particular issuer, investment type or minimum maturity constraint may be surpassed at a point in time. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

C. Performance Evaluation

- i. The liquidity portfolio yields will be compared to the Oregon Short Term Pool Rate.
- ii. The Core portfolio will be invested into a predetermined structure that will be measured against a selected performance benchmark portfolio. The structure will be based upon a chosen minimum and maximum effective duration (average maturity) and will have the objective to achieve market rates of returns over long investment horizons. The

purpose of the benchmark is to appropriately manage the risk in the portfolio given interest rate cycles. The core portfolio is expected to provide similar returns to the benchmark over interest rate cycles but may underperform or outperform in certain periods. The portfolio will be positioned to first protect principal and then achieve market rates of return. The benchmark will be a standard market index like the 0-3 year or 0-5 year index and comparisons will be calculated monthly and reported quarterly.

- iii. When comparing the performance of the City of Gresham's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio's rate of return.
- iv. The mark to market pricing will be calculated monthly and be provided in a monthly report.

14. TRAINING & BUSINESS CONTINUITY

A. Training

The City of Gresham strives for professionalism and accountability in the investment of its funds. To assure the highest possible professional standards, the City will provide opportunities and funding for the personnel involved in the investment function to complete continuing education programs or other training in cash and investment management sufficient to maintain their skills and remain up-to-date on best practices and new regulations.

B. Business Continuity

The Custodial Officer has developed a Business Continuity Plan (Plan) describing the City of Gresham anticipated response to a range of events that could significantly disrupt its business. Because the timing and impact of disasters, emergencies and other events is unpredictable, flexibility is necessary when responding to actual disruptions as they occur. With that in mind, the goal of the Plan is to prevent lapses in operations or resume operations as quickly and smoothly as possible, while remaining within the requirements of state and federal law.

The Plan for responding to a significant business disruption addresses safeguarding of employees' lives and City property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the City books and records, and allowing the continued ability to manage the investment program and transact business.

15. POLICY REVISIONS

This Investment Policy shall be reviewed by the City's Finance Committee and if necessary, the Oregon Short-Term Fund Board prior to being submitted to the City Council for adoption on an annual basis in accordance with ORS 294.135(a). The data contained in the Annexes to this document may be updated by the Custodial Officer as necessary, provided the changes in no way affect the substance or intent of this Policy.

ANNEX I: Authorized Personnel

Persons authorized to transact investment business on behalf of the City of Gresham are as follows:

Elizabeth McCann, Budget & Finance Department Director - Custodial Officer
Teryl Aguon, Treasury Analyst
Susan Brown, Finance & Accounting Services Manager

ANNEX II: Approved Custodians

The following safekeeping and custodian institution has been approved by the City of Gresham:

U.S. Bank National Association

ANNEX III: Approved Broker/Dealers

The following broker/dealers have been approved by the City of Gresham:

Academy Securities Inc	MarketAxess
B of A Securities	Mischler Financial Group
Bank of NYC Mellon Cap Markets	Mizuho Securities USA LLC
Barclays Capital Inc.	Morgan Stanley
BMO Capital Markets	MUFG Securities Americas Inc.
Cantor Fitzgerald	Multi-Bank Securities
Castle Oak Securities	National Bank of Canada
CIBC Global Markets Inc.	Natwest Markets
Citadel Securities LLC	Nomura
Citigroup Global Markets Inc.	Piper Sandler & Co
Credit Suisse Securities USA LLC	PNC Capital Markets
Crews and Associates	Raymond James
D.A. Davidson	RBC Capital Markets
Daiwa Capital Markets	SG Americas Securities LLC (Societe Generale)
FHN Financial Securities Corp.	Siebert Williams Shank
Fifth Third Bank	SMBC Nikko Securities America Inc.
Goldman Sachs & Co.	Stifel Nicolaus
Great Pacific Securities	Stonex Financial Inc.
Hartfield, Titus & Donnelly LLC	TD Securities (USA) LLC
Hilltop Securities	Toyota Financial Services Securities
Inspere LLC	Truist Securities
Jefferies LLC	UBS Securities LLC
JP Morgan Securities Inc.	US Bancorp Investments Inc.
KeyBanc Capital Markets	Wells Fargo Securities
Loop Capital Markets	

ANNEX IV: Limits of Participation in State of Oregon Local Government Investment Pool

Participation in the pool shall not exceed the maximum limit annually set by ORS 294.810. The limitation stated in this section shall not apply to funds of a governing body which are placed in the investment pool on behalf of another governing unit.

C.P.I. adjustments for Local Government Balance Limitation

Period Start	Period End	U.S. City Average CPI	LGIP Deposit Limitation
9/1/12	8/31/13	232.018	\$ 46,073,407
9/1/13	8/31/14	235.685	\$ 46,801,588
9/1/14	8/31/15	236.749	\$ 47,012,858
9/1/15	8/31/17	238.653	\$ 47,390,998
9/1/17	8/31/18	243.392	\$ 48,333,000
9/1/18	8/31/19	249.280	\$ 49,500,000
9/1/19	8/31/20	254.016	\$ 50,400,000
9/1/20	8/31/21	257.721	\$ 51,177,000
9/1/21	8/31/22	265.447	\$ 52,713,000
9/1/22	8/31/23	285.848	\$ 56,763,000
9/1/23	8/31/24	301.374	\$ 59,847,000
9/1/24	8/31/25	310.955	\$ 61,749,000
9/1/25	8/31/26		\$ 63,387,000

Annex V: Rating Tables

Value	Moody's Ratings		S&P Ratings		Fitch Ratings	
	Long Term	Short-Term	Long Term	Short-Term	Long Term	Short-Term
1	U.S. Treasury		U.S. Treasury		U.S. Treasury	
1	Federal Instrumentality		Federal Instrumentality		Federal Instrumentality	
1	Aaa	P-1	AAA	A-1	AAA	F1
2	Aa1		AA+		AA+	
3	Aa2		AA		AA	
4	Aa3		AA-		AA-	
5	A1		A+		A+	
6	A2		A		A	
7	A3		A-		A-	
8	Baa1		BBB+		BBB+	
9	Baa2		BBB		BBB	
10	Baa3		BBB-		BBB-	

Organizational Policy Recommendation

Section	Items Covered	GFOA <small>Note: Converted Roman Numerals</small>	GIOA	OSTFB <small>Note: Converted Roman Numerals</small>	Current Policy Section	Updated Policy Section	Notes
Table of Contents			GIOA - 1				Formatted to City Standards
Introduction	Background of Organization		GIOA - 2		Introducton	1	Add header
Policy Statement	Policy is to establish parameters, comply with statute, law, etc.	GFOA - 1	GIOA - 6	OSTFB - I.	Purpose	2	
Governing Authority	Conformance to Statute, Federal, State legal requirements. Governing Body	GFOA - 2	GIOA - 3 & 5	OSTFB - 2	N/A	3	The [Entity Name]'s investment program shall be operated in conformance with Oregon Revised Statutes and applicable federal law. Specifically, this investment policy is written in conformance with ORS 294.035; 294.040; 294.052; 294.135; 294.145; and 294.810. All funds within the scope of this policy are subject to laws established by the state of Oregon. Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.
Scope	Specific Funds covered under Policy and \$ Range	GFOA - 3	GIOA - 7	OSTFB - 3.	Scope page 4	4	
Investment Objectives	Safety Liquidity Return Risk Responsibility - ESG (optional)	GFOA - 4	GIOA - 8	OSTFB - 4. OSTFB - 4.1 OSTFB - 4.2 OSTFB - 4..3 OSTFB 9.4	Objectives page 4 Preservation of Capital Sufficient Liquidity Maximize Return Diversification ESG Page 13	5 5A 5B 5D 5C 5E	Additional but fine
Investment Philosophy	Match investment maturities with expected outflows Risk Management Procedures around sales, downgrades	- - -	GIOA - 9 - GIOA - 13	OSTFB - 4.3 - OSTFB 10 & 11	N/A N/A N/A	6 6A 6B 6C	In 2nd paragraph of prudence section
Standards of Care	Delegation of Authority and Responsibilities Governing Body (ultimate fiduciary responsibility) Delegation of Authority (authority to named position/investment officer) Finance Committee (if applicable) Investment Advisors Prudence Ethics and Conflicts of Interest	GFOA - 5.3	GIOA - 4	OSTFB 5.3.i OSTFB 5.3.ii OSTFB 5.3.iii OSTFB 5.3.iv OSTFB 5.1 OSTFB 5.2	Delegation of Authority Yes Yes N/A Yes Prudence and Indem Yes	7 7A 7.A.i 7.A.ii 7.A.iii 7.A.iv 7B 7C	Note - Can delegate authority for Trading Authorization Add in Section before Advisors
Transaction Counterparties	Broker/Dealers Direct Issuer Investment Advisors / Consultants Depositories / Financial Bank Institutions Competitive Transactions	GFOA - 6.1 B & C GFOA - 6.1.A GFOA - 6.1.D GFOA - 6.3	GIOA - 26 GIOA - 25 GIOA - 23 GIOA - 21	OSTFB 6.1 OSTFB 6.2 OSTFB 6.3 OSTFB 6.4 OSTFB 6.5	Broker Dealer Page 7 Advisory Page 6 N/A Other Page 12	8 8A 8B 8C 8D 8E	All financial institutions who desire to become depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.
Custody and Controls	Delivery vs. Payment Third-Party Safekeeping	GFOA - 6.1 GFOA - 6.2	- GIOA - 16	OSTFB 7.1 OSTFB 7.2	Safekeeping and Custody Safekeeping Page 7 Safekeeping Page 7	9 9A 9B	

	Internal Controls	GFOA - 6.3	GIOA - 14	OSTFB 7.3	Internal Page 6	9C	
	External Audits		GIOA - 15	OSTFB 7.4	External Page 6	9D	
	Accounting Method (Allocation of Interest/pooling, GAAP, GASB etc)		GIOA - 28	OSTFB 7.4 & 13.4	Accounting Method Page 6	9E	
Authorized Investments						10	
	Allowable Investments (reference to statute, detailed description of each)	GFOA - 8.1	GIOA - 17	OSTFB 8	Suitable page 8	10A	Update language and remove exceptions
	Collateralization	GFOA - 8.2	GIOA - 24		Collateralization Page 7	10B	
	Prohibited Investments		GIOA - 18	OSTFB 8	Other Page 12	10C & 10D	
Investment Parameters						11	
	Diversification (by asset class, issuer, maturity - include table)	GFOA - 9.1.A	GIOA - 19	OSTFB 9.1	Page 10	11A & 11B	take maturity out of wording and put in table or leave in both but clean up note writing narrative controls
	Investment Maturity (max single maturity, WAM - include table)	GFOA - 9.1.B	GIOA - 20	OSTFB 9.2	Page 11	11D	Add maturity sector table
	Investment of Bond Proceeds, Reserve or Capital Improvements (OSTB Only)			OSTFB 10 & 11		12	not including Capital Improvement
Reporting, Compliance and Performance						13	
	Reporting Requirements (frequency, transparency, specific items-compliance)	GFOA - 11	GIOA - 27	TFB 13.1, 13.3, 13.4	Reporting Page 13	13A	
	Compliance measurement and adherence (method of measurement, frequency)	GFOA - 11	GIOA - 22	OSTFB 12	N/A	13B	Use OSTF Language
	Performance Standards (specify benchmarks, frequency)	GFOA - 10	GIOA - 29	OSTFB 13.2	Performance Page 13	13C	
Training & Business Continuity						14	
	Ongoing Training and Education	-	GIOA - 31	-	N/A	14A	
	Business Continuity		GIOA - 30		N/A	14B	
Policy Adoption						15	
	Review Frequency and Requirements for Adoption/re-adoption	GFOA - 13 & 14	GIOA - 32	OSTFB 14			

Meeting Date: May 20, 2026
Agenda Item: 6. FY 2025/26 Budget to Actual Report (April)

City of Gresham’s Adopted Financial Policies include reporting requirements. Policy 15D calls for Budget to Actual reporting to be distributed to Finance Committee. The FY 2025/26 – April Budget to Actual report is for the Committee’s information.

Year-to-date Budget Report Narrative

Through Fiscal Year 2025/26 Period: 10 (April)

Summary: Budget monitoring is conducted by Budget & Financial Planning and department management staff throughout each fiscal year. This allows any items of concern to be proactively addressed. This report is designed to give City Council a high-level overview of the status of the City's budget.

The Budget column includes any mid-year budget adjustments approved by City Council such as the Grant Accept & Appropriate and the Supplemental Budget actions that were approved by Council earlier this year. This column will change throughout the year from the Adopted Budget amounts as City Council approves budget adjustments.

In this report, funds and departments are listed in numerical order as they appear in the financial system, and does not necessarily match the order or groupings that are used in the budget document. A quick way to tell what type of fund or department is to look at the name. For example, capital and debt funds will have that designation included in the name.

Operating Funds: Operating funds are performing as expected in relation to budget and are expected to remain on track throughout the fiscal year. Currently, there are no significant concerns or items of note. A few notes on specific items:

All Funds - Personnel: One of the largest expenses for the City is personnel, with the largest personnel costs in the Police and Fire departments. The City's budget includes the assumption that a position will be filled fully for the entire year. Therefore, if a department has vacancies the expenditure rate will be slower than how the budget was built. For FY 2025/26, an \$8 million one-time contribution was budgeted to PERS to provide funding against the City's Unfunded Actuarial Liability (UAL). The contribution allowed the City to participate in the State's Employer Incentive Fund, and this contribution was matched with \$2 million from the State for a total of \$10 million. This contribution was made in December which could make expenditure rate appear as if it is outpacing the budget. Budget staff are monitoring this circumstance closely this year to ensure that personnel costs are occurring as expected.

General Fund – Economic Development: Vacant positions are causing the low % of budget used. Additionally, several projects/contracts are currently underway, and invoices will be paid prior to the end of the year.

General Fund – Youth & Recreation Services: Vacant positions are causing the low % of budget used.

Local Option Levy Fund – Police: The Police department is actively recruiting to fill. Additionally, the expansion of the BHU program is underway. These items are leading to a slow expenditure rate.

Designated Purpose Fund: This fund typically contains grants and other restricted funds. Spending in this fund is not proportional or even across the year, so % of budget used may appear to be low or elevated compared to the point in the year.

Infrastructure Development Fund – Environmental Services: Vacant positions are causing the low % of budget used.

Streetlight Fund – Environmental Services: The % of budget used trends low due to electric bills lagging a month behind. This fund is also budgeted conservatively to allow for unexpected repairs to streetlights as needed.

Transportation Fund – Environmental Services: The spending for this service is proportional or even across the year, so % of budget used may appear to be low compared to the point in the year. Transportation is in the process of hiring seasonal workers for the increased summer maintenance workload.

CDBG/HOME Fund – Urban Design & Planning: With the uncertainty of timing of availability of additional CDBG/HOME awards, this fund was budgeted conservatively, and as a result is showing a low rate of expenditure. This program is on track and performing as expected based on the federal funds available at this time.

Building Fund – Community Development: Vacant positions are causing the low % of budget used.

Urban Renewal Fund – Urban Renewal: The budget for this area was constructed to allow for a potential grant program as well as unexpected events (example: unanticipated GRDC-owned property repairs). Based on status of program activities, this fund is performing as expected.

Water Fund – Environmental Services: The department has several vacancies right now causing a low % used in personnel expenses. In addition, the budget for purchasing water from the City of Portland lags one month behind.

Wastewater Fund – Environmental Services: Due to the reimbursement nature of the billing for the operations of the Wastewater Treatment plant, there can be timing differences between when contracted work is performed and when invoices are received/paid. This difference accounts for the expenditure rate appearing low.

Facilities & Fleet Management Fund – Citywide Services: The Facilities & Fleet Management Fund experiences a delay in the timing of significant expenses, such as fuel, which will appear as a lower % of budget used.

Administrative Services Fund – Office of Governance & Management: Due to once-a-year expenses and several projects/contracts underway with invoices to be paid prior to the end of the year, are causing a low % of budget used.

Administrative Services Fund – Citywide Services: This service area has multiple vacancies, but also some items such as unemployment claims that fluctuate from year to year but are budgeted conservatively to ensure sufficient funds if needed. These items are causing the low % of budget used.

Equipment Replacement Fund – Citywide Services: The % of budget used appears to be low due to long periods of time between order and delivery.

Workers' Comp & Liability Management Fund – Citywide Services: Many of the expenses are claims related which fluctuate through the year.

COG Health & Dental Plans Fund – Citywide Services: As an insurance benefit fund, many of the expenses are related to claims. Since claims can fluctuate from year to year, this fund is budgeted conservatively to allow for claims to be paid. In a typical year, the % of budget used should appear low.

Transfers: Transfers are scheduled to be made periodically throughout the year, based on the nature of each individual item and associated requirements. Some transfers are made once a year, some are made equally across all twelve months, and some are made as expenditures occur. Patterns of transfers will be unique to each fund and will not be evenly distributed across each month.

Capital Funds: Expenditures in Capital project funds are not evenly distributed across the fiscal year. There is a seasonality to these expenditures, since much of the work funded on these projects occurs during better weather in the summer and fall. This means that in the early and late parts of each year expenditures will be greater, with fewer expenditures in the winter and spring. Additionally, Capital project funds are budgeted conservatively, since many expenses are made during the summer, it can be difficult to predict when work on a project may occur based on weather, contractors, and supply availability. Therefore, the budget in these funds is designed to allow for expenditures to be made in either fiscal year of each summer.

Debt Service Funds: Debt Service payments are made on pre-defined schedules that typically call for 1-2 payments per year per debt instrument. In some Debt Service Funds, 100% of the annual payments are made by September of each year, while others may not have any payments until late in the fiscal year.



Year-to-date Budget Report

Through Fiscal Year: 2025/26 Period: 10 (April)
Percentage of the Year Complete: 83%

Fund Department	Current Year				Prior Year	
	Budget	Actuals	Remaining Budget	% Used	Actuals	% Used
General Fund						
Police	55,350,458	42,269,080	13,081,378	76%	35,868,181	74%
Fire	43,797,051	34,410,612	9,386,439	79%	28,073,976	81%
Economic Development	1,180,945	702,837	478,108	60%	818,415	64%
Community Livability	1,723,506	1,382,136	341,370	80%	1,126,404	64%
Youth & Recreation Services	739,198	439,793	299,405	59%	-	0%
Parks	5,856,381	4,416,852	1,439,529	75%	3,784,812	70%
Transfers	3,018,000	2,360,639	657,361	78%	3,386,375	82%
<i>General Total</i>	<u>111,665,539</u>	<u>85,981,949</u>	<u>25,683,590</u>	<u>77%</u>	<u>73,058,162</u>	<u>76%</u>
Local Option Levy Fund						
Police	7,930,188	5,558,894	2,371,294	70%	4,561,721	66%
Fire	5,852,905	4,974,434	878,471	85%	4,128,103	78%
<i>Local Option Levy Total</i>	<u>13,783,093</u>	<u>10,533,328</u>	<u>3,249,765</u>	<u>76%</u>	<u>8,689,824</u>	<u>71%</u>
Urban Design & Planning Fund						
Urban Design & Planning	4,563,205	3,511,953	1,051,252	77%	3,132,379	72%
Transfers	79,000	79,000	-	100%	71,000	100%
<i>Urban Design & Planning Total</i>	<u>4,642,205</u>	<u>3,590,953</u>	<u>1,051,252</u>	<u>77%</u>	<u>3,203,379</u>	<u>73%</u>
Solid Waste & Sustainability Fund						
Environmental Services	1,595,721	1,254,467	341,254	79%	1,009,280	71%
Transfers	-	-	-	0%	1,000	100%
<i>Solid Waste & Sustainability Total</i>	<u>1,595,721</u>	<u>1,254,467</u>	<u>341,254</u>	<u>79%</u>	<u>1,010,280</u>	<u>71%</u>



Year-to-date Budget Report

Through Fiscal Year: 2025/26 Period: 10 (April)
Percentage of the Year Complete: 83%

Fund Department	Current Year				Prior Year	
	Budget	Actuals	Remaining Budget	% Used	Actuals	% Used
Designated Purpose Fund						
Citywide Services	4,951,372	1,148,320	3,803,053	23%	3,737,442	50%
Police	2,934,324	316,927	2,617,397	11%	213,618	12%
Fire	1,160,000	736,373	423,627	63%	143,795	11%
Urban Design & Planning	13,365,791	669,479	12,696,312	5%	1,250,515	14%
Economic Development	7,339,000	511,817	6,827,183	7%	489,563	8%
Community Livability	2,427,273	1,194,725	1,232,548	49%	1,801,078	57%
Youth & Recreation Services	6,020,080	728,613	5,291,467	12%	1,980,429	45%
Parks	484,000	-	484,000	0%	21,056	5%
Environmental Services	5,738,000	681,581	5,056,419	12%	313,997	5%
Transfers	6,874,000	-	6,874,000	0%	4,000,000	35%
<i>Designated Purpose Total</i>	<u>51,293,840</u>	<u>5,987,834</u>	<u>45,306,006</u>	<u>12%</u>	<u>13,951,493</u>	<u>28%</u>
Rental Inspection Fund						
Community Livability	1,482,285	1,178,212	304,073	79%	843,242	73%
Transfers	20,000	20,000	-	100%	20,000	100%
<i>Rental Inspection Total</i>	<u>1,502,285</u>	<u>1,198,212</u>	<u>304,073</u>	<u>80%</u>	<u>863,242</u>	<u>74%</u>
System Development Charges Fund						
Transfers	35,143,000	6,589,597	28,553,403	19%	6,075,369	16%
<i>System Development Charges Total</i>	<u>35,143,000</u>	<u>6,589,597</u>	<u>28,553,403</u>	<u>19%</u>	<u>6,075,369</u>	<u>16%</u>
Infrastructure Development Fund						
Environmental Services	4,938,338	3,340,076	1,598,262	68%	3,101,298	74%
Transfers	79,000	79,000	-	100%	81,000	100%
<i>Infrastructure Development Total</i>	<u>5,017,338</u>	<u>3,419,076</u>	<u>1,598,262</u>	<u>68%</u>	<u>3,182,298</u>	<u>74%</u>
Streetlight Fund						
Environmental Services	716,887	382,855	334,032	53%	466,653	77%
Transfers	1,779,000	639,750	1,139,250	36%	681,334	40%
<i>Streetlight Total</i>	<u>2,495,887</u>	<u>1,022,605</u>	<u>1,473,282</u>	<u>41%</u>	<u>1,147,987</u>	<u>50%</u>



Year-to-date Budget Report

Through Fiscal Year: 2025/26 Period: 10 (April)
Percentage of the Year Complete: 83%

Fund Department	Current Year				Prior Year	
	Budget	Actuals	Remaining Budget	% Used	Actuals	% Used
Transportation Fund						
Environmental Services	15,560,922	11,124,045	4,436,877	71%	9,625,067	71%
Transfers	18,492,000	5,264,130	13,227,870	28%	5,170,822	26%
<i>Transportation Total</i>	<u>34,052,922</u>	<u>16,388,175</u>	<u>17,664,747</u>	<u>48%</u>	<u>14,795,889</u>	<u>44%</u>
CDBG & HOME Fund						
Urban Design & Planning	3,290,512	983,781	2,306,731	30%	1,473,376	38%
Transfers	467,000	-	467,000	0%	-	0%
<i>CDBG & HOME Total</i>	<u>3,757,512</u>	<u>983,781</u>	<u>2,773,731</u>	<u>26%</u>	<u>1,473,376</u>	<u>34%</u>
Building Fund						
Community Development	6,380,549	4,319,757	2,060,792	68%	3,612,797	64%
Transfers	35,000	21,094	13,906	60%	32,416	6%
<i>Building Total</i>	<u>6,415,549</u>	<u>4,340,851</u>	<u>2,074,698</u>	<u>68%</u>	<u>3,645,212</u>	<u>58%</u>
Urban Renewal Fund						
Urban Renewal	2,016,000	936,415	1,079,585	46%	1,181,682	50%
Transfers	40,000	80	39,920	0%	-	0%
<i>Urban Renewal Total</i>	<u>2,056,000</u>	<u>936,495</u>	<u>1,119,505</u>	<u>46%</u>	<u>1,181,682</u>	<u>49%</u>
Parks Capital Improvement Fund						
Capital Improvement	15,394,000	2,767,735	12,626,265	18%	7,443,383	32%
<i>Parks Capital Improvement Total</i>	<u>15,394,000</u>	<u>2,767,735</u>	<u>12,626,265</u>	<u>18%</u>	<u>7,443,383</u>	<u>32%</u>
General Development Cap Impr Fund						
Capital Improvement	8,623,000	17,204	8,605,796	0%	1,014,516	10%
<i>General Development Cap Impr Total</i>	<u>8,623,000</u>	<u>17,204</u>	<u>8,605,796</u>	<u>0%</u>	<u>1,014,516</u>	<u>10%</u>
Transportation Capital Impr Fund						
Capital Improvement	52,536,000	9,265,105	43,270,895	18%	6,627,543	13%
<i>Transportation Capital Impr Total</i>	<u>52,536,000</u>	<u>9,265,105</u>	<u>43,270,895</u>	<u>18%</u>	<u>6,627,543</u>	<u>13%</u>
Urban Renewal Capital Impr Fund						
Capital Improvement	10,392,000	458,549	9,933,451	4%	2,099,515	28%
<i>Urban Renewal Capital Impr Total</i>	<u>10,392,000</u>	<u>458,549</u>	<u>9,933,451</u>	<u>4%</u>	<u>2,099,515</u>	<u>28%</u>



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Fund Department	Current Year				Prior Year	
	Budget	Actuals	Remaining Budget	% Used	Actuals	% Used
General Government Debt Svc Fund						
Debt Service	6,286,000	1,016,338	5,269,662	16%	999,575	16%
<i>General Government Debt Svc Total</i>	<u>6,286,000</u>	<u>1,016,338</u>	<u>5,269,662</u>	<u>16%</u>	<u>999,575</u>	<u>16%</u>
Pension Bond Debt Service Fund						
Debt Service	2,475,000	174,927	2,300,074	7%	233,134	10%
<i>Pension Bond Debt Service Total</i>	<u>2,475,000</u>	<u>174,927</u>	<u>2,300,074</u>	<u>7%</u>	<u>233,134</u>	<u>10%</u>
Water Fund						
Environmental Services	19,139,170	13,498,324	5,640,846	71%	12,646,584	74%
Transfers	15,330,000	8,836,578	6,493,423	58%	13,690,397	51%
<i>Water Total</i>	<u>34,469,170</u>	<u>22,334,902</u>	<u>12,134,268</u>	<u>65%</u>	<u>26,336,981</u>	<u>60%</u>
Water Capital Improvement Fund						
Capital Improvement	72,740,000	11,699,083	61,040,917	16%	22,608,922	23%
<i>Water Capital Improvement Total</i>	<u>72,740,000</u>	<u>11,699,083</u>	<u>61,040,917</u>	<u>16%</u>	<u>22,608,922</u>	<u>23%</u>
Water Debt Service Fund						
Debt Service	2,603,000	1,168,411	1,434,589	45%	1,031,180	34%
<i>Water Debt Service Total</i>	<u>2,603,000</u>	<u>1,168,411</u>	<u>1,434,589</u>	<u>45%</u>	<u>1,031,180</u>	<u>34%</u>
Stormwater Fund						
Environmental Services	14,009,023	10,208,980	3,800,043	73%	9229721.88	74%
Transfers	6,248,000	1,926,204	4,321,796	31%	2,060,921	35%
<i>Stormwater Total</i>	<u>20,257,023</u>	<u>12,135,184</u>	<u>8,121,839</u>	<u>60%</u>	<u>11,290,643</u>	<u>62%</u>
Stormwater Capital Improvement Fund						
Capital Improvement	16,635,000	1,454,576	15,180,424	9%	1,585,629	13%
<i>Stormwater Capital Improvement</i>	<u>16,635,000</u>	<u>1,454,576</u>	<u>15,180,424</u>	<u>9%</u>	<u>1,585,629</u>	<u>13%</u>
Stormwater Debt Service Fund						
Debt Service	264,000	262,204	1,796	99%	263,438	98%
<i>Stormwater Debt Service Total</i>	<u>264,000</u>	<u>262,204</u>	<u>1,796</u>	<u>99%</u>	<u>263,438</u>	<u>98%</u>



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Fund Department	Current Year				Prior Year	
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Wastewater Fund						
Environmental Services	20,874,746	14,370,490	6,504,256	69%	13,211,018	67%
Transfers	12,301,000	2,226,750	10,074,250	18%	1,187,208	10%
<i>Wastewater Total</i>	<u>33,175,746</u>	<u>16,597,241</u>	<u>16,578,505</u>	<u>50%</u>	<u>14,398,226</u>	<u>45%</u>
Wastewater Capital Improvement Fund						
Capital Improvement	51,144,000	8,090,309	43,053,691	16%	8,054,288	14%
<i>Wastewater Capital Improvement</i>	<u>51,144,000</u>	<u>8,090,309</u>	<u>43,053,691</u>	<u>16%</u>	<u>8,054,288</u>	<u>14%</u>
Wastewater Debt Service Fund						
Debt Service	1,563,000	1,558,584	4,416	100%	516,591	100%
<i>Wastewater Debt Service Total</i>	<u>1,563,000</u>	<u>1,558,584</u>	<u>4,416</u>	<u>100%</u>	<u>516,591</u>	<u>100%</u>
Facilities & Fleet Management Fund						
Citywide Services	7,580,822	5,393,397	2,187,425	71%	5,057,024	73%
Transfers	1,621,000	1,593,758	27,242	98%	2,479,000	100%
<i>Facilities & Fleet Management Total</i>	<u>9,201,822</u>	<u>6,987,155</u>	<u>2,214,667</u>	<u>76%</u>	<u>7,536,024</u>	<u>80%</u>
City Facility Capital Fund						
Capital Improvement	3,377,000	2,742,682	634,318	81%	8,100,855	52%
<i>City Facility Capital Total</i>	<u>3,377,000</u>	<u>2,742,682</u>	<u>634,318</u>	<u>81%</u>	<u>8,100,855</u>	<u>52%</u>
City Facility Debt Service Fund						
Debt Service	330,000	302,758	27,242	92%	-	0%
<i>City Facility Debt Service Total</i>	<u>330,000</u>	<u>302,758</u>	<u>27,242</u>	<u>92%</u>	<u>-</u>	<u>0%</u>
Legal Services Fund						
City Attorney's Office	2,001,895	1,629,062	372,833	81%	1,353,562	78%
<i>Legal Services Total</i>	<u>2,001,895</u>	<u>1,629,062</u>	<u>372,833</u>	<u>81%</u>	<u>1,353,562</u>	<u>78%</u>



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Fund Department	Current Year				Prior Year	
	Budget	Actuals	Remaining Budget	% Used	Actuals	% Used
Administrative Services Fund						
Office of Governance & Mgmt	4,487,895	3,247,680	1,240,215	72%	2,308,309	65%
Budget & Finance	9,469,877	6,948,697	2,521,180	73%	6,009,826	72%
Information Technology	9,272,850	6,765,918	2,506,932	73%	6,350,593	74%
Citywide Services	5,387,583	3,241,103	2,146,480	60%	3,645,703	71%
Transfers	433,000	51,000	382,000	12%	205,715	35%
<i>Administrative Services Total</i>	<u>29,051,205</u>	<u>20,254,398</u>	<u>8,796,807</u>	<u>70%</u>	<u>18,520,146</u>	<u>71%</u>
Enterprise System Replacement Fund						
Capital Improvement	920,000	12,263	907,737	1%	41,759	5%
<i>Enterprise System Replacement Total</i>	<u>920,000</u>	<u>12,263</u>	<u>907,737</u>	<u>1%</u>	<u>41,759</u>	<u>5%</u>
Equipment Replacement Fund						
Citywide Services	8,389,000	3,035,612	5,353,388	36%	3,867,513	36%
Transfers	2,000	1,159	841	58%	-	0%
<i>Equipment Replacement Total</i>	<u>8,391,000</u>	<u>3,036,772</u>	<u>5,354,228</u>	<u>36%</u>	<u>3,867,513</u>	<u>36%</u>
Workers' Comp & Liability Mgmt Fund						
City Attorney's Office	9,333,326	4,248,226	5,085,100	46%	5,922,373	54%
Transfers	29,000	29,000	-	100%	-	0%
<i>Workers' Comp & Liability Mgmt</i>	<u>9,362,326</u>	<u>4,277,226</u>	<u>5,085,100</u>	<u>46%</u>	<u>5,922,373</u>	<u>54%</u>
COG Health & Dental Plans Fund						
Citywide Services	19,334,000	9,236,869	10,097,131	48%	8,387,501	51%
Transfers	321,000	321,000	-	100%	299,000	100%
<i>COG Health & Dental Plans Total</i>	<u>19,655,000</u>	<u>9,557,869</u>	<u>10,097,131</u>	<u>49%</u>	<u>8,686,501</u>	<u>52%</u>