

IN CONSIDERATION OF ORDINANCE NO. 21-1466, FOR THE PURPOSE OF
REPEALING METRO CODE CHAPTER 7.03 (INVESTMENT POLICY)

Date: 11/15/2021
Department: Finance and Regulatory
Services
Meeting Date: 12/2/2021

Prepared by: Brian Kennedy, 503-797-
1913
Presenter(s) (if applicable): Brian
Kennedy
Length: 10 minutes

ISSUE STATEMENT

Oregon Revised Statute 294.135(a) requires local governments have an investment policy that is readopted annually by the governing body if the local government plans on making investments with maturities that exceed 18 months. Metro has codified its investment policy in Metro Code Chapter 7.03. Generally, most local governments do not codify their investment policy because of the requirement for annual re-adoption and the frequent updates necessitated by changes in the marketplace and modifications to recommended practices by the Oregon Short Term Fund Board. Staff is proposing to remove the investment policy from Metro Code and instead present it annually to the Metro Council for re-adoption by resolution.

ACTION REQUESTED

Staff is requesting that the Council adopt Ordinance No. 21-1466 and repeal Metro Code Chapter 7.03 in its entirety.

IDENTIFIED POLICY OUTCOMES

The primary policy outcomes driven by the investment policy are the safety of capital and the availability of funds to meet payment requirements. Investment return targets are secondary.

POLICY QUESTION(S)

Does the Metro Council support changing the mechanism used to adopt Metro's investment policy?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

The Council can choose to keep the investment policy in Metro Code Chapter 7.03. The primary disadvantage to this approach is that any changes, even minor administrative adjustments, require adoption by ordinance with a first and second reading before the Council.

Repealing Chapter 7.03 would allow annual review and re-adoption of the investment policy by resolution and make it easier to keep the policy up to date with current best practices.

STAFF RECOMMENDATIONS

Staff recommends that the Council adopt Ordinance No. 21-1466.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

The Investment Policy provides a framework for staff to invest all cash-related assets held by Metro. The primary focus is to ensure the safety of capital and availability of funds to meet the payment requirements of the agency. Through prudent investment of assets, Finance and Regulatory Services can meet this primary focus, while generating additional resources for programmatic use.

ORS 294 restricts the types and maturities of investments made by local governments. However, it provides additional flexibility when a written investment policy is adopted. ORS 294.135 restricts investment maturities to 18 months, but longer maturities are allowed for Metro due to our adopted policy and are contingent on annual review and re-adoption by Metro Council. Also prescribed by ORS 294.135, Metro's investment policy must be reviewed by the Oregon Short-Term Fund Board. ORS 294 does not specify the mechanism used for the Council's annual review and re-adoption. Nearly all local governments re-adopt their investment policy by resolution.

BACKGROUND

The Metro Council re-adopted the investment policy in December 2020.