Exhibit A

Policy Statement

It is the policy of the Tri-County Metropolitan Transportation District ("TriMet" or "the District") to invest public funds in a manner which will provide the maximum security with a market rate of investment return, while meeting daily cash flow requirements and conforming to all state statutes governing the investing of District funds.

Reference: Resolution 14-01-01

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1.0 SCOPE

This Investment Policy applies to all financial resources of the District with the exception of externally managed retirement plan assets. The District's funds are referred to as (1) **Unrestricted,** or (2) **Restricted.**

Unrestricted Funds
Unrestricted funds include general fund investments used to provide for operating, capital project expenditures and daily liquidity requirements. The unrestricted portfolio balance varies primarily due to the timing of payroll tax receipts.

Restricted Funds
Restricted funds are assets set aside to meet externally imposed legal and contractual obligations. Restricted assets are used in accordance with their requirements and where both restricted and unrestricted resources are available for use, restricted resources are used first. Restricted assets include certain proceeds from the District's bond sales, as well as certain resources set aside for their repayment, and capital contributions restricted for costs of certain capital projects.

2.0 OBJECTIVES

District's funds will be invested in a manner that is in conformance with federal, state and other legal requirements. In addition, the objectives, in order of priority, of the District's investment activities will be as follows:

2.1 **Preservation of Invested Capital.** The District's investments will be undertaken in a manner that seeks to ensure the preservation of capital. The goal is to mitigate credit risk and interest rate risk.

2.2 **Liquidity**. The District's unrestricted investment portfolio will remain sufficiently liquid to enable the District to meet all operating and capital spending requirements which are reasonably anticipated.

2.3 **Return.** The District's investment portfolio will be structured with the objective of attaining a market rate of return throughout economic cycles, taking into consideration the safety and liquidity needs of the portfolio. Although return consists of both principal return (gains and losses due to market value fluctuations) and income return (yield), this policy discourages active trading and turnover of investments. Investments should generally be held to maturity.

3.0 STANDARDS OF CARE

3.1 **Delegation of Authority**

3.1.1 The ultimate responsibility and authority for the investment of District funds resides with the governing body – the Board of Directors. The Board hereby designates the Executive Director of Finance and Administration ("CFO") to manage the investment program and ensure compliance with the investment policy, designate eligible investment securities, prepare and review periodic investment reports and monitor investment transactions.

3.1.2 The CFO may designate personnel under his/her supervision to administer the policy, place investments, maintain accounting records, and prepare investment reports. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the CFO. The CFO shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of personnel under his/her supervision. All participants in the investment process will seek to act responsibly as custodians of the public trust.

3.1.3 Subject to required procurement procedures, the District may engage the services of outside professionals in regard to its investment program, to assist in the management of the District's investment portfolio in a manner consistent with this investment policy. Investment professionals may be hired on a non-discretionary basis. All investment transactions by approved investment professionals must be pre-approved in writing and compliant with this investment policy. External service providers shall be subject to Oregon Revised Statutes and the provisions of this investment policy.

3.2 **Prudence**

3.2.1 The standard of prudence to be used by the CFO and any designees in the context of managing the overall portfolio is the prudent person standard which states: *Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived*.

3.2.2 The District's CFO 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, provided deviations from expectations are reported and appropriate action is taken to control adverse developments in a timely fashion as defined by this policy.

3.3 **Ethics and Conflict of Interest**

3.3.1 Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Such employees shall disclose any material interests in financial institutions with which they conduct District business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Officers and employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of TriMet. Officers and employees shall, at all times, comply with the State of Oregon Government Standards and Practices code of ethics set forth in ORS Chapter 244 and the District's Conflict of Interest Policy.

4.0 SAFEKEEPING, CUSTODY AND AUTHORIZED DEALERS

4.1 **Custody**

4.1.1 ***Delivery vs. Payment.*** The laws of the state and prudent treasury management require that all trades of marketable securities will be executed (cleared and settled) by delivery vs. payment (DVP) to ensure that securities are deposited in TriMet's safekeeping institution prior to the release of funds.

4.1.2 ***Safekeeping.*** All safekeeping arrangements shall be designated by the CFO and an agreement of the terms executed in writing. The third-party custodian shall be required to issue original safekeeping receipts to the District listing each specific security, rate, description, maturity, and CUSIP number. Each safekeeping receipt will clearly state that the security is held for the District or pledged to the District. Upon request, the safekeeping institution shall make available a copy of its Statement of Standards for Attestation Engagements (SSAE) No. 16.

4.2 **Depositories**

All financial institutions utilized as depositories for funds of the District as defined by ORS Chapter 295, must be included on the qualified Oregon Depositories list.

4.3 **Authorized Financial Dealers**

The District shall maintain a maximum of four broker/dealers that are approved to transact with the District for investment purposes. Any firm is eligible to make an application to the CFO provided that they can meet the minimum criteria stated below. Additions and deletions to the list will be made at the District's discretion.

4.3.1 ***Authorized firms.*** Authorized Broker/Dealer firms must meet the following minimum criteria:

- Provide proof of Securities and Exchange Commission (SEC) registration.
- Provide proof of Financial Industry Regulatory Authority (FINRA) registration.
- Provide most recent audited financials.
- Provide FINRA Focus Report filings.
- Provide positive references from at least three other local government clients.
- Complete the TriMet Broker/Dealer questionnaire.

4.3.2 ***Approved Employees.*** Authorized Broker/Dealer employees who execute transactions with TriMet must meet the following minimum criteria:

- Be a registered representative with the Financial Industry Regulatory Authority (FINRA);
- Be licensed by the state of Oregon;
- Provide certification (in writing) of having read; understood; and agreed to comply with the most current version of this investment policy.
- Provide notification (in writing) within 30 days of any formal investigations or disciplinary actions initiated by federal or state regulators.

4.3.3 ***Periodic review.*** A periodic review of all authorized broker/dealers and their respective authorized registered representatives will be conducted by the CFO, or their designee.

4.4 **Accounting Method**

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

4.5 **Internal Controls and Audit**

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

4.5.2 The District may enter into contracts with third-party investment advisory firms or financial consultants when their services are deemed to be beneficial to the District. The advisor or consultant will serve as a fiduciary for the District and must comply with this Investment Policy. The advisor or consultant may only act on a non-discretionary basis. Therefore, the advisor or consultant must present investment recommendations and receive approval to execute the recommendation from the CFO, or designee, prior making purchases or sells on behalf of the District.

4.5.3 An external audit will be performed on an annual basis. The audit will include procedures to assure compliance with Oregon state law.

5.0 AUTHORIZED AND SUITABLE INVESTMENTS

5.1 Authorized Investments

5.1.1 All investments of the District 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 294.135 (*Investment maturity dates*), ORS 294.145 (*Prohibited conduct for investment officer including not committing to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement*), ORS 294.805 to 294.895 (*Local Government Investment Pool*), and ORS 294.052 *(Investment by Municipality of Proceeds of Bonds).* Any revisions or extensions of these sections of the ORS Chapter shall be assumed to be part of this Investment Policy immediately upon being enacted.

5.2 **Suitable Investments and Cash Management Tools**

Type	Definition
U.S. Treasury Obligations	Direct obligations of the United States Treasury (ORS 294.035).
U.S. Agency Obligations and Instrumentalities	Senior debenture obligations of U.S. federal agencies and instrumentalities or U.S. Government Sponsored Enterprises (*GSEs*) – Federal Instrumentality Securities. These debt obligations may be purchased only if there has been no default in payment of either the principal or interest on the obligations of the issuing entity for a period of five years preceding the date of the investment. (ORS 294.035).
Commercial Paper	Debt obligations of corporate issuers that are rated at least A1+ by Moody's and P1 by Standard and Poor's.
Bankers' Acceptance	Bankers' Acceptances that are rated at least A1+ by Moody's and P1 by Standard and Poor's. They must be issued by qualified financial institutions eligible for discount by the Federal Reserve System and by a qualified institution whose short-term credit rating is rated in the highest category. (ORS 294.035).
Oregon Short Term Fund (Local Government Investment Pool)	Investment Pool managed by the Oregon State Treasury office (ORS 294.810).
Corporate Indebtedness	Securities issued by corporations with a settlement date P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard & Poor's Corporation. These debt obligations may be purchased only if there has been no default in payment of either the principal or interest on the obligations of the issuing entity for a period of five years preceding the date of the investment. (ORS 294.035).
Time Deposit open accounts, Certificates of Deposit and savings accounts	Bank products of participants of the Public Funds Collateralization Program (PFCP) as created by the Office of the State Treasurer (OST) (ORS Chapter 295).
Municipal Debt Obligations	Lawfully issued debt obligations of the agencies and instrumentalities of the States of Oregon, California, Idaho, Washington, and their political subdivisions that have a long-term debt rating of A. These debt

obligations may be purchased only if there has been no default in payment of either the principal or interest on the obligations of the issuing entity for a period of five years preceding the date of the investment. (ORS 294.035, ORS 295.040).

Ratings requirements are determined at the time of purchase. If the credit rating of a security is subsequently downgraded below the minimum required rating level, the CFO shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The CFO will apply the general objectives of safety, liquidity, yield and legality to make the decision. If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this policy, the CFO shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.

5.3 **Demand Deposits and Time Deposits**

5.3.1 ***Qualified depositories.*** All demand deposits and time deposits (including certificates of deposits and savings accounts) shall be held in qualified Oregon depositories in accordance with ORS Chapter 295.

5.3.2 ***Demand Deposits and Time Deposits.*** Demand deposits in qualified depository institutions are considered cash vehicles and not investments and therefore are outside the scope and restrictions of this policy. Pursuant to ORS 294.035(3)(d), time deposits, certificates of deposit, and savings accounts are considered investments and within the scope of this policy.

5.4 **Prohibited Investments**

The following investments are not allowed under the investment policy:

5.4.1 Private placement or "144A" securities (for purposes of this policy, SEC Rule 144A securities are defined to include commercial paper privately placed under section 4(a)(2) of the Securities Act of 1933

5.4.2 US Agency mortgage-backed securities including mortgage backed securities issued by FNMA and FHLMC

5.4.3 Securities lending

6.0 INVESTMENT PARAMETERS

6.1 **Credit Risk**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The District will mitigate credit risk by following the guidelines listed below:

6.1.1 ***Diversification.*** The District will diversify the investment portfolio with respect to security type, issuer, and maturity to disperse credit risk.

6.1.2 ***Credit Ratings.*** Investments must have a rating from the following nationally recognized statistical ratings organizations: Moody's Investors Service and Standard & Poor's. Ratings used to apply the guidelines should be investment level ratings and not issuer level ratings. Minimum ratings are defined in Section 5.2 of the investment policy document.

6.1.3 ***Exposure Constraints.*** The following table defines the maximum amounts (defined as % of the market value of the portfolio) which may be invested in any asset category. Due to fluctuations in the aggregate fund balances, the maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular security. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made.

Issuer Type	% of Portfolio	Per Issuer Constraints
U.S. Treasury Obligations	100%	100%
U.S. Agency Obligations	90%	33%
Commercial Paper	10%	2.5%
Bankers' Acceptance	10%	5%
Oregon Short Term Fund	ORS 294 Limit	
Corporate Indebtedness	10%	2.5%
Time Deposit open accounts, Certificates of Deposit, and Savings Accounts	30%	10%
Municipal Debt Obligations	10%	5%

6.2. **Investment Maturity**

6.2.1 The District will not directly invest funds in securities maturing more than five (5) years from the date of purchase.

6.2.2 The District will invest Restricted Funds to match the expected requirements.

6.2.3 The maximum weighted maturity of the portfolio shall not exceed 2.0 years. This maximum is established to limit the portfolio to excessive price change exposure.

6.2.4 Unrestricted funds will be invested to provide for operating needs.

6.2.5 Total portfolio constraints:

Under 30 days	10% minimum of total portfolio
Five years	Maximum maturity of any single security
2.0 Years	Maximum Weighted Average Maturity (WAM) of the portfolio

6.3 **Competitive Transactions**

6.3.1 The CFO's investment designee will obtain at least 2 telephone, faxed or emailed quotes before purchasing or selling an investment. The designee will select the quote which best satisfies the investment objectives of the investment portfolio within the parameters of this policy. The designee will maintain a written record of each bidding process including the name and prices offered by each participating financial institution.

6.3.2 No commitments to buy or sell securities may be made more than 14 days prior to the anticipated settlement date. No fees shall be received other than interest for future deliveries.

6.3.3 If the District hires an investment consultant or advisor to provide investment services, the consultant or advisor must provide documentation of competitive pricing execution on each transaction. The investment advisor will retain documentation and provide upon request**.**

6.4 **Guideline Measurement and Adherence**

6.4.1 ***Measurement.*** Guideline measurements will use market value of investments.

6.4.2 ***Compliance.*** If the portfolio is found to be managed inconsistently with the investment policy, the CFO shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible. Violations of the investment policy, and actions taken to bring the portfolio back into compliance shall be documented and reported to the Board of Directors.

7.0 REPORTING REQUIREMENTS

7.1 **Specific Requirements**

The CFO will retain and periodically, at a minimum quarterly, provide the Board with a comprehensive investment report. The report will include the following information:

- Book Yield
- Holdings Report including mark to market, security description and credit rating of each category of holdings.
- Average days to maturity or call

7.2 **Performance Standards**

7.2.1 The performance of investments will be measured against the Standard & Poor's Money Fund Government Index. The Money Market Government Fund is an appropriate comparison for the District's risk profile. Preservation of capital and maintenance of sufficient liquidity will be considered prior to attainment of market return performance.

7.2.2 A market benchmark (i.e.: 0-3 or 0-5 Treasury or Agency Index) will be determined if appropriate for longer term investments based on the District's risk and return profile. Return comparisons of the portfolio to the market benchmark will be calculated on a monthly basis. When comparing the performance of the District's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio's rate of return.

7.2.3 The CFO shall make available to the Board of Directors reports that contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program. Available information includes the following:

- A listing of all investments held during the requested reporting period showing: par/face value; accounting book value; market value; type of investment; issuer; credit ratings; and yield to maturity (yield to worst if callable).
- Average maturity of the portfolio at requested period-end.
- Maturity distribution of the portfolio at requested period-end.
- Average weighted yield to maturity (yield to worst if callable) of the portfolio.
- Distribution by type of investment.
- Transactions since last submitted quarterly report.
- Distribution of transactions among broker/dealers.
- Violations of portfolio guidelines or non-compliance issues that occurred during the requested period with documentation of resolution.

8.0 INVESTMENT POLICY ADOPTION

This Investment Policy shall be reviewed and adopted by the Board of Directors annually in accordance with ORS 294.135. Any significant changes to the policy must be reviewed by the Oregon Short-Term Fund Board, prior to submitting to the Board for adoption.

9.0 GLOSSARY OF TERMS

Agency Securities: Government sponsored enterprises of the US Government**.**

Bankers Acceptance: A time draft accepted (endorsed) by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. Bankers Acceptances are short-term non-interest-bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value.

Bond: An interest-bearing security issued by a corporation, government, governmental agency, or other body. It is a form of debt with an interest rate, maturity, and face value, and it is sometimes secured by specific assets. Most bonds have a maturity of greater than one year and generally pay interest semiannually. *See* Debenture.

Broker: An intermediary who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

Collateral: Securities or other property that a borrower pledges as security for the repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper: Short-term, unsecured, negotiable promissory notes issued by corporations.

Current Maturity: The amount of time left until an obligation matures. For example, a one-year bill issued nine months ago has a current maturity of three months.

Current Yield: The coupon payments on a security as a percentage of the security's market price. (In many instances the price should be gross of accrued interest, particularly on instruments where no coupon is left to be paid until maturity.)

CUSIP: The Committee on Uniform Security Identification Procedures, which was established under the auspices of the American Bankers Association to develop a uniform method of identifying municipal, U.S. government, and corporate securities.

Dealer: An individual or firm that ordinarily acts as a principal in security transactions. Typically, dealers buy for their own account and sell to a customer from their inventory. The dealer's profit is determined by the difference between the price paid and the price received.

Debenture: Unsecured debt backed only by the integrity of the borrower, not by collateral, and documented by an agreement called an indenture.

Delivery: Either of two methods of delivering securities: delivery vs. payment and delivery vs. receipt (also called "free"). Delivery vs. payment is delivery of securities with an exchange of money for the securities.

Duration: A measure used to calculate the price sensitivity of a bond or portfolio of bonds to changes in interest rates. This equals the sum of the present value of future cash flows.

Full Faith and Credit of the US Government: Indicator that the unconditional guarantee of the United States government backs the repayment of a debt.

General Obligation Bonds (GOs): Bonds secured by the pledge of the municipal issuer's full faith and credit, which usually includes unlimited taxing power.

Government Bonds: Securities issued by the federal government; they are obligations of the U.S. Treasury; also known as "governments" or "Treasuries."

Interest: Compensation paid or to be paid for the use of money. The rate of interest is generally expressed as an annual percentage.

Investment Funds: Core funds are defined as operating fund balance which exceeds the District's daily liquidity needs. Core funds are invested out the yield curve to diversify maturity structure in the overall portfolio. Having longer term investments in a portfolio will stabilize the overall portfolio interest earnings over interest rate cycles.

Investment Securities: Securities purchased for an investment portfolio, as opposed to those purchased for resale to customers.

Liquidity: The ease at which a security can be bought or sold (converted to cash) in the market. A large number of buyers and sellers and a high volume of trading activity are important components of liquidity.

Liquidity Component: A percentage of the total portfolio that is dedicated to providing liquidity needs for the District.

Mark to Market: Adjustment of an account or portfolio to reflect actual market price rather than book price, purchase price or some other valuation.

Municipals: Securities, usually bonds, issued by a state, its agencies, by cities or other municipal entities. The interest on "munis" is usually exempt from federal income taxes and state and local income taxes in the state of issuance. Municipal securities may or may not be backed by the issuing agency's taxation powers.

Par Value: The value of a security expressed as a specific dollar amount marked on the face of the security or the amount of money due at maturity. Par value should not be confused with market value.

Portfolio: A collection of securities held by an individual or institution.

Prudent Person Rule: A long-standing common-law rule that requires a trustee who is investing for another to behave in the same way as a prudent individual of reasonable discretion and intelligence who is seeking a reasonable income and preservation of capital.

Quotation or Quote: A bid to buy or the lowest offer to sell a security in any market at a particular time.

Treasury Bill (T-Bill): An obligation of the U.S. government with a maturity of one year or less. T-bills bear no interest but are sold at a discount.

Treasury Bonds and Notes: Obligations of the U.S. government that bear interest. Notes have maturities of one to ten years; bonds have longer maturities.

Yield: The annual rate of return on an investment, expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security. Net yield, or yield to maturity, is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Yield to Maturity: The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase price of the bond.