

Chapter 4: Financial Policies

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PORT OF THE DALLES

INVESTMENT POLICY

Effective January 10, 2007

SCOPE

This policy applies to the investment of short-term operating funds and capital funds including bond proceeds and bond reserve funds. Investments of employees' retirement funds, deferred compensation plans, and other funds are not covered by this policy.

DELEGATION OF AUTHORITY

Authority to manage the investment program is granted to the Executive Director, hereinafter referred to as investment officer, and derived from the following: ORS 294.035 to 294.053, 294.125 to 294.145, and 294.810. In the absence of the Executive Director, the Treasurer of the Port of The Dalles shall perform these duties.

Responsibility for the operation of the investment program is hereby delegated to the investment officer who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent investor 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 investment officer, acting in accordance with written procedures and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to

meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

INVESTMENT DIVERSIFICATION

The investment officer shall diversify the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. Such diversification shall include the following investment instruments as allowed under ORS 294.035 and 294.810:

<u>Diversification Instrument</u>	<u>Percent of Portfolio</u>
• <i>US Treasury obligations (Bills, notes and bonds)</i>	<i>Up to 100%</i>
• <i>US Government agency securities and instruments of government-sponsored corporations</i>	<i>Up to 100%</i>
• <i>State of Oregon investment pool</i>	<i>Up to 100%</i>
• <i>Certificates of deposit</i>	<i>Up to 100%</i>

Or, upon Commission approval, and following ORS 294.035, which describes those investments authorized by law, may consider any of the following:

- *General obligations of government sponsored enterprises (GSEs) of the United States;*
- *Guaranteed Investment Contracts (GICs) issued by insurance companies licensed to do business in Oregon;*
- *Banker's acceptances that meet the following criteria:*
 - *Guaranteed and carried on the books of a qualified financial institution whose short-term letter of credit rating is A-1, P-1, D-1, or F-1. The financial institution must be located and licensed to do banking business in Oregon, or be wholly owned by a bank holding company that owns a financial institution that is located and licensed to do banking business in Oregon, and*
 - *Eligible for discount by the Federal Reserve System.*
- *Commercial Paper or corporate notes that meet the specific criteria:*
 - *Issued under section 3(a)(2) or 3(a)(3) (but not under Section 4(2)) of the Securities Act of 1933,*
 - *Issued by a commercial, industrial or utility business enterprise, or on behalf of a financial institution.*
 - *Commercial Paper must be rated A-1 or P-1 by Standard & Poor's or Moody's. Corporate notes must be rated AA or Aa. Commercial Paper ratings may be A-2 or P-2 and corporate note ratings may be A or better if issued on Oregon business enterprises. (See the specific requirements under ORS 294.035(9)(c) before purchasing the lower rated debt).*
- *Repurchase Agreements with a maximum term of 90 days and that comply with specific terms of ORS 294.035(11) and the coverage specified by the Oregon Investment Council or Oregon Short-Term Fund Board which may be found on the Oregon State Treasury website.*
- *Oregon Short-Term Fund*
 - *Investment in derivatives of the above instruments shall require authorization by the appropriate governing authority. However, US Government and agency floating rate notes are permissible.*

INVESTMENT MATURITY

To the extent possible, the Port of The Dalles shall attempt to match its investments with anticipated future cash flow requirements. The maximum maturity shall be the anticipated use of the cash or 18 months, whichever is shorter. All funds shall be considered short-term except those reserved for capital projects, such as bond proceeds and special assessment prepayments held for debt retirement.

Short-term funds will be invested to coincide with projected cash needs or with the following serial maturity:

- 40% minimum to mature under three (3) months
- 75% minimum to mature under six (6) months
- 90% maximum to mature in under twelve (12) months
- 100% maximum to mature within eighteen (18) months

Capital Project Funds may be considered to be long-term (over 18 months) and may be held to a maximum maturity of 36 months. Maturities shall be structured to meet anticipated cash needs, i.e., investments of capital project funds shall be timed to meet projected contractor payments based on the estimated drawdown schedule.

COLLATERALIZATION

All bank deposits, time deposits, certificates of deposit, and savings accounts, shall be held in qualified Oregon depositories in accordance with ORS Chapter 295. Such deposits are designated cash management tools and not investments under this policy or otherwise. Demand and time deposit shall be collateralized through the state collateral pool as required by statute for any excess over the amount insured by an agency of the United States government.

BIDS and OFFERS

Before any security purchase or sale is initialed, the Investment Officer shall first determine the appropriateness of seeking competitive bids or offers. Such factors to consider include where the securities are held, the size of the transaction, and the term to maturity. In the event competitive bids or offers are sought, the decision to do so shall be documented. Competitive bids and offers shall always be sought for security purchases and sales of bond funds when tax laws or bond covenants require such action.

QUALIFIED INSTITUTIONS

Firms interested in performing investment services for the Port of The Dalles shall provide:

1. Their most recent financial statement or Consolidated Report of Condition for review
2. Proof of all necessary licenses and credentials held by its employees who will have contact with The Port of The Dalles – these credentials include, but are not limited to:
 - a. National Association of Securities Dealers (NASD)
 - b. Securities and Exchange Commission (SEC)
 - c. Proof of State registration

The Port of The Dalles shall conduct an annual evaluation of each firm's credit worthiness to determine if it should remain a qualified institution. Securities brokers/dealers not affiliated with a bank shall be required to have an office located in Oregon or classified as reporting dealers affiliated with the Federal Reserve as primary dealers.

INTERNAL CONTROLS

The investment officer is responsible for establishing and maintaining an adequate internal control structure designed to reasonably protect the assets of the District from loss, theft or misuse. The investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures.

SAFEKEEPING and COLLATERALIZATION

The broker or bank shall issue a safekeeping receipt to the District listing the specific instrument, selling broker/dealer, issuer, coupon, maturity, cusip number, purchase or sale price, transaction date, and other pertinent information.

PERFORMANCE STANDARDS

The performance of the short term funds portfolio shall be measured against the performance of the Oregon Local Government Investment Pool yield, using monthly net yield of both portfolios as the yardstick. Capital Project Funds are typically invested for a longer term horizon and are invested in the interest rate environment in which they were issued or acquired.

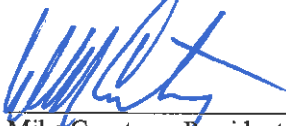
REPORTING REQUIREMENTS

The investment officer shall generate reports for management purposes. The Port Commission shall be provided these reports which will include, but not be limited to, portfolio activity, instruments held, market valuation, and any narrative necessary for clarification.

INVESTMENT POLICY ADOPTION

This investment policy and regulations shall be formally adopted by the Port of The Dalles Commission. If investments exceeding maturity of 18 months are contemplated, further review and comment by the Oregon Short-term Fund Board will be sought. This policy will be readopted annually, even if there are no changes (ORS 294.135 (1)(a)).

Passed and Approved this date: 10th of January, 2007



Mike Courtney, President
Board of Commissioners



Rod Runyon, Secretary
Board of Commissioners



IN THE MATTER OF ESTABLISHING)
A FORMAL PROCEDURE TO)
MANAGE THE PETTY CASH FUND)

RESOLUTION NO. 2007-03

WHEREAS, the Commissioners of the Port of The Dalles, meeting in regular session, having before it the need to consider establishing a formal procedure to manage the Petty Cash fund; and

WHEREAS, it has been determined that there is a need to establish a formal procedure to disburse and reconcile the petty cash fund to accurately track the minor expenses of office operation.

NOW, THEREFORE BE IT RESOLVED, the Commissioners of the Port of The Dalles hereby authorize and direct the establishment of a formal procedure to manage the Petty Cash Fund as follows:

- Required monthly fund reconciliations
- Establish authority for process:
 - Custodian - Executive Director
 - Steward - Responsible for disbursing funds and monthly reconciliations
 - Auditor - Audit monthly reconciliation forms

APPROVED and ADOPTED the day of , 2007

PORT OF THE DALLES

Mike Courtney, President

ATTEST:

Rod Runyon, Secretary

PETTY CASH FUND AUTHORIZATION

Resolution Number _____

Resolution Date _____

Petty Cash Amount _____

Custodian
Executive Director _____
Signature & Date

Steward
Person responsible for handling the money and
preparing the reconciliation form _____
Signature & Date

Auditor
Person, other than Steward, to audit
reconciliation form _____
Signature & Date

POLICY FOR PORT DONATIONS

- 1) A WRITTEN REQUEST DETAILING
 - . a) type and amount of materials requested.
 - . b) Purpose for which they will be used.
 - . c) a statement as to how it will benefit the public good.

- 2) SHOULD GO TO THE PUBLIC FOR PUBLIC PURPOSES

- 3) IF TO PRIVATE GROUPS REQUIRE COMMUNITY SERVICE IN RETURN FOR THOSE DONATION.


PORT OF THE DALLES

COMMISSIONER EXPENSE REIMBURSEMENT POLICY

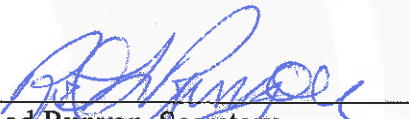
Effective: 1-9-2008

It is the policy of the Port of The Dalles, pursuant to ORS 198.190, that members of the Board of Commissioners of the Port of The Dalles shall be reimbursed for actual and reasonable traveling and other expenses necessarily incurred in attendance at Port Commission meetings, and in the performance of other official duties for the Port of The Dalles as approved by the Commission President and/or the Port Commission. Reimbursement shall be in accordance with the Port's administrative policies for reimbursement of employee expenses. Port Commissioners may also retain Travel Awards earned while conducting business on behalf of the Port.

Passed and Approved this 9th day of January, 2008



D.M. Courtney, President
Port of The Dalles Commission



Rod Runyon, Secretary
Port of The Dalles Commission

PORT OF THE DALLES

EMPLOYEE EXPENSE REIMBURSEMENT POLICY

Effective: 1-9-2008

Personal Automobiles

Employees may use their personal automobile for business purposes if it is less expensive than other modes of transportation and saves time. The use of a personal automobile for Port business will be reimbursed at the standard mileage allowance. This rate covers the cost of vehicle usage, including gasoline.

General Travel Procedures

General IRS requirements exceed the Port's own need of accountability so this policy is built to meet the IRS minimum requirements. The IRS requirements (under IRC 62(c) and Treas. Reg. 1.62-2) state that you need to satisfy a five part definition of an "accountable plan" for the reimbursement not to be considered taxable income to the employee. To provide "adequate records" and to satisfy the "accountable plan" requirements, the following information must be provided.

For travel expenses incurred away from home, the traveler must record and provide:

- The cost of each expenditure for transportation, meals, and lodging including incidentals and the related original receipts.
- The date of departure and return, and the total number of days spent away from home on business purposes.
- The destination or location of travel.
- The business purpose of the travel.
- Person(s) entertained and the business relationship of the person(s) entertained.

The "adequate record" information should be recorded on a travel expense reimbursement form or summarized with a cover sheet, when submitting receipts for reimbursement.

To be reimbursed for expenses that have not been directly billed to the Port, upon return from a trip, a completed travel expense reimbursement form and/or a written summary of the travel, and the expenses to be reimbursed, along with the original receipts, must be submitted and have approval of the Executive Director. All requests that are not properly documented will be returned.

Non-Reimbursable Expenses

The following expenses are not reimbursable: the purchase of luggage, personal excess baggage charges, traffic fines, fitness center charges, ATM fees, travel or flight insurance, in-room movies, personal entertainment, airline clubs, baby-sitting fees, check cashing charges, clothing, and personal automobile repairs, maintenance, and fuel.

Receipt Requirements:

Only expenses actually incurred are reimbursed. Original receipts are required for all expenses. Reproduced copies are not acceptable. If a transaction is under \$30 and a receipt is difficult to obtain, it is allowable to document the expense by explaining what the expense was for in the reimbursement voucher and note the lack of receipt.

No matter what form you choose to request reimbursement, detailed receipts must accompany your request.

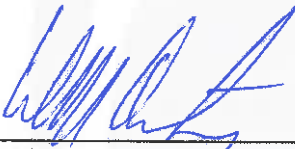
Timeliness:

An expense reimbursement must be accounted for within "a reasonable period of time" of when the expense was paid or incurred. For IRS purposes, "a reasonable time" is defined as 60 days. Thus, a reimbursement request must occur within 60 days of when the expense was paid or incurred. Reimbursement of expenses turned in for payment after 60 days, will not be accepted.


Policy Exceptions:

Policy exceptions must be approved in writing by the Director or his/her specific designee.

Passed and Approved this 9th day of January, 2008



D.M. Courtney, President
Port of The Dalles Commission



Rod Runyon, Secretary
Port of The Dalles Commission