Exhibit I

INVESTMENT POLICY

CITY OF PORTLAND, OREGON

I. SCOPE AND OBJECTIVES

This Policy sets forth current criteria for the operation of the investment portfolio. As economic conditions change, the Policy may need to be amended to reflect new trends and opportunities within the framework of this Policy. It will be recognized that the primary objectives of the Investment Policy are to establish a conservative set of investment criteria that will prudently protect the City's principal sums and enable the City to generate a fair rate of return from its investment activities while also providing ample liquidity to meet the City's daily cash requirements.

This Policy applies to the investment of all funds on deposit at the City of Portland Treasurer's Office, as well as all trust funds for which the City has investment responsibility. All trust or custodial funds shall be invested and administered at the direction of the City Treasurer. Funds held by a Trustee or Fiscal Agents are excluded, if the City does not have explicit investment authority. Deferred Compensation funds are governed by separate rules and are not covered within this Policy. The estimated average balance of investments covered herein range from $600 million to $1.2 billion.

Bond proceeds are included in the City's portfolio, factored into its structure and managed to meet cash-flow requirements. Specific investments may on occasion be established to recognize the long-term nature of some funds (e.g. capital projects) and conform to legal restrictions (e.g. bond covenants). Securities subject to arbitrage may be sold prior to their maturity and reinvested in instruments with a lower yield to minimize arbitrage when the transaction cost of such action is economically acceptable.

II. RESPONSIBILITIES AND STANDARDS OF CARE

The City Treasurer will be responsible for the implementation of this Policy. The City Treasurer and the Chief Administrative Officer (or designee) shall be authorized to perform the investment duties. All persons performing investment duties on behalf of the City shall do so applying the "prudent person" standard in managing all funds for which the City has investment responsibility. All persons performing investment duties on behalf of the City are bound by the City's Charter, Code, policies and administrative rules which include but are not limited to the City's Code of Ethics.

Any amendments to this Policy must be approved by the City Council after seeking the advice of the Chief Administrative Officer (or designee), the City Treasurer, and the City's Investment Advisory Committee (IAC). The City Council will adopt a City Investment Policy annually.

III. TYPES OF INVESTMENT AND DIVERSIFICATION

The following types of investments will be permitted in the City's investment portfolio:

A. United States Treasury Debt Obligations

-	Maximum Percent of Portfolio	100%
-	Maximum Maturity	7 Years
	(US Treasury Inflation Indexed Securities)	10 Years

- Securities held for safekeeping at the City's custodian bank or successor bank.

B. United States Agency Debt Obligations

-	Maximum Percent of Portfolio	100%
-	Maximum Maturity	3 Years
-	Maximum Percent of Portfolio Per Issuer	35%

- Securities held for safekeeping at the City's custodian bank or successor bank.

C. Repurchase Agreements Secured by United States Treasury Debt Obligations

-	Maximum Percent of Portfolio	25%
-	Maximum Maturity	90 Days

- Only Primary Government Securities Dealers reporting to the Federal Reserve Bank of New York may be counterparties.
- Repurchase agreements cannot exceed 2% of counterparty's liabilities.
- A signed repurchase agreement will be obtained in advance of the initial execution of an investment.
- Securities which serve as collateral for repurchase agreements must be delivered to the City's Trust Account at the City's custodian bank or successor on a delivery versus payment basis.
- Collateral for repurchase agreements may be US Treasury securities or US Agency Discount Notes or Coupon securities only. Maximum maturity for acceptable collateral is three years.
- The price paid by the Treasurer for United States Treasury Securities in the repurchase agreement shall not exceed amounts or percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short-Term Fund Board created by ORS 294.885.

D. **Interest-Bearing Deposits (Time Deposits, Interest-Bearing Deposits, or Certificates of Deposit) in Banks and Credit Unions in Compliance with the Provisions of ORS Chapter 295.**

- Maximum Percent of Portfolio 50%
- Maximum Maturity 1 Year
- Maximum Percent of Portfolio Per Issuer 25%
- Securities held in vault at the City's Treasury

Note: Deposits placed in banks or credit unions which do not participate in the Oregon State Treasurer's Public Funds Collateralization Program (PFCP) shall be limited to amounts insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA), as applicable.

E. **Bankers' Acceptance Issued by Financial Institutions in Compliance With the Provisions of ORS 294.035**

- Maximum Percent of Portfolio 25%
- Maximum Maturity 6 Months
- Maximum Percent of Portfolio Per Issuer 5%
- Securities to be held for safekeeping at the City's custodian bank or successor bank.

F. **Corporate Indebtedness (Commercial Paper and Corporate Bonds) Issued by United States Corporations in Compliance With the Provisions of ORS 294.035**

Combined Corporate Indebtedness: Maximum Percent of Portfolio: 35%
Maximum Percent of Portfolio Per Issuer: 5%

F.1. Commercial Paper (CP)

- Minimum Ratings: Short-Term (ST) ratings of A-1, P-1, F-1 (or better) equivalent to the securities maturity, by any Nationally Recognized Statistical Rating Organizations (NRSROs) of the Securities and Exchange Commission (SEC) at the time of purchase. In the event of a split rating (one higher/one lower), the lowest rating will be utilized to evaluate investment portfolio compliance.
- Maximum Maturity 270 Days
- Securities to be held for safekeeping at the City's custodian bank or successor bank.

F.2. Corporate Bonds

- Minimum Ratings: Short-Term (ST) or Long-Term (LT) bond ratings of AA- or Aa3 (or better) equivalent to the securities maturity, by at least two Nationally Recognized Statistical Rating Organizations (NRSROs) of the Securities and Exchange Commission (SEC) at the time of purchase. In the event of a split rating (one higher/one lower), the lowest rating will be used to evaluate investment compliance.
- Maximum Maturity 3 Years
- Securities to be held for safekeeping at the City's custodian bank or successor bank.

G. **Corporate Debt Obligations Guaranteed by the United States Government, the Federal Deposit Insurance Corporation (FDIC), or any other United States Government Agency that Sponsors Commercial Deposit or Credit Default Protection Insurance.**

- Maximum Percent of Portfolio 25%
- Maximum Maturity 3 Years
- Maximum Percent of Portfolio Per Issuer 5%
- Securities held for safekeeping at the City's custodian bank or successor bank.
- Corporate Debt Obligations backed by an explicit guarantee (payment of principal and interest) of the full faith and credit of the United States Government, the Federal Deposit Insurance Corporation (FDIC), or any other United States Government Agency that provides federally backed commercial deposit or credit default protection insurance.
- The explicit guarantee of payment of principal and interest must be maintained throughout the full term of the debt obligation.

H. **Municipal Bonds. Taxable and Tax-Exempt Municipal Bonds Issued by Oregon state or local governments and their agencies and authorities, not to include conduit revenue bonds issued on behalf of a non-governmental entity.**

- Minimum Ratings: LT: Aa/Aa2 or better. ST: A-1/SP-1 or better. Only one rating from a Nationally Recognized Statistical Rating Organization (NRSRO) of the Securities and Exchange Commission (SEC) at the time of purchase is required. In the event of a split rating (one higher/one lower), the lowest rating will be used to evaluate investment compliance.
- Maximum Percent per Portfolio 25%
- Maximum Maturity 3 Years
- Maximum Percent of Portfolio Per Issuer 5%
- Securities to be held for safekeeping at the City's custodian bank or successor bank.

I. **State of Oregon Local Government Investment Pool(s)**

The permitted maximum(s) as prescribed by ORS 294.805 to 294.895 and all other applicable Oregon Revised Statutes.

IV. POLICY COMPLIANCE

Portfolio diversification requirements shall remain consistent with those described within Section III of this policy. Diversification requirements and policy compliance must be met on the settlement date of an investment transaction. If due to unanticipated cash flow requirements or other circumstances beyond the City Treasurer's control, the investment in any security type or financial issuer exceeds the limitations of this policy, the City Treasurer is responsible for bringing the investment portfolio back into compliance as soon as is practical. Portfolio compliance is detailed in the Investment Report, which is produced monthly by the City's Treasury division.

V. DISTRIBUTION OF PORTFOLIO MATURITIES

Distribution, by maturity, of the investments is illustrated below:

Maturity	Percentage of Funds
0-2 Years	50-100%
2-10 Years	0- 50%

This maturity structure applies to the Treasury's best projection as to the lowest cash balance the portfolio will reach during the ensuing five to ten year period. This projection shall be based in part upon historical balances and projected net cash flows. If, for example, the projected lowest cash balance is $200 million, then up to $100 million may be invested in the two to ten year maturity range. All other funds must be invested in less than two-year maturities and must meet the City's cash flow requirements. The IAC will be consulted prior to implementing a strategy of purchasing securities with maturities beyond two years. The portfolio's weighted average maturity shall not exceed eighteen (18) months.

VI. QUALIFIED FINANCIAL INSTITUTIONS AND BROKERAGE ALLOCATION

The Chief Administrative Officer (or designee) and City Treasurer, in consultation with the IAC, shall establish the maximum investment level with each Oregon qualified financial institution and the criteria for determining which financial institutions shall be eligible to conduct investment transactions with the City. Treasury will maintain a current list of all brokerage firms that have been approved to conduct investment transactions with the City. The City Treasurer and IAC shall conduct an annual review of each approved financial institution to determine whether it should remain on the approved list.

Staff will strive for best execution of trades, and shall solicit competitive bids or offers for all investable assets. A minimum of three quotes from different financial institutions shall be obtained before executing transactions. Treasury will also verify that the rates being offered to the City are rates comparable to those available for similar investments within the national market. If three quotes cannot be obtained for a given transaction, Treasury shall note that fact on forms documenting the transaction. The allocation of brokerage business will be based upon which brokerage firm offers the best price to the City on each particular transaction. Where two or more brokers have offered the same best price, allocation will go to the investment firm that has provided the best service to the City.

VII. METHOD OF ACCOUNTING

The City 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 American Institute of Certified Public Accountants (AICPA); the Financial Accounting Standards Board (FASB); and the Government Accounting Standards Board (GASB).

VIII. REPORTING REQUIREMENTS

An Investment Report which provides a detailed review of the City's investments will be produced monthly. Copies of the report will be sent to the Chief Administrative Officer (or designee), the City Treasurer, members of the City Council and members of the IAC. The report will provide a review of the investment portfolio including, but not limited to:

1. List of portfolio holdings.
2. Current yields and distributions.
3. Amortized cost, market value and realized and unrealized gains/losses.
4. List of transactions.
5. Diversification analysis.
6. Comparisons to benchmarks.
7. Demonstration of the investment portfolio's compliance with this Investment Policy.

IX. INTERNAL CONTROLS

The internal controls of the City of Portland's Treasury are reviewed and tested by the City's internal and external auditors.

All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. All deliverable securities will be held by the City's designated custodian for safekeeping.

X. PERFORMANCE EVALUATION

The City's investment performance shall be reviewed monthly by the Chief Administrative Officer (or designee). Performance evaluations within the investment industry are commonly referred to as benchmarking. The benchmark used in the Investment Report is a blended yield that is representative of the City's investment holdings and has an equivalent weighted average maturity of the portfolio. It is currently calculated using an Institutional Money Market Fund yield and the 2-year U.S. Treasury Note yield. Additional comparative yield analysis includes U.S. Treasury Bills and Notes, US Government Agency obligations and top-rated Corporate Bonds. Historically, the City has also used the State of Oregon's Local Government Investment Pool yield.

XI. ANALYSIS OF INVESTMENT RISKS

In analyzing the City's Investment Portfolio, there are three areas of risk exposure that the City confronts through its investment activities. The first risk confronting the City is interest rate risk. This risk is the uncertainty of the size of future incomes from securities caused by fluctuations in the general level of interest rates in the capital markets.

Interest rates are subject to dramatic fluctuations and, therefore, the City's Investment Policy is designed to minimize interest rate risk. This is accomplished by limiting investments to a maximum maturity of seven years (ten years for Treasury Inflation Indexed Securities only), and by investing to meet the City's cash flow requirements.

The second area of risk exposure confronting the City can be termed purchasing power risk. It is predominantly the risk associated with inflation. This risk can be defined as the uncertainty of the purchasing power of interest and principal to be received in the future. It can be easily recognized that if the amount of income from a security in current dollars remains unchanged over a period of time while inflation is rising, then the amount of income in constant dollars declines and the constant value of the principal to be received also declines. The City's Investment Policy is designed to mitigate this risk through the short-term nature of the portfolio maturity requirements as well as the ability to invest in US Treasury Inflation Indexed Securities.

The final risk is credit risk or the financial risk of not receiving principal and interest when due from an issuer. The types of investments permitted by the Investment Policy seek to minimize this risk by the conservative nature of the permissible investments and by establishing safe limits on the level of investments with Oregon financial institutions and issuers of corporate indebtedness and monitoring their credit quality on an ongoing basis. A portfolio policy stressing a relatively short maturity serves to additionally minimize credit risk.

Therefore, it is the conclusion that the shorter the portfolio is in terms of maturity, the less risk exposure the City faces with regard to the all three major areas of risks confronting the City's investment activities. The policy of maintaining 100% of the funds in securities maturing in seven years or less (ten years for US Treasury Inflation Indexed Securities only), provides ample flexibility to earn capital gains on the City's investments by extending funds out to longer maturities when interest rates are falling, yet avoids the extreme amount of exposure to interest rate risk and purchasing power risk that exist in longer-term portfolios.

XII. SECURITIES LENDING AND REINVESTMENT OF CASH COLLATERAL

GENERAL

The policy guidelines set forth below shall only govern the City of Portland's securities lending program ("SLP"). The following SLP guidelines shall only apply to the reinvestment of cash collateral within the context of the City's SLP. The City Treasurer, in conjunction with the City's SLP Agent, shall be responsible for implementing the SLP. In the absence of the City Treasurer, the Chief Administrative Officer (or designee) shall be responsible for the implementation of the SLP on behalf of the City.

The objective of the SLP is to utilize a prudent investment management approach to earn incremental income above that which is generated from the securities contained the City's investment portfolio. All reinvestment of cash collateral shall be made taking into consideration the following objectives: preservation of principal, liquidity and return on investment.

PROGRAM MANAGEMENT

In order to minimize disruption of cash and investment management operations, a single financial institution shall be selected to serve as the City's SLP agent and securities custodian. Subject to a form of loan agreement and in accordance with the City's SLP policy guidelines, the SLP agent will arrange the terms and conditions of security loans; monitor the market value of securities lent and the collateral received; and invest the cash received as collateral. The SLP agent will arrange for all loans of securities held in City's custodial account and may act upon authorized investment instructions consistent with provisions of this section of the policy. The SLP agent shall be required to indemnify the City from any loss as a result of borrower loan default or simple failure to return loaned securities. The SLP agent shall be responsible for monitoring, reporting and remedying circumstances of non-compliance with the City's policy. The SLP agent must provide monthly accounting, performance, compliance and management reports that will be submitted to the City Treasurer and Chief Administrative Officer (and/or designee).

LOAN GUIDELINES AND AUTHORIZED INVESTMENTS OF CASH COLLATERAL

Securities may be placed on loan if the following criteria have been met:

A. The City receives U.S. dollar-denominated cash as collateral.

B. All borrowers must pledge and deliver cash collateral for each loan equal to at least 102 percent of the value of the loaned securities plus accrued interest, at the time the loan is initiated.

C. All securities are loaned on a fully collateralized basis. The market value of the collateral must be maintained by the SLP agent at a level that is not less than 102% of the market value of the securities loaned.

D. The SLP agent provides normal settlement liquidity (next day) for all loaned securities.

E. All lending counterparties must be primary dealers in United States Government Securities as recognized by the Federal Reserve Bank of New

York, hereafter, "Primary Dealer", and have an executed master securities lending agreement in place prior to initiating any transactions. Net capital of all lending counterparties must be in excess of $100 million.

F. No more than 25% of assets on loan are placed with the same lending counterparty.

G. No more than 75% of the City's total portfolio may be on loan at any given time.

H. Each security on loan must account for less than 50% of the total amount issued and outstanding.

The SLP agent is authorized to invest cash collateral in the following securities:

A. United States Treasury Bills, Notes and Bonds
   1. Maximum maturity of 90 days.
   2. Maximum % of collateral reinvestment Portfolio - 100%

B. United States Government Agency Securities
   1. Federal National Mortgage Association (FNMA).
   2. Federal Home Loan Bank (FHLB).
   3. Federal Farm Credit Bank (FFCB).
   4. Federal Home Loan Mortgage Corporation (FHLMC).
   5. Government National Mortgage Association (GNMA).
   6. Maximum final maturity of 90 days.
   7. Maximum % of collateral reinvestment Portfolio - 100%

C. Repurchase Agreements

   1. All counterparties must be Primary Dealer as recognized by the Federal Reserve Bank.

   2. The counterparty must have an executed repurchase agreement in place.

   3. Maximum maturity of repurchase agreements shall be 1 business day.

   4. Maximum % of collateral reinvestment Portfolio - 100%

   5. Reverse repurchase agreements are not permitted investments.

   6. No more than 15% of loan-eligible assets shall be placed with a single counterparty.

   7. Collateral must be delivered to the City's custodial account or to an account established for the benefit of the City pursuant to the terms of the specific repurchase agreement in the name of the City.

   8. Collateral for repurchase agreements may include any combination of the following:

      a) United States Treasury Securities
         (1) Collateralized at 102 percent

      b) United States Government Agency Securities.
         (1) Collateralized at 102 percent

c) United States Government Agency Mortgage Securities
   (1) Collateralized at 102 percent

d) Commercial Paper ("CP")
   (1) Collateralized at 102 percent.
   (2) Rating must be A1/P1 or better by Standard & Poor's and Moody's Investors Services, respectively at the time of purchase.

e) Corporate Fixed or Floating Rate Notes
   (1) Collateralized at 105 percent.
   (2) Rating must be "AA" or "Aa2" or higher by Standard & Poor's or Moody's Investors Services, respectively at the time of purchase.

The weighted average maturity of the securities on loan and the cash collateral reinvestments shall not exceed 30 days.