



PORTLAND COMMUNITY COLLEGE BOARD OF DIRECTORS

# Business Meeting



April 18, 2024



The Board of Directors meetings are held in accordance with open meeting laws and accessibility requirements. If a person with a disability needs assistance in order to attend or participate in a meeting, please notify the Board of Director's Office at least 48 hours in advance by calling (971) 722-7268 or by email at [boardmember@pcc.edu](mailto:boardmember@pcc.edu), please use ACCESSIBILITY in the subject line.

# Board of Directors Goals 2023-2024

## Belonging

**Strategic goal:** Ensure that the Board of Directors and the President advance diversity, equity, and inclusion in measurable and strategic ways.

- Monitor the recruitment, hiring, and retention of employees of color.
- Monitor the awarding of contracts to D/M/W/ESB/SDV companies.
- Integrate people and culture centered strategies into its policymaking processes and all board functions.
- Support a people-centered approach to the well-being of students and staff.

## Enterprise

**Strategic goal:** Through the development of policy, a strong relationship with the college president, and effective public advocacy, ensure that Portland Community College is well-positioned to meet the current and future needs of the communities it serves.

- Support the ongoing success of the President in leading the college.
- Engage in strategic advocacy with city, county, regional, state, federal and tribal governments.
- Engage in Board development by participating in evaluations, professional development, board structure and training.

## Delivery

**Strategic goal:** The Board of Directors and the President holds itself accountable for improving equitable student success.

- Monitor semiannual performance on access, enrollment, retention, and completion rates for all students, and work with the President and Administration to reduce and eliminate disparities in these rates for low-income students and students of color.
- Utilize personal and professional networks to establish new strategic partnerships that bring new resources to the goal of improving outcomes for students (e.g., resources that address student housing and food insecurity, the PCC Campaign for Opportunity, etc.).
- Support the president in leading the college through financial support to Student Success initiatives

## Workforce

**Strategic goal:** Advocate for workforce development.

- Understand strategic-level workforce data, and partner with the president and college administration to close talent and opportunity gaps and move students into quality, livable wage careers. Advocate for and support private, local, state and federal policy and investments in community colleges to promote holistic workforce development strategies.
- Communicate the benefits of the recent bond measure to community members, partners and stakeholders as it pertains to workforce development and equitable student success.

### The PCC Board of Directors Working Agreement:

- |                                                       |                                         |
|-------------------------------------------------------|-----------------------------------------|
| • Treat each other with respect                       | • Create a positive working environment |
| • Plan agenda thoughtfully/Conduct effective meetings | • Call in/Call out                      |
| • Listen with an empathetic mind and heart            | • Be aware of impact as well as intent  |
| • Be prepared                                         | • Stay true to board goals              |
| • Be honest, act with integrity                       | • Stay engaged                          |
|                                                       | • Enable/empower all voices             |

March 21, 2024

## **BOARD MEETING MINUTES**

### **ATTENDANCE**

Laurie Cremona Wagner, Kristi Wilson, Greg McKelvey, Tiffani Penson, Dan Saltzman, Kien Truong, Mari Watanabe, Nathaniel Kung

### **EXECUTIVE SESSION**

The PCC Board of Directors met in accordance with ORS 192.660 (2) to discuss and hear reports on (a) employment of a public official, (d) labor negotiations and (h) litigation.

### **WORK SESSION**

The Board of Directors met in Work Session. Eric Blumenthal, Dina Farrell and Deanne Woodring with Government Portfolio Advisors (GPA) provided an update regarding the [Investment Standards & Practices \(2nd Reading\)](#). Mike Mathews provided [First Reading Notes - Rules of Procurement](#)

### **BUSINESS SESSION**

Chair Cremona Wagner called the Business Meeting to order at 7:12 pm, shared the Land Acknowledgement, and provided an update informing attendees of the delay in brining the Investment Standards & Practices back for a vote until the April Board Meeting.

Chair Cremona Wagner asked for a motion to approve the March 21, 2024 agenda.  
Penson/Saltzman

Cremona Wagner – Yes	Saltzman – Yes	Wilson – Yes
McKelvey – Yes	Truong – Yes	
Penson – Yes	Watanabe - Yes	

Chair Cremona Wagner asked for a motion to approve the February 15, 2024 minutes.  
Watanabe/Wilson

Cremona Wagner – Yes	Saltzman – Yes	Wilson – Yes
McKelvey – Yes	Truong – Yes	
Penson – Yes	Watanabe - Yes	

Chair Cremona Wagner asked for a motion to approve the February 17, 2024 minutes.  
Wilson/Watanabe

Cremona Wagner – Yes	Saltzman – Yes	Wilson – Yes
McKelvey – Yes	Truong – Yes	
Penson – Yes	Watanabe - Yes	

### **RECOGNITION**

Dr. Bennings highlighted Women's History Month and National Procurement Month, and recognized the men's and women's basketball teams for their remarkable seasons. She also invited members of Cabinet to provide updates:  
Sage Learn, Government Relations: [Government Relations Update](#)

### **INFORMATION SESSIONS**

[Semiconductor Workforce Training](#) – Karen Paez, Sage Learn

[Procurement Annual Report with P&CC Workforce Equity Update](#) - Mike Matthews, John MacLean, Amy James-Neel

### **PUBLIC COMMENT ON AGENDA ITEMS**

Jeff Grider; 24-100; in person

### **CONSENT AGENDA**

Chair Cremona Wagner proposed approval of Resolutions 24-097 through 24-099. Watanabe/Saltzman

Cremona Wagner – Yes	Saltzman – Yes	Wilson – Yes
McKelvey – Yes	Truong – Yes	
Penson – Yes	Watanabe - Yes	

### **NON-CONSENT AGENDA**

Chair Cremona Wagner asked for a motion to approve Resolution 24-100 Wilson/McKelvey

Cremona Wagner – Yes	Saltzman – Yes	Wilson – Yes
McKelvey – Absent	Truong – Yes	
Penson – Yes	Watanabe - Yes	

### **PUBLIC COMMENT ON NON-AGENDA ITEMS**

Briar Schreiber; Classified worker experiences; in person  
Meryl DePasquale; Classified Employee Experiences; in person  
Blanca Coma; Classified Staff Concerns; in person  
Lu Skach; Admitted Graphic Design students waitlisted; in person  
Karla Walker; Admitted Graphic Design students waitlisted; in person  
Radmila Snegach; Admitted Graphic Design students waitlisted; in person  
McKinley Sheerin; Admitted Graphic Design students waitlisted; in person  
Christian Martinez Guzman; PCCFCE; in person  
Nellie Long; PCCFCE; in person  
Amina Saseyi; Classified Strike testimony; in person  
Tristan Roland; PCCFCE negotiations; in person  
Michael Sonnlitner; Barriers to Belonging; in person  
Jeff Grider; Classified Union; in person  
Mark Grider; Unions; in person

### **REPORTS**

Reports were provided by Student Board Member Nathaniel Kung on behalf of the District Student Council; Jeff Grider, PCC Federation of Classified Employees (AFT Local 3922); Frank Goulard, PCC Federation of Faculty and Academic Professionals

(AFT Local 2277); and Board Member Truong

**ADJOURNMENT**

There being no further business, the meeting adjourned at 9:33 pm.

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Laurie Cremona Wagner, Chair

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Dr. Adrien L. Bennings, President

Prepared by:

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Jennifer Hamlin, Board Coordinator

Minutes approved on April 18, 2024

Portland Community College  
**BOARD OF DIRECTORS**  
 PO BOX 19000, Portland, Oregon 97280

April 18, 2024

## Sylvania Campus

12000 SW 49<sup>th</sup> Avenue, Portland, OR 97219, CC Building, Rooms 233 A/B

Streaming Link: <https://portlandcc.zoom.us/j/92797254561>

Or Telephone: +1 669 444 9171 or +1 719 359 4580 US

Webinar ID: 927 9725 4561

## AGENDA

5:00 PM **EXECUTIVE SESSION** in accordance with ORS 192.660 (2), (d) labor negotiations, (h) litigation and (k) school safety.  
Media Requests to join the Executive Session can be phoned in to 971.722.4365 or emailed to boardmember@pcc.edu by **noon of the meeting date**. Please use **MEDIA REQUEST** in the subject line.

5:45 PM	<b>WORK SESSION &amp; DINNER</b> <ul style="list-style-type: none"> <li>• <a href="#">Work Plan Update</a> – Dr. Adrien L. Bennings</li> <li>• <a href="#">Proposed Changes to the Community College Rules of Procurement</a> (Second Reading) – Mike Mathews</li> <li>• FY 24-25 Board Meeting Schedule (First Reading) – Jennifer Hamlin</li> <li>• <a href="#">Affordable Housing</a> – College Housing Northwest (CHNW)</li> </ul>	<b>OAK/ELM ROOMS</b>
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7:10 PM      **BUSINESS SESSION**  
**Call to Order**

- Land Acknowledgment
- Approval of Agenda — April 18, 2024
- Approval of Minutes — March 21, 2024

7:15 PM

## PRESIDENT'S UPDATES

- President's Reports
  - Recognitions
  - 1TT1 Spotlight:
    - [Library Appreciation Week](#) – Michelle Bagley, Cheryl Miller, Drew Jackson
  - [Third Quarter Personnel Action Report \(PAR\)](#)
- College Updates
  - Administration & Finance, Eric Blumenthal
    - Workday ERP Implementation Project
    - Investment Standards & Practices
  - Academic Affairs, Dr. Katy Ho
    - Co-requisites and Common Course Numbering
  - Student Affairs, Dr. José DeLa Cruz
    - Achieving the Dream (AtD)
  - People Strategy, Equity, and Culture, Dr. Howard Croom
    - Compensation Study

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- 8:00 PM      **INFORMATION SESSIONS**  
 BELONGING: Transform our learning culture toward creating a sense of belonging and well-being for every student
- [Enrollment and Student Retention Updates](#) – Ryan Clark
  - [PCC Prevention & Response to Gender-Based Violence](#) – Lauren Smith and Caroline Bartlett

- 8:30 PM      **PUBLIC COMMENT ON AGENDA ITEMS**  
 Persons wishing to make public comment on agenda items can request a time slot by using this [link](#). Details and directions can be found at the link. Deadline for signups: Wednesday, April 17 at 5:00 pm.

- 8:45 PM      **CONSENT AGENDA:** (All items will be approved by consent agenda unless an item is withdrawn by request of a member of the Board. A separate motion will then be required to act on the item in question.)

	<u>PERSONNEL</u>	
24-101	Commendation for Retiring Employees .....	190
	<u>CONTRACTS</u>	
24-102	Contract Approval for Rock Creek Library Tenant Improvements to First Cascade Corporation .....	191
	<u>BOARD</u>	
24-103	Official Recognition that Faculty Appreciation Week will be Celebrated May 6-10, 2024.....	193
24-104	Accept Proposed Changes to Board Policy Purchasing and Contracting - B505 (Second Reading) .....	194
24-105	Accept Proposed Changes to the Community College Rules of Procurement (Second Reading) .....	196

- 8:50 PM      **NON-CONSENT AGENDA**  
BOARD  
 24-106      Adopt Revised Investment Standards and Practices .....197

- 8:55 PM      **PUBLIC COMMENT ON NON-AGENDA ITEMS**  
 Persons wishing to make public comment on agenda items can request a time slot by using this [link](#). Details and directions can be found at the link. Deadline for signups: Wednesday, April 17 at 5:00 pm.

- 9:10 PM      **REPORTS**
- Student Update—Nathaniel Kung, Student Board Trustee
  - PCC Federation of Classified Employees (AFT Local 3922)—Jeff Grider, President
  - PCC Federation of Faculty and Academic Professionals (AFT Local 2277)—Frank Goulard, President
  - Board Members

- 9:30 PM      **ADJOURNMENT**

April 18, 2024

24-101

COMMENDATION FOR RETIRING EMPLOYEES

PREPARED BY: Julie Kinney, Director, People Data & Systems

APPROVED BY: Dr. Howard Croom, Associate Vice President, People Strategy,  
Equity & Culture  
Dr. Adrien L. Bennings, President

STRATEGIC THEME: Belonging: Transform our learning culture toward creating a  
sense of belonging and well-being for every student

REPORT: The President RECOMMENDS that the following employees be  
recognized for their service:

<u>Retirees</u>	<u>Job Title</u>	<u>Years of Service</u>
Jim Marggi	Media Services Tech II	27
Rex Newton	Psychology Instructor	11
Ray Wood	Employment Specialist	25

RECOMMENDATION: That the Board commend these employees for their service to  
Portland Community College and wish them well in their  
retirement years.



April 18, 2024

24-102

CONTRACT APPROVAL FOR ROCK CREEK LIBRARY  
TENANT IMPROVEMENTS TO FIRST CASCADE  
CORPORATION

PREPARED BY: John MacLean, Finance & Procurement Manager, Planning & Capital Construction

FINANCIAL RESPONSIBILITY: Rebecca Ocken, Director, Planning & Capital Construction

APPROVED BY: Eric Blumenthal, Executive Vice President, Administration and Finance  
Dr. Adrien L. Bennings, President

STRATEGIC THEME: Delivery: Redefine time, place, and systems of educational delivery to create a more learner-centric ecosystem; Enterprise: Cultivate a long-term sustainable college enterprise

REPORT: The 2022 Bond Program includes funding for updating educational spaces across the district. To this end, the College is renovating the Rock Creek Library to bring it into alignment with other library spaces across the district.

On Feb 28th, 2024, the Invitation to Bid (ITB) was advertised in the Daily Journal of Commerce, State of Oregon (OregonBuys), BidLocker, Portland Observer, and the Portland Business Tribune. In addition, P&CC staff reached out to all identified COBID registered firms who could provide these services. A total of seventy-five (75) firms attended the mandatory pre-bid meeting. At the bid closing time of 2:00 PM April 3, 2024 eleven (11) bids were received. Two (2) bids were received from COBID registered firms.

The lowest responsive and responsible bid of \$1,499,777 was submitted by First Cascade Corporation and has been reviewed by P&CC and acceptance is recommended. The College also intends to accept Bid Alternate 1 for \$26,260 for a total of \$1,526,037

There is 13% COBID (MBE) participation on this contract. As a competitively bid project the College cannot use COBID participation in the determination of the award.

**RECOMMENDATION:** That the Board of Directors authorize PCC to execute a contract with First Cascade Corporation for the Rock Creek Library Tenant Improvements for up to \$1,678,641 which includes a 10% contingency. Funding will be from the 2022 Bond.

April 18, 2024

24-103

OFFICIAL RECOGNITION THAT FACULTY APPRECIATION  
WEEK WILL BE CELEBRATED MAY 6-10, 2024

PREPARED BY: Patti Battles, Executive Assistant, Office of the Vice President  
of Academic Affairs

APPROVED BY: Frank Goulard, President, PCC Federation for Faculty and  
Academic Professionals  
Katy Ho, Vice President, Academic Affairs

REPORT: The College acknowledges the paramount importance of  
education to the future vibrancy of our community; to that  
end, our esteemed faculty members are integral to the  
academic excellence that PCC delivers to both students and  
the wider community.

They collaborate directly with industry, academic professionals,  
business partners, and community members to cultivate a  
conducive and inclusive learning environment.

Through their diverse talents and unwavering dedication, they  
contribute to the holistic development of students throughout  
their academic journey.

They play a vital role in the success of our students, the  
college, and the community at large. Their dedication and  
support not only foster academic achievement and contribute  
to the advancement of our institution but also positively impact  
the broader community by creating a more educated and  
empowered society.

RECOMMENDATION: That the Board of Directors proclaims May 6-10, 2024, to be  
FACULTY APPRECIATION WEEK and that the Board of  
Directors strongly encourages all members of our community to  
join in this observance, recognizing the dedication and hard  
work of these individuals.

APRIL 18, 2024

24-104

ACCEPT PROPOSED CHANGES TO BOARD POLICY  
PURCHASING AND CONTRACTING - B505 (SECOND  
READING)

PREPARED BY: Michael Mathews, Director of Procurement and Contracting,  
Financial Services

APPROVED BY: Dina Farrell, Associate Vice President, Finance  
Eric Blumenthal, Executive Vice President, Finance &  
Administrative Services  
Dr. Adrien L. Bennings, President

STRATEGIC THEME: Workforce: Respond to community and workforce needs by  
developing a culture of agility; Enterprise: Cultivate a long-term  
sustainable college enterprise

REPORT: To align with the changes to the Community College Rules of  
Procurement, the College recommends the amendment of  
Board Policy B-505 to increase the dollar threshold from  
\$150,000 to \$250,000 as follows:  
**Purchasing and Contracting – B 505**  
The board of directors is designated as the local contract  
review Board for the college. In this capacity, the board has the  
authority to change and establish purchasing and contracting  
policies for the college in compliance with ORS Chapters 279A,  
279B, and 279C.

The Board of Directors, acting as the local contract review  
Board, shall periodically adopt updated public contracting rules  
for the college. Acting as the local contract review board, they  
may also grant specific exemptions from the adopted college  
rules.

Additionally, the Board of Directors must approve procurement  
contracts in excess of \$250,000. In instances where time delay  
will potentially cause harm to the college, procurement  
contracts in excess of \$250,000 may be authorized by the  
president and ratified by Board resolution. Board approval is  
not needed for required expenses in excess of \$250,000 that  
lack acquisition choices or purchase goods or services for  
resale. Some examples are payments of utility charges, state

and federal taxes, OPSRP (PERS) contributions, other college wide employee benefits, and textbooks for students.

**RECOMMENDATION:** That the Board approves the modifications indicated above to Board Policy B-505, to be effective April 19, 2024

APRIL 18, 2024

24-105

ACCEPT PROPOSED CHANGES TO THE COMMUNITY  
COLLEGE RULES OF PROCUREMENT (SECOND  
READING)

PREPARED BY: Michael Mathews, Director of Procurement and Contracting,  
Financial Services

APPROVED BY: Dina Farrell, Associate Vice President, Finance  
Eric Blumenthal, Executive Vice President, Finance &  
Administrative Services  
Dr. Adrien L. Bennings, President

STRATEGIC THEME: Workforce: Respond to community and workforce needs by  
developing a culture of agility; Enterprise: Cultivate a long-term  
sustainable college enterprise

REPORT: With the concurrence of counsel the College recommends the  
adoption of the Community College Rules of Procurement  
(CCRP) as amended. Adoption of these proposed changes  
aligns the College with Participating Oregon Community  
Colleges (POCC) which is a task force formed of Oregon  
Community College Association (OCCA) members. These  
rules are written to work in conjunction with the Attorney  
General Model Rules and Oregon Revised Statutes 279A,  
279B, and 279C.

The proposed contracting rules incorporate the following:

- Updated thresholds to meet statute changes.
- The requirement to obtain at least one quote from a  
COBID or other diverse certified suppliers when  
performing Intermediate Procurements.
- Other modifications add clarity and clean up minor  
inconsistencies.

RECOMMENDATION: That the Board, in their capacity as the Local Contract Review  
Board adopts the attached proposed Community College Rules  
of Procurement (CCRP), as modified in the attached, to be  
effective April 19, 2024

April 18, 2024

24-106

ADOPT REVISED INVESTMENT STANDARDS AND PRACTICES

PREPARED BY: Michelle Brown, Director of Bursar & Treasury Services,  
Finance  
Dina Farrell, Associate Vice President of Finance, Finance

APPROVED BY: Eric Blumenthal, Executive Vice President of Administration &  
Finance  
Dr. Adrien L. Bennings, President

STRATEGIC THEME: Enterprise: Cultivate a long-term sustainable college enterprise

REPORT: ORS 294.035 and Portland Community College Board Policy BP 6320 require the Investment Officer of the College to review and update PCC Investment Standards and Practices periodically and to solicit input from the Oregon Short Term Fund Board, Oregon State Treasury.

The Oregon Short Term Fund Board last approved revisions to the PCC Investment Standards and Practices in August 2014. Revisions to the PCC Investment Standards and Practices that did not require review by the Oregon Short Term Fund Board were last approved in April 2017.

These Investment Standards and Practices have been reviewed against updated recommendations from the Oregon Short Term Fund Board, as well as at the recommendation of Government Portfolio Advisors (GPA), with whom the College is contracting as an investment advisor for College bond funds. The proposed revisions serve to align the Investment Standards and Practices, covered under Board Policy BP 6320, with these recommendations and Oregon Short Term Fund Board's (OSTFB) recommended best practices and updated language. This includes revised language regarding environmental, social, and governance (ESG) procedures. Since the last review of the Investment Standards and Practices, ESG practices have evolved from pure divestiture and exclusion to include other options such as positive impact investing and the language here has been updated to reflect this evolution.

On December 19, 2023, treasury staff submitted changes to the Investment Standards and Practices to the Oregon Short Term Fund Board for review. These changes were reviewed and commented on at the Oregon Short Term Fund Board meeting on January 30, 2024, thereby satisfying the statutory policy review requirement in accordance with ORS 294.135(a).

**RECOMMENDATION:** That the Board adopts the revised Investment Standards and Practices in Exhibit A.

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## EXHIBIT A



# **Investment Standards and Practices**

April 18, 2024

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## **1. Purpose**

These Investment Standards and Practices define the parameters within which funds are to be invested by Portland Community College (PCC). These Investment Standards and Practices also formalize the framework, pursuant to ORS 294.135, for PCC's investment activities to ensure effective and judicious management of funds within the scope of these Investment Standards and Practices.

These guidelines are intended to be broad enough to allow designated investment staff to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

## **2. Governing Authority**

PCC's investment program shall be operated in conformance with PCC's Board Policy BP 6320, Oregon Revised Statutes, and applicable Federal Law. Specifically, these Investment Standards and Practices are written in conformance with ORS 294.035; 294.040; 294.052; 294.135; 294.145; and 294.810. All funds within the scope of these Investment Standards and Practices 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 these Investment Standards and Practices immediately upon being enacted.

## **3. Scope**

These Investment Standards and Practices apply to activities of Portland Community College (PCC) with regard to the investment of all financial assets, including bond proceeds. These funds are accounted for in PCC's Annual Comprehensive Financial Report (ACFR). The amount of funds falling within the scope of these Investment Standards and Practices over the next three years, including bond proceeds, is expected to range between \$500 million and \$830 million.

## **4. General Objectives**

### **A. Preservation of Capital**

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. The goal is to mitigate credit risk and interest rate risk.

### **B. Liquidity**

Investments shall be undertaken in a manner that seeks to ensure sufficient liquidity to meet all reasonably anticipated operating requirements, including construction draws of bond proceeds. Furthermore, the portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in the Oregon Short Term Fund which offers next-day liquidity. Where possible and prudent, the portfolio should be structured so that investments mature concurrent with anticipated demands.

### **C. Return**

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and 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.

## **5. Standards of Care**

### **A. Prudence**

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard 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.*

### **B. Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of PCC. Officers and employees shall, at all times, comply with the State of Oregon Government Standards and Practices Code of Ethics set forth in ORS 244.

### **C. Indemnification**

Investment officers acting in accordance with written procedures and these Investment Standards and Practices 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 and appropriate action is taken to control adverse developments within a timely fashion as defined in these Investment Standards and Practices. PCC shall indemnify, hold harmless and defend investment officers and any PCC employees engaged in investment activities from personal liability for losses that may occur during the course of administering these Investment Standards and Practices so long as these requirements are met.

### **D. Delegation of Authority and Responsibilities**

i. Governing Body

The PCC Board of Directors will retain ultimate fiduciary responsibility for invested funds. Monthly reports will be prepared and provided to the Board upon request, pursuant to, and with sufficient detail to comply with ORS 294.085 and 294.155.

ii. Delegation of Authority

The Vice President of Finance and Business Services/ Chief Financial Officer (VP-CFO) and Associate Vice President of Financial Operations and Compliance (AVP) shall be responsible for oversight of the investment program, and the Director of Bursar and Treasury Services shall serve as the Investment Officer. The Investment Officer will invest per the terms in these Investment Standards and Practices, and per the terms in the following: ORS 294.035 to 294.053, 294.125 to 294.145, and 294.810. The Investment Officer may delegate to specified treasury position(s) (hereinafter referred to as “designee”) the authority to conduct transactions on behalf of PCC, subject to the Investment Standards and Practices contained herein. Delegation of authority shall be in writing.

No person may engage in an investment transaction except as provided under the terms of these Investment Standards and Practices 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.

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

iii. Investment Committee

The Investment Officer or designee will seek to establish an investment committee to provide guidance to the Investment Officer or designee and monitor Investment Standards and Practices compliance. This investment committee is to include student representation from the ASPCC Senate.

iv. Investment Adviser

PCC may engage the services of one or more external investment managers to assist in the management of PCC's investment portfolio in a manner consistent with these Investment Standards and Practices. Investment advisers may be hired on a discretionary or non-discretionary basis. If the advisory basis is non-discretionary, all investment transactions by approved investment advisers must be pre-approved in writing by the Investment Officer or designee and compliant with these Investment Standards and Practices. If PCC hires an investment adviser to provide investment management services, the adviser is authorized to transact with its direct dealer relationships on behalf of PCC.

## **6. Transaction Counterparties**

## **A. Broker/Dealers**

The Investment Officer shall determine which Broker/Dealer firms and registered representatives are authorized for the purposes of investing funds within the scope of these Investment Standards and Practices. The following minimum criteria must be met before Broker/Dealer firms and affiliated registered representatives are authorized to execute investment transactions. The Investment Officer may impose more stringent criteria.

- i. Broker/Dealer firms must meet the following minimum criteria:
  - a. Must be registered with the Securities and Exchange Commission (SEC)
  - b. Must be registered with the Financial Industry Regulatory Authority (FINRA)
  - c. Must provide most recent audited financials
  - d. Must provide FINRA Focus Report filings
- ii. Approved broker/dealer employees who execute transactions with PCC must meet the following minimum criteria:
  - a. Must be a registered representative with the Financial Industry Regulatory Authority (FINRA)
  - b. Must be licensed by the state of Oregon
  - c. Must provide certification, in writing, of having read, understood, and agreed to comply with the most current version of these Investment Standards and Practices
- iii. Annual review of all authorized broker/dealers and their respective authorized registered representatives will be conducted by the Investment Officer or designee. Factors to consider would be:
  - a. Pending investigations by securities regulators
  - b. Significant changes in net capital
  - c. Pending customer arbitration cases
  - d. Regulatory enforcement actions
- iv. The Investment Officer or designee may utilize the investment adviser's approved broker/dealer list in lieu of PCC's own approved list. The adviser must submit the approved list to PCC annually and provide updates throughout the year as they occur. The adviser must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The annual investment adviser broker/dealer review procedures should include:
  - a. FINRA Certification check
    - Firm Profile
    - Firm History
    - Firm Operations
    - Disclosures of Arbitration Awards, Disciplinary and Regulatory Events
    - State Registration Verification
  - b. Financial review of acceptable FINRA capital requirements or letter of credit for clearing settlements.

The advisers must provide PCC with any changes to the list prior to transacting on behalf of PCC.

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

## **B. Investment Advisers**

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

- i. The following items are required for all approved Investment Advisers:
  - a. The investment adviser firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon (Note: Investment adviser 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 adviser firm representatives conducting investment transactions on behalf of PCC must be registered representatives with FINRA
  - c. All investment adviser firm representatives conducting investment transactions on behalf of PCC must be licensed by the state of Oregon
- ii. A periodic (at least annual) review of all authorized investment advisers under contract will be conducted by the Investment Officer to determine their continued eligibility within the portfolio guidelines. The Investment Adviser must notify PCC immediately if any of the following issues arise while serving under a district contract:
  - a. Pending investigations by securities regulators
  - b. Significant changes in net capital
  - c. Pending customer arbitration cases
  - d. Regulatory enforcement actions

## **C. Depositories**

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

## **D. Competitive Transactions**

- i. The Investment Officer or designee shall obtain and document competitive bid information on all investments purchased or sold in the secondary market. Competitive bids or offers should be obtained, when possible, from at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.
- ii. In the instance of a security for which there is no readily available competitive bid or offering on the same specific issue, then the Investment Officer or designee shall document quotations for comparable or alternative securities.



- iii. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price. However, the Investment Officer or designee is encouraged to document quotations on comparable securities.
- iv. If an investment adviser provides investment management services, the adviser must retain documentation of competitive pricing execution on each transaction and provide upon request.

## **7. Administration and Operations**

### **A. Safekeeping and Custody**

All trades of marketable securities will be executed (cleared and settled) by delivery vs. payment (DVP) to ensure that securities are deposited in PCC safekeeping institutions prior to the release of funds.

Securities will be held by an independent third-party safekeeping institution selected by PCC. All securities will be evidenced by safekeeping receipts in PCC's name. Upon request, the safekeeping institution shall make available a copy of its Statement on Standards for Attestation Engagements (SSAE) No. 16. PCC will have online access through the safekeeping bank for verification of the account holdings and transactions. PCC may hold bank deposits or certificates of deposits at banks qualified under ORS 295.

### **B. Internal Controls**

The Investment Officer and AVP are responsible for establishing and maintaining an adequate internal control structure designed to reasonably assure that invested funds are invested within the parameters of these Investment Standards and Practices and are protected from loss, theft, or misuse. Written internal controls shall be reviewed and updated periodically by the Investment 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 at a minimum:

- i. Compliance with Investment Standards and Practices
- ii. Investment diversification by type and maturity
- iii. Control of collusion
- iv. Separation of transaction authority from accounting and record keeping
- v. Custodial safekeeping
- vi. Avoidance of physical delivery of securities when possible and address control requirements for physical delivery where necessary
- vii. Clear delegation of authority to subordinate staff members
- viii. Confirmation of transactions for investments and wire transfers in written or digitally verifiable electronic form
- ix. Dual authorizations of non-repetitive wire and automated clearing house (ACH) transfers
- x. Staff training

- xi. Review, maintenance, and monitoring of security procedures both manual and automated

### **C. Accounting Method**

PCC 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 Government Accounting Standards Board (GASB); the General Accounting Office (GAO); and the Financial Accounting Standards Board (FASB).

Market valuations shall be obtained for all portfolio holdings on a monthly basis and recorded in the investment performance report for the portfolio. Accounting will record the market value of portfolio holdings as of fiscal year end, each year on June 30.

### **D. Pooling of Funds**

Except for cash in certain restricted and special funds, PCC 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.

## **8. Authorized and Suitable Investments**

### **A. Permitted Investments**

It is the policy of PCC to diversify its investments. Where appropriate, exposures will be limited by security type, maturity, issuance, and issuer. In accordance with ORS 294.035, 294.040, 294.052 and 294.810, the following securities are authorized for purchase. Minimum credit ratings and percentage limitations apply at the time of purchase.

**US Treasury Obligations:** Direct obligations of the United States Treasury whose payment is guaranteed by the United States. [ORS 294.035(3)(a)]

**US 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. [ORS 294.035(3)(a)]

**Municipal Debt:** 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 S&P Global 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 organization. [ORS 294.035(3)(c)]

**Corporate Indebtedness:** Corporate indebtedness 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. Corporate indebtedness must be rated on the settlement date AA- or better by S&P Global or Aa3 or better by Moody's or equivalent rating by any nationally recognized statistical rating organization. [ORS 294.035(3)(i)]. Corporate indebtedness must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution.

**Commercial Paper:** Corporate indebtedness 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. Commercial Paper must be rated A1 by S&P Global or P1 by Moody's or equivalent rating by any nationally recognized statistical rating organization. Issuer constraints for commercial paper combined with corporate notes will be limited by statute to 5% of market value per issuer. [ORS 294.035(3)(i)]

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

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

**Bankers' Acceptances:** A short-term credit investment created by a non-financial firm and guaranteed by a qualified financial institution whose short-term letter of credit rating is rated in the highest category without any refinement or gradation by one or more nationally recognized statistical rating organizations. For the purposes of this paragraph, "qualified financial institution" means: (i) A financial institution that is located and licensed to do banking business in the State of Oregon; or (ii) A financial institution that is wholly owned by a financial holding company or a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon. [ORS 294.035(3)(h)]

**Repurchase Agreements:** In accordance with ORS 294.035(3)(j), repurchase agreement collateral must be limited in maturity to three years and priced according to percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short Term Fund Board created by ORS 294.885. The maximum term of any repurchase agreement is limited to 90 days. Acceptable collateral includes the following: US Treasury Securities: 102%, US Agency Discount and Coupon Securities: 103%.

Banking institutions from which repurchase agreements are purchased must have holding company assets of at least \$5 billion and execute a master repurchase agreement with PCC in advance of the initial purchase. PCC will not enter into any reverse repurchase agreements.

**Local Government Investment Pool:** State Treasurer's local short-term investment fund up to the statutory limit per ORS 294.810.

## **B. Collateralization**

Time deposit open accounts, Certificates of Deposit and savings accounts shall be collateralized through the state collateral pool for any excess over the amount insured by an agency of the United States government in accordance with ORS 295.018. All depositories must be on the State of Oregon's qualified list. Additional collateral requirements may be required if the Investment Officer or designee deems increased collateral is beneficial to the protection of the monies under PCC's management.

## **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 these Investment Standards and Practices have been amended and the amended version adopted by the PCC Board of Directors.

## **D. Prohibited Types of Investment Instruments**

- i. PCC 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.
- ii. PCC shall not lend securities nor directly participate in a securities lending or reverse repurchase program.
- iii. PCC shall not purchase mortgage-backed securities.
- iv. PCC 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.
- v. No commitment to buy or sell securities may be made more than 14 days prior to the anticipated settlement date.

# **9. Investment Parameters**

## **A. 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. Credit risk will be mitigated by the following guidelines:

- i. Diversification: It is the policy of PCC to diversify its investments. Where appropriate, exposures will be limited by 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; S&P Global; or 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 S&P Global; Moody's Investors Service; Fitch Ratings Service respectively.

- iv. Diversification and Credit Exposure Constraints: The following table limits exposures among investments permitted by these Investment Standards and Practices.

**Total Portfolio Diversification Constraints**

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P, Moody's, or Equivalent NRSRO	Maximum Maturity
US Treasury Obligations	100%	None	N/A	5.25 years
US Agency Obligations	100%	35%	N/A	5.25 years
Municipal Bonds (OR, CA, ID, WA)	25%	5%	AA- / Aa3 Short Term*	5.25 years
Corporate Notes	35%**	5%***	AA- / Aa3	5.25 years
Commercial Paper			A1 / P1	270 days
Bank Time Deposits/Savings	25%	25%	Oregon Public Depository	N/A
Certificates of Deposit	25%	10%	Oregon Public Depository	5.25 years
Banker's Acceptance	25%	10%	A1 / P1	180 days
Repurchase Agreements	5%	None	AA- / Aa3	90 days
Oregon Short-Term Fund	Maximum allowed per ORS 294.810	None	N/A	N/A

\*\*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.

- v. 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 S&P Global, Moody's Investor Services or Fitch Ratings respectively.

**B. Investment Maturity**

- i. Where feasible and prudent, investment maturities should be matched with expected cash outflows to mitigate risk.
- ii. PCC will not directly invest in securities maturing more than 5.25\* years from the date of settlement, except as otherwise stated in these Investment Standards and Practices.
- iii. The maximum weighted maturity of the total portfolio shall not exceed 2.50 years. This maximum is established to limit the portfolio to excessive price change exposure.

- iv. Liquidity funds will be held in the State Pool or qualified depository institution (bank deposits).
- v. Core 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 5.25 years and will be only invested in higher quality and liquid securities.

**Total Portfolio Maturity Constraints:**

<b>Maturity Constraints</b>	<b>Minimum % of Total Portfolio</b>
Under 90 days	10%
Under 1 year	25%
Under 5.25 years	100%
<b>Maturity Constraints</b>	<b>Maximum of Total Portfolio in Years</b>
Weighted Average Maturity	2.5 years
<b>Security Structure Constraint</b>	<b>Maximum % of Total Portfolio</b>
Callable Agency Securities	25%

\*Reserve or Capital Improvement Project monies may be invested in securities exceeding the maximum term if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

## 10. Environmental, Social & Governance (ESG) Practices

PCC upholds operational and financial practices that are aligned with the College's Climate Action Plan and sustainability goals. The integration of Environmental, Social and Governance ("ESG") factors, similar to other investment factors, may have a beneficial impact on the economic outcome of an investment and aid in the assessment of risks associated with that investment. The consideration of financially material ESG factors within the investment decision-making framework may be important in understanding the near-term and long-term impacts of investment decisions, and may be an important step towards building a more sustainable portfolio.

PCC is committed to advancing the promotion and protection of human rights and fundamental freedoms. In support of this commitment and the inherent belief in the dignity and worth of each individual, the Investment Officer or designee shall invest in a socially responsible manner when feasible. The Board understands that socially responsible investments are not always self-evident and it is not possible to be informed of every activity that a business undertakes.

Prohibited industry classifications will be identified and maintained by the Investment Officer and will be applicable at the time of purchase and adhered to to the extent possible. These prohibited industry classifications shall be inclusive of fossil fuels.

## **11. Investment of Proceeds from Debt Issuance**

Investments of bond proceeds are restricted under bond covenants and tax laws that may be more restrictive than the investment parameters included in these Investment Standards and Practices. Investments will be made in a manner to match cash flow expectations based on managed disbursement schedules and in accordance with the parameters of these Investment Standards and Practices and applicable bond covenants and tax laws.

Liquidity for bond proceeds will be managed through the OSTF Pool or Bank deposit balances.

Funds from bond proceeds and amounts held in a bond payment reserve or proceeds fund may be invested pursuant to ORS 294.052. Investments of bond proceeds are typically not invested for resale and are maturity matched with expected outflows.

Information will be maintained for arbitrage rebate calculations.

## **12. Investment of Reserve or Capital Improvements**

Pursuant to ORS 294.135(1)(b), reserve or capital Improvement project monies may be invested in securities with a maturity of 5.25 years at the maximum when the funds in question are being accumulated for an anticipated use that will occur more than 18 months after the funds are invested, then, upon the approval of the governing body of PCC, municipality, district or other political subdivision, the maturity of the investment or investments made with the funds may occur when the funds are expected to be used. Reserve or Capital Improvement Project monies may be invested in securities exceeding 5.25 years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

## **13. Guideline Measurement and Adherence**

### **A. Guideline Measurement**

Guideline measurements will use either par and/or market value of investments.

### **B. Guideline Compliance**

- i. If the portfolio falls outside of compliance with adopted Investment Standards and Practices guidelines or is being managed inconsistently with these Investment Standards and Practices, the Investment Officer shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.
- ii. 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 VP-CFO and AVP.
- iii. Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded 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.

## **14. Reporting and Disclosure**

### **A. Compliance**

The Investment Officer or designee shall prepare a report at least quarterly that allows the President, VP-CFO, and AVP to ascertain whether investment activities during the reporting period have conformed to BP 6320 and these Investment Standards and Practices. The report will be provided to the investment committee. The report will include, at a minimum, the following:

- i. A listing of all investments held during the 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)
- ii. Average maturity of the portfolio at period-end
- iii. Maturity distribution of the portfolio at period-end
- iv. Average portfolio credit quality of the portfolio at period-end
- v. Average weighted yield to maturity (yield to worst if callable investments are allowed) of the portfolio
- vi. Distribution by type of investment
- vii. Transactions since last report
- viii. Violations of portfolio guidelines or non-compliance issues that occurred during the prior period or that are outstanding. This report should also note actions (taken or planned) to bring the portfolio back into compliance.

A summary report will be made available to the College community on an annual basis.

### **B. Performance Standards/Evaluation**

- i. PCC yields will be compared to the OST Pool rates.
- ii. At least annually, the Investment Officer or designee shall report comparisons of investment returns to relevant alternative investments, such as the Oregon Short Term Fund, US Treasury rates, or against one or more bond indices with a similar risk profile (e.g., Bond indexes comprised of high grade investments and maximum maturities of five years). PCC will implement utilization of these metrics when reporting is available.
- iii. When comparing the performance of PCC'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 at a minimum of annually. If an advisor is hired, mark to market pricing will be calculated monthly and be provided to PCC in a monthly report.

### **C. Audits**

As part of the College's annual financial audit, an external auditor shall provide an annual independent review of the College investments to assure compliance with



Oregon state law, PCC policies and procedures, and internal controls. Such audits will include tests deemed appropriate by the auditor.

## **15. Procedural Review**

### **A. Review**

To ensure consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends, these Investment Standards and Practices will be reviewed and made available to the Board annually for approval. In accordance with ORS 294.135(a), all material changes will be submitted to the Oregon Short Term Fund Board for comment prior to review and re-adoption by the PCC Board of Directors.

These Investment Standards and Practices and any modifications must be formally approved in writing by the PCC Board of Directors.

### **B. Exemptions**

Any investment held prior to the adoption of these Investment Standards and Practices shall be exempted from the requirements therein. At maturity or liquidation, such monies shall be reinvested as provided by these Investment Standards and Practices.

### **C. Adoption and Amendments**

These Investment Standards and Practices are adopted by the PCC Board of Directors this 18th Day of April, 2024.

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ORIGINALLY ESTABLISHED: 09/09/1991

REVISION DATES: 07/28/1992  
06/10/1997  
05/03/2001  
07/15/2004  
09/16/2010  
08/21/2014  
04/20/2017  
04/18/2024

## Glossary of Terms

**Accrued Interest:** The interest accumulated on a security since the issue date or since the last coupon payment. The buyer of the security pays the market price plus accrued interest.

**Agency Securities:** See “Federal Agency Securities.”

**Bankers’ Acceptance (BA’s):** A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers’ acceptances are traded at a discount from face value as a month market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

**Basis Point:** A basis point is a unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form. In most cases, it refers to changes in interest rates and bond yields.

**Benchmark:** A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance and duration of the actual portfolio’s investments.

**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 usually secured by specific assets. Most bonds have a maturity of greater than one year and in general, pay interest semiannually.

**Broker/Dealer:** A person or firm transacting securities business with customers. A “broker” acts as an agent between buyers and sellers, and receives a commission for the services. A “dealer” buys and sells financial assets from its own portfolio. A dealer takes risk by owning an inventory of securities, whereas a broker merely matches up buyers and sellers.

**Call:** An option to buy a specific asset at a certain price within a certain period of time.

**Callable:** A bond or preferred stock that may be redeemed by the issuer before maturity for a call price specified at the time of issuance.

**Call Date:** The date before maturity on which a bond may be redeemed at the option of the issuer.

**Certificate of Deposit (CD):** Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity).

**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 a company or financial institution. Issued at a discount and matures at par or face value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more NRSROs.

**Core Fund:** Core funds are defined as operating fund balance which exceeds PCC'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.

**Corporate Note:** A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

**Coupon Rate:** The annual rate of interest that the issuer of a bond promises to pay to the holder of the bond.

**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:** A CUSIP number identifies securities. CUSIP stands for 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.

**Delivery Versus Payment (DVP):** Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

**Depository Trust Company (DTC):** A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs and BAs clear through DTC.

**Discount Notes:** Short term debt obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. Discount Notes typically have very large primary (new issue) and secondary markets.

**Environmental, Social and Governance Investing (ESG):** The practice of incorporating ESG information into investment decisions to help enhance risk-adjusted returns. Environmental covers themes such as climate risks, natural resources scarcity, pollution and waste, and environmental opportunities; Social includes labor issues and risks such as data security, and stakeholder opposition; Governance encompasses items relating to corporate governance and behavior such as board quality and effectiveness.

**Federal Agency Security:** A debt instrument issued by one of the federal agencies. Federal agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

**Federal Agency:** Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and

directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets.

**Federal Farm Credit Banks Funding Corporation (FFCB):** A Government Sponsored Enterprise (GSE) system that is a network of cooperatively owned lending institutions that provide credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its “designated note” program.

**Federal Home Loan Bank System (FHLB):** A Government Sponsored Enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its “global note” and “TAP” programs.

**Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"):** One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “reference note” program.

**Federal National Mortgage Association (FNMA or "Fannie Mae"):** One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “benchmark note” program.

**Federal Reserve Bank:** One of the 12 distinct banks of the Federal Reserve System.

**Federal Reserve System (the Fed):** The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven-member Board of Governors known as the “Federal Reserve Board” and headed by its Chairman.

**Fossil Fuels:** A broad classification, defined by the Oregon State Investment Council, as energy sources such as coal, oil, and natural gas that are formed by the decomposition of plants and animals. These fuels, found in Earth's crust, contain carbon and hydrogen, which can be burned to produce energy.

**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."

**Government Sponsored Enterprise (GSE):** Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries. Some consider GSEs to be stealth recipients of corporate welfare. Examples of GSEs include: FHLB, FHLMC, FNMA and FFCB.

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

**Interest Rate:** The interest payable each year on borrowed funds, expressed as a percentage of the principal.

**Investment Adviser:** A company that provides professional advice managing portfolios, investment recommendations and/or research in exchange for a management fee.

**Investment Portfolio:** A collection of securities held by a bank, individual, institution, or government agency for investment purposes.

**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 PCC.

**Liquidity Risk:** Liquidity risk is the risk that an investment may not be easily marketable or redeemable.

**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 or its agencies. 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.

**NRSRO:** A “Nationally Recognized Statistical Rating Organization.” A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating such as Moody’s, S&P Global, and Fitch.

**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.

**Prudent Person Standard:** Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee will act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the entity.

**Rate of Return:** Amount of income received from an investment, expressed as a percentage of the amount invested.

**State of Oregon Local Government Investment Pool (OSTF – Oregon Short Term Fund):** The OSTF is organized pursuant to ORS 294.805 through 294.895. Participation in the Pool will not exceed the maximum limit annually set by ORS 294.810.

**Total Return:** Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

**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 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.

#### Ratings Table – Long-Term

Three Highest	S&P	Moody's	Fitch	Definition
	AAA	Aaa	AAA	Highest credit quality

st Rating Category	AA+, AA, AA-	Aa1, Aa2, Aa3	AA+, AA, AA-	Very high credit quality
	A+, A, A-	A1, A2, A3	A+, A, A-	High credit quality
	BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-	Good credit quality
	BB+, BB, BB-	Ba1, Ba2, Ba3	BB+, BB, BB-	Non-investment grade

### Ratings Table – Short-Term

Hig hest Rating Category	<b>S&amp;P</b>	<b>Moody's</b>	<b>Fitch</b>	<b>Definition</b>
	A1+, A1	P1+, P1	F1+, F1	Highest credit quality
	<b>Municipal Commercial Paper</b>			
	A-1, A-1+, SP-1+, SP-1	P1, MIG1, VMIG1	F1+, F1	Highest credit quality

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