July 16, 2026

27-002 CASH AND INVESTMENT PROGRAM POLICY

PREPARED BY: Michelle Brown, Executive Director of Revenue Operations, Finance & Business Services
Beth Lewis, Deputy Treasurer, Finance & Business Services

APPROVED BY: Chris Kinsley, Interim Vice President & CFO, Finance & Business Services
Dr. Adrien L. Bennings, President

ROLES AND RESPONSIBILITY: **Impacted:** This policy impacts faculty, staff, and students at Portland Community College.

Implementation: The Vice President & CFO is responsible for oversight of the Portland Community College (PCC) investment program. The Executive Director of Revenue Operations (designated Investment Officer), delegated Treasury staff, and any investment advisors and broker-dealers are responsible for understanding and performing activities in accordance with this policy. The Finance department must annually review its practices to ensure alignment with this policy.

POLICY ADVISORS: Vice President and Chief Financial Officer
Executive Director of Revenue Operations

GENERAL POLICY: This policy applies to activities of 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).

PCC's investment program shall be operated in conformance with PCC's Cash and Investment Program Policy, Oregon Revised Statutes, and applicable Federal Law. Specifically, the Cash and Investment Program Policy and embedded 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 this policy 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 this policy immediately upon being enacted.

PURPOSE: The Cash and Investment Program Policy and embedded Investment Standards and Practices define the parameters within which funds are to be invested by PCC and 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 the Cash and Investment Program policy and embedded 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.

REVIEW: This board policy will be reviewed annually by the Chief Financial Officer and Executive Director of Revenue Operations.

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, this policy shall be reviewed and made available to the PCC Board of Directors annually for approval. Any modifications shall be formally approved by the PCC Board of Directors. Prior to submitting any changes to the Oregon Short Term Fund Board for review and comment under ORS 294.135(1)(a), the PCC Board of Directors shall review any proposed changes in a work session. Following review and comment by the Oregon Short Term Fund Board, updates shall be submitted to the PCC Board of Directors at a regular business meeting for consideration and adoption.

POLICY: Investment Standards and Practices Board Policy

BP 6.002 Cash and Investment Program

PURPOSE

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

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.

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- Responsible: Vice President & CFO
- Accountable: President
- Consulted: Executive Director of Revenue Operations, Deputy Treasurer, Government Portfolio Advisors, Investment Committee, ASPCC, Oregon State Treasury Short-Term Fund Board, Audit Committee
- Informed: PCC Finance & Business Services, College Community

POLICY/PROCEDURE

I. Scope

This policy applies to activities of 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).

II. General Policy

Portland Community College Investment Standards and Practices

III. Definitions

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. 18

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 19 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 Fuel Companies: Fossil fuel companies are defined as those companies that have measurable emission factors for each fuel type which are used to estimate the carbon content released when these fossil fuels are combusted. PCC will not invest in companies that are recognized on the Carbon Majors List for impactful carbon emission output. The measurable commodity types PCC will not invest in are oil and natural gas liquids, natural gas, and coal.

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 21 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 Rating Categories	**S&P**	**Moody's**	**Fitch**	**Definition**
	AAA	Aaa	AAA	Highest credit quality
	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

Highest Rating Category	**S&P**	**Moody's**	**Fitch**	**Definition**
	A1+, A1	P1+, P1	F1+, F1	Highest credit quality
	Municipal Commercial Paper			
	A-1, A-1+, SP-1+, SP-1	P1, MIG1, VMIG1	F1+, F1	Highest credit quality

IV. Roles and Responsibilities

A. Governing Body

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

B. Delegation of Authority

i. 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 Executive Director of Revenue Operations 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.

VII. Authoritative References

Oregon Short-Term Fund Board

ORS 294

ORS 295

List of Qualified Depositories

VIII. Resources and Supporting Documents

Local Government Investment Policy Review Process

IX. Administrative Details and Document Governance

A. Policy Advisor: Michelle Brown, Executive Director of Revenue Operations; Beth Lewis, Deputy Treasurer
B. Related Policy: NA
C. 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, this policy shall be reviewed and made available to the PCC Board of Directors annually for approval. Any modifications shall be formally approved by the PCC Board of Directors. Prior to submitting any changes to the Oregon Short Term Fund Board for review and comment under ORS 294.135(1)(a), the PCC Board of Directors shall review any proposed changes in a work session. Following review and comment by the Oregon Short Term Fund Board, updates shall be submitted to the PCC Board of Directors at a regular business meeting for consideration and adoption.
D. Approval Date: July 16, 2026
E. Past Revisions
    i. Established: 09/09/1991
    ii. Revision dates: 07/28/1992, 06/10/1997, 05/03/2001, 07/15/2004, 09/16/2010, 08/21/2014, 04/20/2017, 06/20/2024