

**BOARD OF EDUCATION**

Portland Public Schools  
**REGULAR MEETING**  
**November 29, 2016**

**Board Auditorium**

Blanchard Education Service Center  
 501 N. Dixon Street  
 Portland, Oregon 97227

**Note:** Those wishing to speak before the School Board should sign the public comment sheet prior to the start of the meeting. No additional speakers will be accepted after the sign-in sheet is removed, but testifiers are welcome to sign up for the next meeting. While the School Board wants to hear from the public, comments must be limited to three minutes. All those testifying must abide by the Board's Rules of Conduct for Board meetings.

Public comment related to an action item on the agenda will be heard immediately following staff presentation on that issue. Public comment on all other matters will be heard during the "Public Comment" time.

*This meeting may be taped and televised by the media.*

**AGENDA**

- |     |  |         |
|-----|--|---------|
| 1.  | <b><u>STUDENT PERFORMANCE: BRAVO</u></b>   | 6:00 pm |
| 2.  | <b><u>STUDENT TESTIMONY</u></b>  | 6:10 pm |
| 3.  | <b><u>PUBLIC COMMENT</u></b>   | 6:25 pm |
| 4.  | <b><u>STUDENT REPRESENTATIVE'S REPORT</u></b>                                    | 6:40 pm |
| 5.  | <b><u>INTERIM SUPERINTENDENT'S REPORT</u></b>                                    | 6:50 pm |
| 6.  | <b><u>QUARTERLY REPORT: BOND ACCOUNTABILITY COMMITTEE</u></b>                    | 7:10 pm |
| 7.  | <b><u>QUARTERLY REPORT; CAPITAL IMPROVEMENT BOND</u></b>                         | 7:40 pm |
| 8.  | <b><u>BOARD CONSIDERATION: STEP 3 COMPLAINT APPEAL</u></b><br><i>action item</i> | 8:00 pm |
| 9.  | <b><u>CASH MANAGEMENT POLICY</u></b> – <i>action item</i>                        | 8:30 pm |
| 10. | <b><u>OREGON SCHOOL BOARD ASSOCIATION BALLOT VOTE</u></b>                        | 8:45 pm |
| 11. | <b><u>BOARD MEMBER CONFERENCE REPORTS</u></b>                                    | 9:00 pm |
| 12. | <b><u>BUSINESS AGENDA</u></b>  | 9:15 pm |
| 3.  | <b><u>ADJOURN</u></b>  | 9:30 pm |

**Portland Public Schools Nondiscrimination Statement**

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. The District is committed to equal opportunity and nondiscrimination based on race; national or ethnic origin; color; sex; religion; age; sexual orientation; gender expression or identity; pregnancy; marital status; familial status; economic status or source of income; mental or physical disability or perceived disability; or military service.

## **MEMORANDUM**

**Date:** November 29, 2016

**To:** Members of the Board of Education

**From:** Bond Accountability Committee (BAC)

**Subject:** 15th BAC Report to the Board

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### **Background**

In November 2012, voters approved a \$482M capital improvement bond for Portland Public Schools. The PPS Board appointed a Citizen Bond Accountability Committee to monitor the planning and progress of the bond program relative to voter-approved work scope, schedule and budget objectives.

### **Recent Activities**

The BAC met on October 19 in the newly-completed media center at Roosevelt High School. As is the case with all regular BAC meetings, it was publicly noticed and open to the public. OSM staff continues to be very helpful and supportive of the process, and demonstrates a consistent commitment to transparency and clarity in its dealings with the BAC.

The Committee received updates from staff that included the Balanced Scorecard report with supporting data on program budget and other metrics, as well as reports on each of the current bond projects. Staff presentation materials and meeting minutes, along with BAC reports, are regularly posted on the District website.

As this report is written, PPS staff is managing the following work:

- Construction at Roosevelt High School.
- Construction at Franklin High School.
- Construction at Faubion PK-8 School.
- Construction on IP 2016 (7 schools).
- Design Development for Grant High School.
- Design work for IP 2017 (16 schools).

The bond program has passed the peak of its construction activity, which occurred in the summer months. However, work continues at an extraordinary pace, all in a very challenging design/construction regional environment.

## **Current Issues**

*Program Budget.* Staff has continued to provide budget information to us in a transparent format.

The total Bond Program has increased over the last quarter by almost \$400,000 to over \$551 million, of which \$271 million (49%) has been spent. Reflecting the activity level, 10% of the entire bond program was spent in the July – September quarter.

As staff advised during its most recent update, \$6 million has been transferred from program reserves to complete Franklin, and \$2.2 million transferred to Roosevelt as the first installment on the maker space addition. Remaining contingencies/reserves at the program level are now only \$5.8 million and there is no doubt that this is insufficient to complete the original program. This means that the scope of IP 2017/18/19 work will have to be re-thought. Although we do expect some additional bond premium from the next bond sale in 2017, the Board has already committed \$2.8 million of any such premium.

Substantial risks still exist in the program so we remain very concerned about this shrunken level of contingency/reserves.

*Project Budgets and Schedules.* For the fourth time in this bond program, all schools involved in the IP work opened on time. Once again, no recordable accidents occurred. The unforeseen conditions on the Cleveland HS roofing work caused some delays and significant added expense, but all major work was complete by the end of October. As planned, elevator work at Chavez and Scott will be completed next summer.

The Physical Education building at Franklin will be complete by the end of January, and the main campus remains on track for a May 2017 building completion (the site opening remains at July 2017). The plan is to be “student-ready” by August 1.

As discussed in our last report, the Franklin project in many ways became the program’s “pilot project” (particularly in the modernization of the historic structure) in the sense that lessons learned on the project will result in savings elsewhere. Certainly, OSM has facilitated the Roosevelt and Grant design and construction teams’ exposure to the Franklin site which should help on those projects.

As you know, Phase 1A at Roosevelt (new gym building and media center) opened for school in August and work continues on getting Phase 1B (Performing Arts and Commons) ready for winter term. Work on Phase 2 (the historic building) has also continued with much of the demolition and abatement work complete. We will ask for an update on project contingency, given our concerns over the significant amount of modernization work with its inevitable surprise elements in Phase 2.

Given the level of activity and the presence of staff and students on site during the school year, it is remarkable that the project remains accident-free. Everyone involved should be proud of this achievement.

The same zero-accident record is in place at Faubion where construction progress at Faubion is going well, with over \$1.8 million remaining in contingency. The team is currently working to make up a 10-day delay in delivery of the masonry materials. Unlike Franklin and Roosevelt, Faubion is a ground-up project with less potential for unforeseen conditions. Nonetheless, the design and construction teams along with the OSM staff should be commended on the progress to date.

At the time of our last report, the design and construction teams on Grant HS were reconciling schematic design estimates for the project. Design is now underway on the design development stage, and the team has re-engaged the Design Advisory Group to bring it up to speed.

Design work for IP17 is proceeding but the scope of work has been adjusted down to reflect budget availability. Science classroom improvements will be made at 6 schools, State Rehabilitation Grant work will occur at Lewis, window restoration work will happen at 2 schools, and 8 schools will be modified for roof fall protection. At this point, only minor work is budgeted for IP18 and IP19.

*Equity.* Staff reports on student involvement remain positive and, even excluding a few large events, over 1,000 students have been engaged. Nine summer internships were available over the summer.

The employment of apprentices through the Workforce Hiring program continues to exceed the goal at 23%.

Certified business involvement remains a priority and the transition to the District-wide business equity tracking system has been helpful but also comes with its own frustrations. The current reported 13.75% of payments to certified firms within the program does still not reach the aspirational goal but is much improved. 229 contracts have been awarded within the program, and 80 (35%) have gone to certified firms.

However, the system has not merged the early contract performance (which fell well short) into the reported figures. Furthermore, we are only getting reports on a program basis instead of a contract basis. We believe that this makes it very difficult to affirmatively manage performance and additional efforts should be made to provide additional data.

*Safety.* As noted above, there have been zero accidents to date at Roosevelt and Faubion and, during the quarter, Franklin and the IP work were also accident-free.

*Performance Audit.* At the time of writing this report, we have scheduled a subcommittee session with staff to look closer at the completeness of work on the auditors' recommendations, as well as the District's responses to the 2016 audit.

## **Summary**

Portland taxpayers can continue to see their tax money at work at the Franklin, Roosevelt and Faubion sites, and there's significant behind the scenes work on the design of Grant and IP17. The amount of work put in place this summer is extraordinary and stretched resources to the limit. While there are certainly challenges, we continue to find the budgets and schedules overall being appropriately managed.

We remain impressed by the quality and professionalism of OSM staff as well as the design and construction teams, and thank the Board for this opportunity to serve and play a small part in the continued success of your bond program.



PORTLAND PUBLIC SCHOOLS

Office of School Modernization  
Quarterly Update  
to School Board

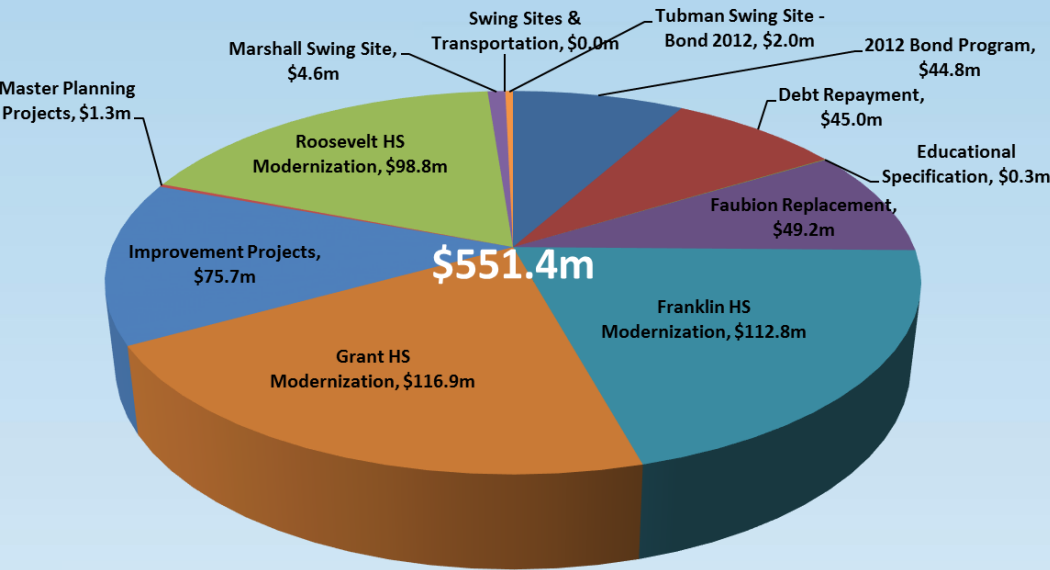
November 29, 2016





# Program Update

## Program Projected Budget Break-Down



## Balanced Scorecard Program Status

Perspective	Last Meeting	Current
Overall	Green	Green
Budget	Yellow	Yellow
Schedule	Green	Green
Stakeholder	Green	Green
Equity	Green	Green

## Comments

1. Franklin HS is in the Construction Phase
2. Roosevelt HS in the Construction Phases 1B & 2
3. Faubion PK-8 is in the Construction Phase
4. Grant HS is in the Design Development Phase
5. IP15 is in the Close-Out Phase
6. IP16 is in Close-Out and Construction Phases
7. IP17 is in the Design Development Phase

## Schedule

### ONGOING PROJECTS

Projects	Construction Complete	2014				2015				2016				2017				2018			
		1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr
Franklin HS	Mar 2017	[Gantt chart bars showing project progress]																			
Roosevelt HS	Nov 2017	[Gantt chart bars showing project progress]																			
Grant HS	Mar 2019	[Gantt chart bars showing project progress]																			
Faubion PK-8	Apr 2017	[Gantt chart bars showing project progress]																			
IP14	Aug 2014	[Gantt chart bars showing project progress]																			
IP15	Aug 2015	[Gantt chart bars showing project progress]																			
IP15-Science	Aug 2015	[Gantt chart bars showing project progress]																			
IP15-Maplewood	Aug 2015	[Gantt chart bars showing project progress]																			
Tubman Improve	Aug 2015	[Gantt chart bars showing project progress]																			
IP16	Aug 2016	[Gantt chart bars showing project progress]																			
IP17	Aug 2017	[Gantt chart bars showing project progress]																			

Planning & Design  
Construction and Post Construction Activities  
Move In - Close-out - Warranty

## Anticipated Progress Next Period

1. Franklin HS will continue in the Construction Phase
2. Roosevelt HS will continue in Construction Phase 2
3. Faubion PK-8 will continue in the Construction Phase
4. Grant will be in the Construction Document Phase
5. IP15 will be Closed-Out
6. IP16 will be in Close-Out except elevators at Chavez and Scott
7. IP17 will be in the Construction Document Phase



## Project Description

**Brief Project Description:** Full campus modernization to accommodate a student capacity of 1,700 and a core capacity of 1,700 students based on a master planning process that included stakeholder input. All campus functions have been relocated to the Marshall Campus.

**Current Project Phase:** Construction

**Construction Start:** Summer of 2015

**Construction Duration:** 25.5 Months

**Scheduled Completion:** Summer of 2017

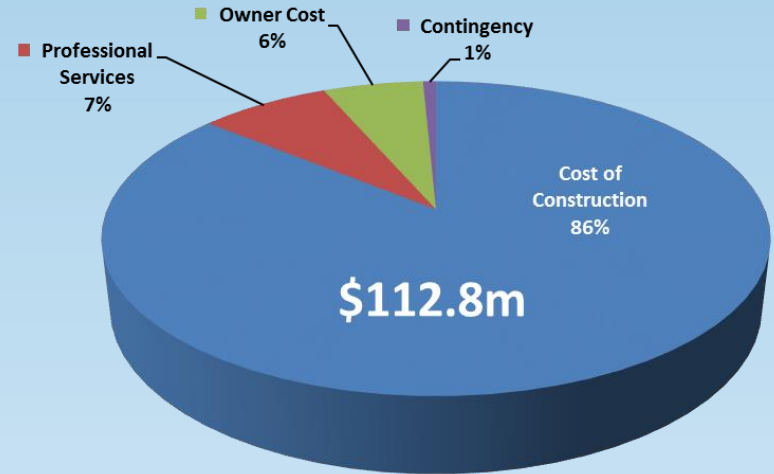
**Design Firm:** DOWA-IBI Group

**Contractor:** Skanska

## Comments

1. The budget adjustment of \$6m has provided a significant capability to ensure quality and completion by overcoming continuing unforeseen issues
2. Only one day off the critical path
3. Physical Education Facility substantially complete the end of Jan 2017
4. Main educational campus substantially complete at the end of May 2017
5. Plan to be student ready no later than 1 Aug 2017
6. SAFETY:
  - Recordable Accidents: 5
  - Reportable Accidents: 0

## Projected Budget Breakout



## Photos



Historic Modernization Interior





PORTLAND PUBLIC SCHOOLS

Franklin HS Modernization

September 3, 2016



SKANSKA

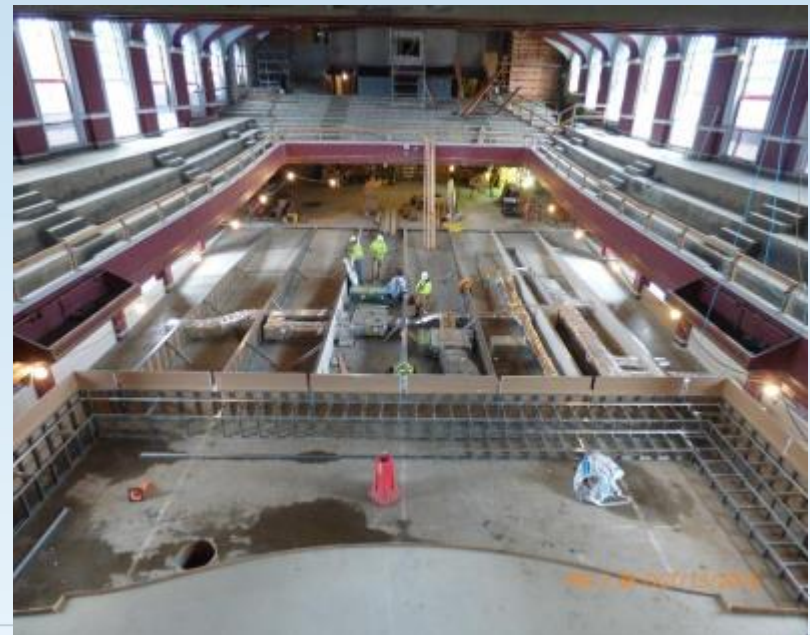




**Auditorium Work – Inside and Outside**



**Historic Classrooms Taking Shape**



**Old Auditorium / Modernized Media Center**



## Project Description

**Brief Project Description:** Full campus modernization to accommodate a student capacity of 1,350 and a core capacity of 1,700 based on master planning and schematic design processes that included stakeholder input. All students are to be housed on site during the phased project construction.

**Current Project Phase:** Construction

**Construction Start:** Spring of 2015

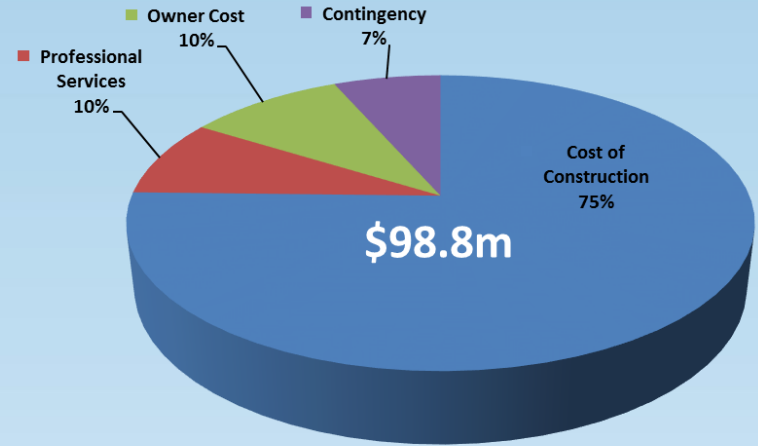
**Construction Duration:** 31.1 Months

**Scheduled Building Completion:** Summer of 2017

**Design Firm:** Bassetti Architects

**Contractor:** Lease Crutcher Lewis

## Projected Budget Breakout



## Comments

1. The project continues to deal with the fall-out of delivering Phase 1 with the compressed schedule and resulting overtime worked
2. The challenges with Phase II is becoming more and more clearer as the 1921 Bldg. has been largely abated and is close to 80% complete on demolition.
3. On schedule to deliver Phase 1B at the end of the 2016 Winter Break
4. SAFETY:
  - Recordable Accidents: 0
  - Reportable Accidents: 0

## Photos



Kitchen Area in Progress

September 3, 2016





Commons Area in Progress



Journalism West Classroom in Progress



Permanent Drying in of Commons



Shoring in Historic Building

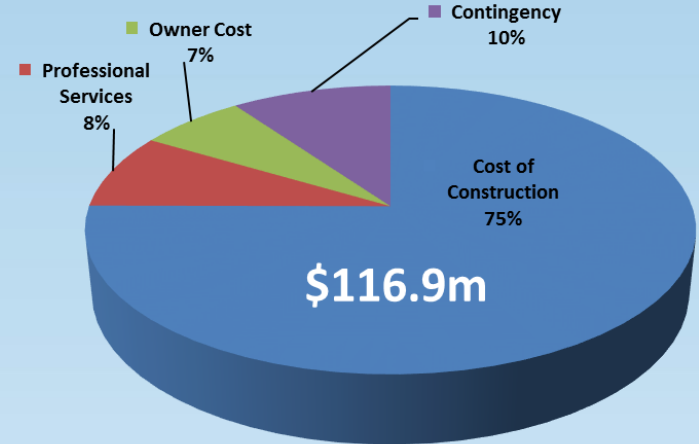


## Project Description

**Brief Project Description:** Full campus modernization to accommodate a student capacity of 1,700 and a core capacity of 1,700 students based on a master planning process that includes stakeholder input. All campus functions are to be relocated to the Marshall Campus during construction.

- Current Project Phase:** Design Development
- Construction Start:** Summer of 2017
- Construction Duration:** 21.4 Months
- Scheduled Completion:** Summer of 2019
- Design Firm:** Mahlum
- Contractor:** Anderson - Colas

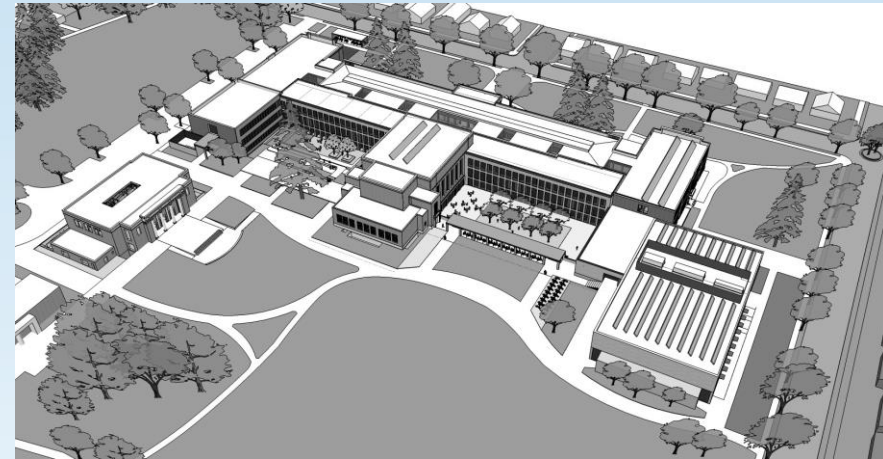
## Projected Budget Breakout



## Comments

1. Design continues to progress.
2. DAG meetings continue.
3. Land Use Early submittal is being submitted on 10/28/16.
4. Commissioning Contract has been executed with Glumac.

## Photos



Design Rendering





# PORTLAND PUBLIC SCHOOLS Faubion PK-8 School Replacement

## Project Description

**Brief Project Description:** In direct partnership with Concordia University for a full campus replacement, this project will be constructed based on a master planning process that included stakeholder input. All campus functions are to be relocated during construction.

**Current Project Phase:** Construction

**Construction Start:** 1<sup>st</sup> Qtr 2015

**Construction Duration:** 16.8 Months

**Scheduled Completion:** Summer of 2017

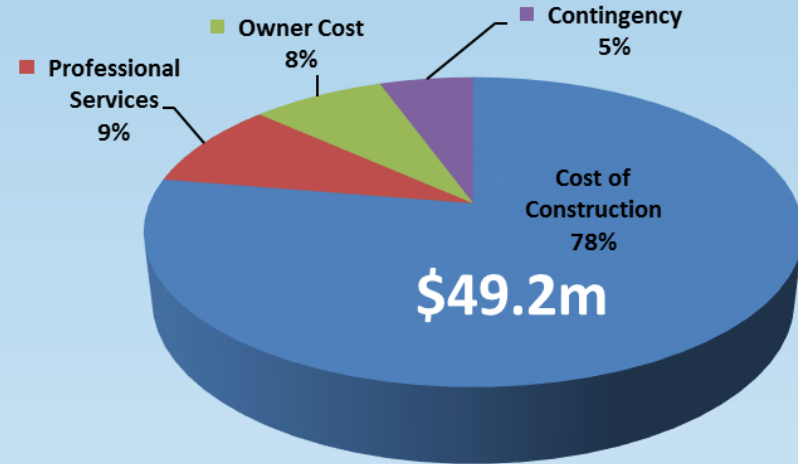
**Design Firm:** BORA

**Contractor:** Todd Construction

## Comments

1. We are currently tracking under 2.5% for contingency used.
2. Contractor to make up a 10 day delay for the delivery of masonry.
3. The 60% PBOT off site work has been approved. Design team is proceeding with the 90% submittal and vellums for final approval.
4. Water service installation has been completed by the water bureau.
5. **SAFETY:**
  - Recordable Accidents: 0
  - Reportable Accidents: 0

## Projected Budget Breakout



## Photos



Exterior Windows – East side Sector A





# PORTLAND PUBLIC SCHOOLS Faubion PK-8 School Replacement

**TODD** Construction INC.

**September 28, 2016**

BORA







# PORTLAND PUBLIC SCHOOLS Faubion PK-8 School Replacement



**New Bus Drop Off and Parking Area**



**Exterior Walls Ongoing**



**Interior Wall Framing Prep**





# Insert the Time Lapse Faubion Video





## Project Description

**Project Description:** A 7 site project with multiple construction areas

**Current Project Phase:** Construction

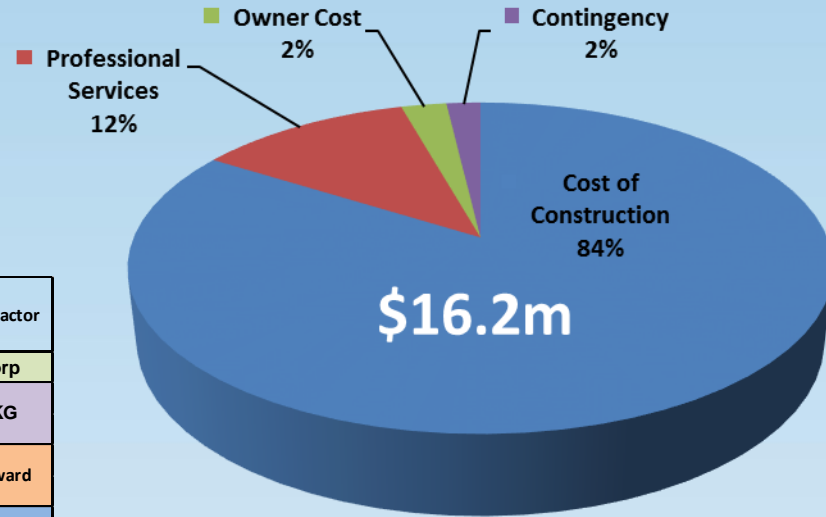
**Scheduled Completion:** August 2016 (Elevators Dec 2017)

**Construction Duration:** 72 Calendar Days for Summer Work

**Design Firm:** Oh Planning & BBL

**Contractor:** Corp, 2KG, Skyward

## Projected Budget Breakout



Design Firm	School	Roof Replacement / Seismic Bracing	Seismic Improvements	Accessibility	Science Classrooms Improvements	Windows	Contractor
OHPD	Cleveland (9-12)	X		X			Corp
OHPD	Cesar Chavez (K-8)			X*	X		2KG
OHPD	Scott (K-8)			X*	X		
BBL	MLC (K-12)		X	X	X		Skyward
BBL	Sellwood (6-8)	X			X		
BBL	Abernethy (K-5)	X	X				2KG
BBL	Jefferson (9-12)		X	X			

## Comments

- All schools opened on time.
- Minor work continues on the Cleveland Roof which will be done by the end of October.
- Elevator work at Chavez and Scott will be completed next year per the schedule.
- SAFETY:**
  - Recordable Accidents: 0
  - Reportable Accidents: 0

## Photos



Sellwood MS New Chimney Stack



# PORTLAND PUBLIC SCHOOLS Improvement Project 2016



**Abernethy 29,000 SF of New Roofing**



PM 4:31 AUG/19/2016

**MLC 2 New Science Classroom Upgrades**



AM 9:38 AUG/11/2016

**Chavez – During and After Framing Around New Elevator Shaft**



PM 12:58 AUG/29/2016



PORTLAND PUBLIC SCHOOLS

Office of School Modernization  
Quarterly Update  
to School Board

November 29, 2016





# Board of Education

## Staff Report to the Board

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**Board Meeting Date:** November 29, 2016

**Executive Committee Lead:** Yousef Awwad  
Deputy Chief Executive Officer and Chief Financial Officer

**Department:** Financial Services

**Presenter/Staff Lead:** Barb Gibbs  
Senior Manager, Treasury and Account Receivable

**SUBJECT:**

***ANNUAL ADOPTION OF CASH MANAGEMENT AND INVESTMENT POLICY***

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### BACKGROUND

State statutes restrict the maturities of investments by municipalities to 18 months unless a policy has been reviewed and commented upon by the Oregon Short Term Fund Board, and this policy has been adopted annually by the municipality's governing body.

In May 2013 the District issued \$144.8 million in General Obligation Bonds as the first in a series of planned debt issuances to finance capital improvements. At that time the District anticipated that the construction timeline would exceed 18 months, and therefore created this policy and submitted it to the Oregon Short Term Fund Board for their review and comment. The District also issued \$300 million in General Obligation bonds in May 2015, at which time the anticipated construction timeline also exceeded 18 months.

The District plans to issue the remaining bond authorization (approximately \$60 million) as market conditions dictate, and anticipates at the time of additional issuance the construction spend timeline will also exceed 18 months, necessitating investment purchases to match the anticipated construction spend. And the District currently anticipates placing another debt issue on the May 2017 ballot. Therefore, the adoption of 8.20.010-P will need to be completed on an annual basis.

**Reviewed and Approved  
by Superintendent**

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## **RELATED POLICIES / BOARD GOALS AND PRIORITIES**

This Cash Management and Investment Policy will allow the District to continue to make sound, secure cash and investment decisions for the next year. With the renewal of this policy the District will be allowed to match the proceeds of future Capital Bond sale(s) with the anticipated construction spend.

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## **PROCESS / COMMUNITY ENGAGEMENT**

The Cash Management Policy has been continuously published on the district website and shared with various interest parties, mainly financial institutions. The policy was reviewed by the Oregon Short Term Fund Board at their meeting on October 13, 2011 as required by ORS Chapter 294.135. The policy will continue to be published on the website.

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## **ALIGNMENT WITH EQUITY POLICY IMPLEMENTATION PLAN**

The financial resources of the district reflect the actual experience of the budget decisions that are made earlier in the business cycle. These budget decisions are made in alignment with the Racial Educational Equity Policy and using a racial equity lens.

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## **BUDGET / RESOURCE IMPLICATIONS**

There is no direct fiscal I budget impact as a result of adoption of this Policy. Having a valid policy allows the District to plan for future bond and debt obligations.

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## **NEXT STEPS / TIMELINE / COMMUNICATION PLAN**

The superintendent recommends that the Board of Education accept and approve Policy 8.20.010-P at the November 29, 2016 Board meeting.

In order for PPS to meet the requirements of ORS Chapter 294.135 the Board is asked to approve this Policy.

Finance staff will be happy to answer Board members questions, and any comments and suggestions for improvement are valuable to us.

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## **QUESTIONS FOR BOARD DISCUSSION**

Are there any issues upon which you would like clarification?  
Do you have any changes to the Cash Management and Investment Policy?

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## **ATTACHMENTS**

None

	<b>BOARD POLICY</b> <b>CASH MANAGEMENT</b>	<b>8.20.010-P</b>
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## **I. Scope and Pooling of Funds**

This cash management policy applies to all cash activities and funds under the control of Multnomah County School District No. 1J (“the District”). This policy applies to the investment of operating funds, capital funds including bond proceeds, and bond reserve funds held by Portland Public Schools. This policy excludes petty cash activities.

The average size of the District’s investment portfolio approximates \$125,000,000, with an approximate seasonal high and low of \$200,000,000 and \$30,000,000 respectively. Average ranges do not include proceeds of General Long-Term Obligation Bonds, notes etc., if any.

## **II. General Objectives**

It is the District’s policy to invest public funds not required for immediate expenditure in a manner which will provide safety of principal, maintenance of a liquid position, and the maximum return on cash invested while meeting daily cash flow demands and conforming to Oregon Revised Statutes (ORS).

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield, with each objective discussed below.

### **1. Safety**

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The object will be to mitigate both credit and interest rate risks.

#### **(a) Credit Risk**

The District will minimize the risk of loss due to the financial failure of the security issuer or backer, by:

- Concentrating its investments in the safest types of securities.
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the District will do business.
- Diversifying the investment portfolio to minimize potential losses.
- Actively monitoring the investment portfolio holdings for changes in credit ratings and economic / market conditions.

#### **(b) Interest Rate Risk**

The District will minimize the risk of market value decline by:

- Structuring the investment portfolio so that maturing securities meet cash requirements for ongoing operations and/or capital projects, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities or short-term investment pools.



	<b>BOARD POLICY CASH MANAGEMENT</b>	<b>8.20.010-P</b>
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## **2. Liquidity**

The investment portfolio shall be kept sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Since all possible cash demands cannot be anticipated, the portfolio shall consist of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio may be placed in the Oregon Short-Term Fund, or similar investment offering next-day liquidity.

## **3. Yield**

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. High returns on investments are of secondary importance compared to the safety and liquidity objectives described above. The majority of the portfolio is limited to highly-rated / low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity, unless:

- A security with a declining credit rating may be sold early to prevent or minimize loss of principal.
- An unanticipated cash demand requires that the security be sold.
- A security swap would improve the quality, yield, or target duration of the portfolio.
  - Security swaps will be made only with specific approval of the CFO or, if absent, the CFO's designee.

## **III. Standards of Care**

### **1. 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. Investment officers acting in accordance with written procedures and this investment policy, and exercising due diligence, shall be relieved of personal responsibility.

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 probably income to be derived.

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

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or that could impair their ability to disclose any material interest in financial institutions that conduct business with the District. They shall further disclose any personal / financial / investment positions that could be related to the performance of the investment portfolio.

	<b>BOARD POLICY</b> <b>CASH MANAGEMENT</b>	<b>8.20.010-P</b>
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Employees, officers and their families shall refrain from undertaking personal business transactions with the same individual with whom business is conducted on behalf of the District. Officers and employees shall, at all times, comply with the State of Oregon Government Standards and Practices code of ethics set forth in ORS Chapter 244.

### **3. Responsibility**

The District's Board delegates, through the Superintendent to the chief financial officer (CFO), the responsibility for implementing this policy.

Day-to-day administration of this investment policy shall be managed by the CFO and delegated to his / her designee. The CFO or designee, hereinafter referred to as Investment Officer, shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate activities of subordinate officials.

## **IV. Safekeeping and Custody**

### **1. Authorized Financial Dealers and Institutions**

A list will be maintained of approved financial institutions authorized to provide investment and safekeeping services. In addition, a list will also be maintained of approved security brokers / dealers selected by creditworthiness and other factors considered relevant by the District. These may include "primary" dealers or regional dealers that qualify under the Securities and Exchange Commission (SEC) rule 15d3-1 (uniform net capital rule). Qualified dealers and brokers will be required to maintain an office in the states of Oregon or Washington. The District will limit all security purchases to institutions on these approved lists. All financial institutions and broker / dealers who wish to qualify for District investment transactions must supply the following, as appropriate:

- Audited financial statements.
- Proof of Financial Industry Regulatory Authority (FINRA) certification.
- Proof of state registration.
- Certification of having read and understood the District's investment policy.
- Certification of agreement to comply with the District's investment policy.

The Investment Officer will conduct an annual review of the financial condition and registration of qualified financial institutions and broker / dealers.

## **V. Internal Controls**

The Investment Officer is responsible for establishing and maintaining an adequate internal control structure designed to reasonably protect the assets of the District from loss, theft or misuse.

	<b>BOARD POLICY CASH MANAGEMENT</b>	<b>8.20.010-P</b>
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The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Investment Officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

### **1. Accounting Method**

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

### **2. Delivery and Safekeeping**

The purchase and sale of securities, repurchase agreements and guaranteed investment contract transactions shall be settled on a delivery-versus-payment basis (DVP) in accordance with ORS 294.145(4), ORS 294.145(5) and GFOA recommended practices. It is the District's intent that all purchased securities shall be delivered to the District's third-party custodian in the account name of the District. Sufficient evidence to title shall be consistent with modern investment and commercial practices.

### **3. Collateralization**

All bank deposits, time deposits, certificates of deposit, and savings accounts shall be held in qualified Oregon depositories and collateralized in accordance with ORS Chapter 295.

ORS 294.035(3)(j) requires repurchase agreements be limited in maturity to three years and priced according to the written policy of the Oregon Investment Council or the Oregon Short-Term Fund Board. On March 12, 1996, the OSTF Board adopted the following margins:

- US Treasuries: 102%.
- US Agency discount and coupon securities: 102%.
- Mortgage-backed securities, although allowed by ORS Chapter 294, are not allowed as repurchase agreement collateral under this policy.

Prior to entering into any repurchase agreement, a signed Master Repurchase Agreement must be in place between the District and the securities dealer. At a minimum, the District will monitor the collateral requirements weekly for guaranteed investment contracts.

### **4. Pooling of Funds**

Except for cash in certain restricted and special funds, the District will consolidate cash balances from all funds to maximize investment earnings. Investment income will be

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allocated to the various funds based on their respective participation and in accordance with GAAP.

## **VI. Suitable and Authorized Investments**

The following investments will be permitted by this policy and are authorized for investment under ORS 294.035, ORS 294.046, ORS 294.052, ORS 294.805 and 294.810:

1. US. Treasury securities and other lawfully issued general obligations of the United States, including general obligations of agencies and instrumentalities of the United States or enterprises sponsored by the United States government.
2. Debt of the agencies and instrumentalities of the states of Oregon, California, Idaho and Washington and their political subdivisions.
3. Time deposit open accounts, certificates of deposit, share accounts and savings accounts.
4. Banker's acceptances.
5. Corporate indebtedness.
6. Repurchase Agreements.
7. Oregon Short-term Fund, also known as Local Government Investment Pool ("LGIP").
8. The District may invest up to 100% of the proceeds from any bond issue in investment agreements that meet the requirements of ORS 294.052 and the repurchase agreement collateral requirements and restrictions of this policy.
9. Demand checking accounts are excluded from this policy scope.

## **VII. Investment Parameters**

### **1. Diversification**

Investments shall be diversified by:

- Limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities);
- Investing in securities that have high credit quality;
- Limiting investments in securities with high interest-rate risk, such as variable-rate securities;
- Investing in securities with varying maturities; and
- Continuously investing a portion of the portfolio in readily-available funds such as the Oregon Short-Term Fund (or LGIP).

### **2. Maximum Maturities and Percentage of Investments by Type**

The maximum percentages for direct investments of surplus funds are as shown in the chart below. Surplus funds are defined as the sum of all investments, cash balances, deposit balances of all types, and LGIP balances. The maximum maturity is measured from the settlement date of the investment transaction.

Capital project funds are funds specifically dedicated to capital projects, and will typically include proceeds from the District's bond sales. All bond fund reserves will be considered to

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be capital project funds. With Board approval, the District may designate other funds as capital project funds. Operating funds are all surplus funds that are not capital project funds.

Per subsection 4 of this section, Credit Ratings, minimum ratings are required on certain investments pursuant to ORS 294.035.

Security	Maximum % Of Total Portfolio	Maximum Maturity
US Treasury Bills, Notes and Bonds, and Obligations secured by the US Treasury	100%	18 months for operating funds; 5 years for capital project funds
US Government Agencies and Instrumentalities, including Government-Sponsored Enterprises	100%	18 months for operating funds; 5 years for capital project funds
State and Local Government Securities	30%	18 months for operating funds; 5 years for capital project funds
Time Certificates of Deposit	50%	18 months
Repurchase Agreements	25%	30 days
Bankers Acceptances	25%	6 months
Corporate Indebtedness (commercial paper and bonds)	35%	18 months
OSTF – Local Government Investment Pool	Pool Limit	Pool Maximum

In order to achieve issuer diversification, this policy sets limits on the maximum holdings by issuer for certain investment types.

- There shall be a limit of 50% of the portfolio held in securities issued by any single US government agency.
- Time certificates of deposit and bankers acceptances can all be issued by a single banking institution. In order to avoid over-concentration in a single banking institution, there shall be a limit of 10% for overall holdings in one institution.

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In addition to this policy, ORS 294.035 limits investments in corporate indebtedness to 35% of the total investment portfolio, with no more than 5% of total funds invested in a single corporate entity and its affiliates or subsidiaries.

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 subsequent to the purchase of a particular security. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made.

**3. Liquidity of Funds**

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds, such as OSTF or overnight repurchase agreements, or held in bank balances to ensure sufficient liquidity to meet ongoing obligations.

Maturity limitations will depend upon whether the funds being invested are considered short- or long-term funds. Surplus funds will be considered operating funds, except those reserved for capital projects. Except for special situations, as directed by the Investment Officer, investments will be limited to maturities not exceeding 18 months.

Short-term portfolio investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs. In addition, the following maturity limits are designed to ensure liquidity in the portfolio:

Length of Maturity	Minimum % of Total Portfolio
Under 30 days	10%
Under 90 days	25%
Under 365 days	75%
Under 18 months	100%

If these maturity limits are inadvertently exceeded at the time of a specific investment, the purchase does not need to be liquidated. However, subsequent investments must not be made to longer maturity dates until the limits will be met.

The investments of bond proceeds are restricted under bond covenants that may be more restrictive than the investment parameters included in this policy. Bond proceeds shall be invested in accordance with the parameters of this policy, the applicable bond covenants or applicable tax laws, whichever are most restrictive.

This investment policy was submitted to and approved by the OSTF Board as specified above and in accordance with ORS 294.135(1)(a).

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#### **4. Credit Ratings**

Minimum credit rating levels for permissible investments are set out in ORS 294.035. The District will only recognize ratings of Moody's, S&P, and Fitch of the available Nationally-Recognized Statistical Rating Organizations (NRSROs). These credit rating levels apply to the security at the transaction settlement date. If a security's credit rating is subsequently

downgraded below the minimum rating level for a new investment of that security, the Investment Officer shall evaluate, on a case-by-case basis, in order to determine if the security should be held or sold. The Investment Officer shall notify the CFO or his/her designee about the credit rating downgrade and whether the decision was made to sell or hold the security.

#### **5. Securities Lending and Reverse Repurchase Agreements**

The District shall not lend securities nor directly participate in a securities lending or reverse repurchase program.

#### **6. Bids and Offers**

Before any security purchase or sale is initiated, the Investment Officer shall determine the appropriateness of seeking competitive bids or offers. Information about current market interest rate levels can be obtained from various sources, including investment dealers, financial websites and publications, and other sources. Factors to consider include where the securities are held, the size of the transaction, and the term to maturity.

In the event competitive bids or offers are not considered, the decision not to do so shall be documented. When required by applicable tax laws or bond covenants, competitive bids and offers shall be sought for security purchases and sales of bond funds.

### **VIII. Reporting**

#### **1. Methods**

The Investment Officer shall prepare a quarterly report, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last period. This management summary will be prepared in a manner which will allow the District to ascertain whether investment activities during the reporting period have conformed to this policy. The report shall be provided to the Board at least annually in accordance with ORS 294.155 and more frequently as the Board requests. The report will include the following:

- List of transactions occurring during the reporting period.
- List of individual securities held at the end of the reporting period.
- Average weighted yield to maturity of portfolio on investments as compared to applicable benchmark(s).
- List of investments by maturity date (or call date, as appropriate).
- Percentage of the total portfolio that each type of investment represents along with the percentages authorized in this policy.

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- Performance relative to benchmark(s).

## **2. Performance Standards**

The investment portfolio will be managed in accordance with the parameters specified within this policy. The performance of the District's portfolio shall be measured against the performance of the Oregon Short-Term Fund, 90-day agencies, and 90-day treasuries. The average monthly net yield of the District's portfolio shall be used for such comparison or evaluation. Because bond proceeds are expected to be invested at the time they are received, and are therefore invested in the interest rate environment that exists at that point in time, that portion of the portfolio will be excluded from ongoing benchmark performance measurement.

## **3. Mark to Market**

The market value of the portfolio shall be calculated, and a statement of the market value of the portfolio issued, at least monthly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark to Market Practices for State and Local Government Investment Portfolios and Investment Pools". This "Mark to Market" analysis is provided by the District's third-party investment custodial safekeeping agent.

## **IX. Administration of Cash Management Program**

### **1. Objectives.**

The District's objectives are to comply both with the letter and the spirit of Board policy in a manner that permits efficient use of District resources and effective management control.

### **2. Deposits.**

All District monies from all sources, however small in amount, are to be deposited daily into the designated bank account.

Arrangements shall be made to have large amounts of money, such as bond settlements and recurring receipts, received via wire / ACH transfers.

### **3. Payments.**

All payments shall be made when approved and due, but not before they are due. Cash discounts will be analyzed to determine the cost/benefit of payment terms in relation to investment opportunities. No payments of any kind will be made from un-deposited cash.

### **4. Commitments.**

Purchase commitments shall be made so that the time between receipt of items and services and the need for these items and services is minimized and monies are therefore not prematurely removed from investment availability.

### **5. Cash Flow.**



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A cash flow projection is to be prepared at the start of each fiscal year, indicating planned cash receipts and disbursements by month. This projection shall be approved by the CFO.

**6. Daily Cash Control.**

The District’s staff is to account for cash balances daily, by financial institution.

**X. Administration of Cash Management Program**

Banking services will be engaged by the District based on considerations of availability of required services, cost of those services, and any applicable legal requirements. Banking services will be engaged based on an open bidding process conducted at least once every ten (10) years and reviewed annually for continuing validity. The District will use one bank as its primary depository institution. The District may use different banks or financial institutions for investment purposes than those used for depository purposes.

**XI. District Bank Account Administration**

The CFO is the only officer with authority to direct a bank to open or close an account.

All District bank accounts will have at least two authorized signers at all times. Student Body Accounts will require two original physical signatures on all checks, while disbursements from the District’s primary accounts (Accounts Payable, Payroll, Risk Management) may be issued with electronic signature (ORS 294.129).

**XII. Policy Adoption and Re-Adoption**

This investment policy shall be reviewed on an annual basis by the Investment Officer, who shall submit the policy and proposed revisions to the OSTF if required. The policy and any revisions shall be presented annually to the Portland Public Schools Board of Education, which will review and approve the investment policy, and any revisions, annually.

END OF POLICY

Legal References:

ORS Chapters 244, 294 and 295

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RESOLUTION No.

Resolution to Adopt Cash Management Policy 8.20.010-P

**RECITALS**

Pursuant to O.R.S. 294.135 (1) (a), the Board of Education is required to annually adopt policies for Cash (Investment) management whether or not there are any changes to the Policy. On November 7, 2016, staff presented the existing policy to the Business and Operations Committee of the Board of Education with no changes recommended.

**RESOLUTION**

The Board of Education hereby adopts the Cash Management Policy, Policy 8-20-010-P.

*Y. Awwad*

BOARD OF EDUCATION  
SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

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Purchases, Bids, Contracts

The Interim Superintendent RECOMMENDS adoption of the following item:

Resolutions 5365

**RESOLUTION No. 5365**

Expenditure Contracts that Exceed \$150,000 for Delegation of Authority

Other Matters Requiring Board Approval

The Interim Superintendent RECOMMENDS adoption of the following items:

Resolutions 5366 through 5369

**RESOLUTION No. 5366**

Step 3 Complaint Consideration

**RESOLUTION**

The Portland Public Schools Board of Education votes to consider the Step 3 complaint appeal on ACCESS admissions presented on November 29, 2016.

**RESOLUTION No. 5367**

Step 3 Complaint Consideration

**RESOLUTION**

The Portland Public Schools Board of Education votes to consider the Step 3 complaint appeal on ACCESS admissions for students with disabilities presented on November 29, 2016.

**RESOLUTION No. 5368**

Resolution to Adopt Cash Management Policy 8.20.010-P

**RECITALS**

Pursuant to O.R.S. 294.35(1)(a), the Board of Education is required to annually adopt policies for Cash (Investment) Management whether or not there are any changes to the Policy. On November 7, 2016, staff presented the existing policy to the Business and Operations Committee of the Board of Education with no changes recommended.

**RESOLUTION**

The Board of Education hereby adopts the Cash Management Policy, Policy 8.20.010-P.

*Y. Awwad*



**RESOLUTION No. 5369**

Minutes

The following minutes are offered for adoption:

November 9, 2016