



Exhibit C to Resolution No. 23-03-10

TriMet Investment Policy – Explanation of 2023 Revisions

2023 Changes to TriMet’s Investment Policy with Explanation of the nature of the change:

1. 5.0 Standards of Care

- a. Adding language to allow TriMet the ability to seek investment advisory assistance as needed. Allows for the retention of a qualified and approved investment manager, for no hard fees, to assist in investment and reinvestment of a portion of the investment portfolio. This provision will allow Finance and Administrative Services staff to partner with a qualified investment firm to design, build, and maintain a robust and prudent strategic cash management program. The investment manager will partner with TriMet to provide investment strategy, trade execution, and reporting, which will include performance benchmarking and compliance monitoring. Investment manager will provide regular updates to the CFO.

Looking at TriMet’s investment portfolio growth from 2017 to 2022, the largest increase is in unrestricted cash and investments. The ability to seek investment advisory assistance will allow TriMet to maximize its investment earnings and maintain a strategic cash position.

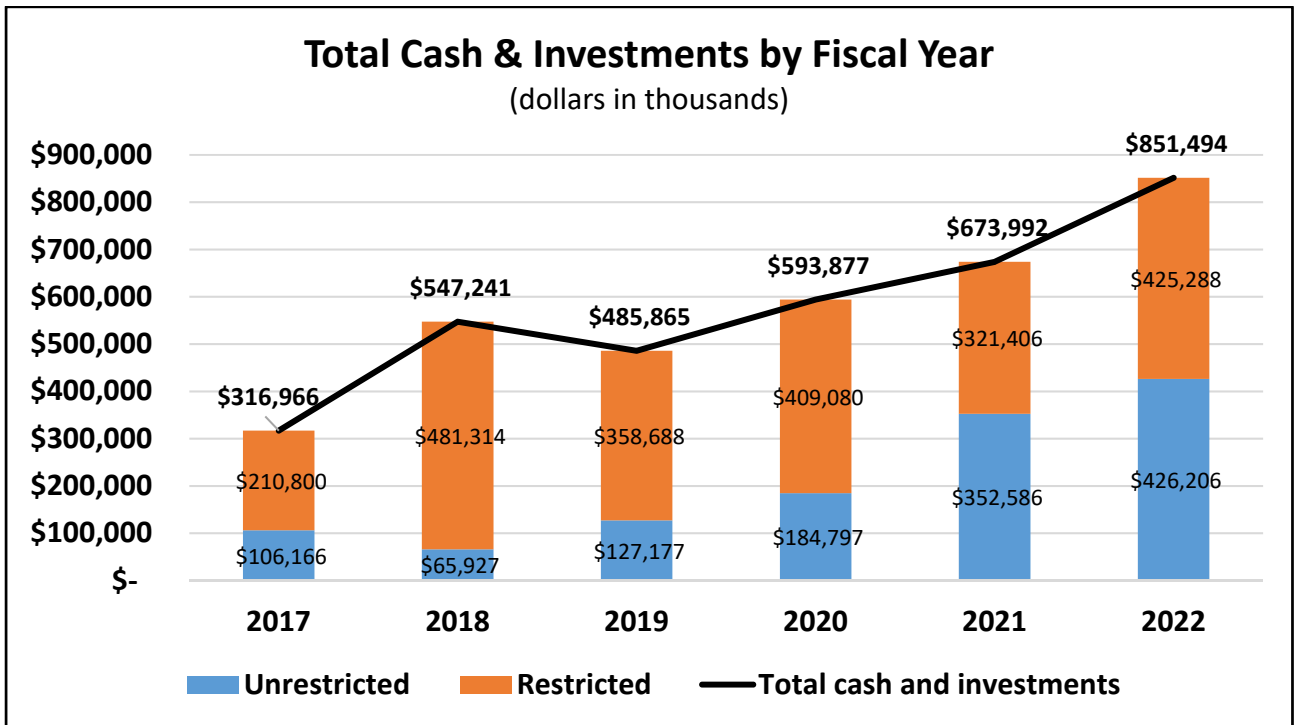




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5.1.4 – new section with language below

The CFO (or designee) is authorized to retain an approved investment manager, (defined as an Authorized Financial Dealer in Section 6.3,) to invest and reinvest the organization's funds, to assist in the selection of investments for a portion of the investment portfolio and provide necessary reporting, based on need and circumstances. A qualified investment manager shall be selected by the CFO (or designee) based on the manager's expertise in public cash management and ability to provide prudent investment service for the district's portfolio.

2. 7.2 Suitable Investments and Cash Management Tools

- a. Additional language to address instances where investment activity falls out of compliance with the portfolio after the initial purchase. In FY2023, there was one investment transaction where the initial investment met our parameters upon purchase, but subsequently fell out of compliance with the policy. Additional language in this section (shown below in bold) clarifies how TriMet will address these instances.

Ratings requirements are determined at the time of purchase. If the credit rating of a security is subsequently downgraded below the minimum required rating level, the CFO shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The CFO will apply the general objectives of safety, liquidity, yield and legality to make the decision. If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this policy, **the CFO will meet with finance staff to review the portfolio and staff will advise the CFO in writing of the investment approach intended to bring the portfolio back into compliance.**

3. 8.4 Competitive Transactions

- a. Removes policy language in 8.4.3 and updates language in 8.4.1 to allow Financial Services staff flexibility to efficiently maintain a prudent cash management portfolio. This change is intended to eliminate the bidding process by engaging a qualified and approved investment manager to assist directly with investing and reinvesting a portion of the portfolio. Updated language of 8.4.1 is shown below:



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- 8.4.1 The CFO's investment designee will strive for best execution of trades and should seek a minimum of three competitive bids where practicable. The designee will select the quote which best satisfies the investment objectives of the investment portfolio within the parameters of this policy.

If the District uses an investment consultant, advisor or firm to invest and reinvest a portion of the investment portfolio, competitive bids and offers shall be acquired through that process (4.3.4). The investment advisor will retain documentation and provide it upon request. Competitive bids will not be required for new-issue purchases or for open market purchases where resources are available to assist in price comparison of the investment.