

## Treasury Investment Survey Report

### Introduction

#### Key Findings

- The interest in the Treasurer's Oregon Intermediate Term Pool (OITP) or similar pool is positive, with many cities interested in transferring significant portions of their cash reserves and LGIP investments to such an investment pool.
- The majority of surveyed cities would transfer funds into an intermediate term pool within the next two years.
- Larger cities tend to have more robust investment policies and management strategies including fund restrictions and multiple forms of portfolio management. These cities also tended to have larger reserves to invest into an intermediate term pool.
- Cities with higher populations and with larger reserves are also more likely to want to participate immediately in an intermediate term pool. Cities that desire to invest immediately were also more likely to change their investment restrictions to accommodate the investment pool option.

#### *2013 Investment Legislation*

The present municipal financial climate compels cities to seek out and obtain new revenue and funding sources for programs and projects. Investing cash reserves in an interest bearing account provides cities a way to generate funds to assist in providing future services and meeting capital needs, without impacting current expenditures. In 2013,<sup>1</sup> the Legislature passed a bill authorizing local governments to commingle cash reserve investments in any pools established by the State Treasurer, such as the Oregon Intermediate Term Pool (OITP), which had been previously restricted to state government investments only.

#### *Previous State Investment Programs*

To date, the only investment option available to cities through the state was the Oregon Short Term Fund (OSTF), which is a short-term investment vehicle operated by the Oregon Treasurer's Finance Division. The OSTF was created in 1973, and accrues interest at a rate of 0.54 percent<sup>2</sup> as of June 2015. The Treasury Department's primary objectives in managing the local government part of the OSTF, called the Oregon Local Government Investment Pool (LGIP), in priority order, are:

- preservation of principal (safety);
- liquidity; and
- return on investment (yield).

<sup>1</sup> HB 2140 (2013), effective May 22, 2013.

<sup>2</sup> [http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

### ***Implementation of 2013 Legislation***

The Treasurer's Office is working to now implement the 2013 legislative directive from HB 2140 to permit local government investments in other pools modeled after OITP which has historically had a higher rate of return than the LGIP over a long period of time. Indeed, the legislature wanted to make this type of investment tool available to local governments (cities, counties, community colleges, etc.) who may want to utilize it for longer-term investments, such as saving for future capital projects. However, it should be noted that the OITP does have more risk exposure and is less liquid than the Oregon Short Term Fund.

Because of the 2013 legislation, the Oregon Department of Treasury requested that the League of Oregon Cities survey the 242 incorporated cities to gather general investment information as well as information concerning city interest in participating in the OITP or similar pool. The survey was conducted from September 22<sup>nd</sup> to September 28<sup>th</sup>, 2015 and 94 cities participated. Interest in OITP or a similar fund is positive from a plurality of respondent cities.

A note on this report: The survey asked questions regarding actions cities take with respect to investing reserve funds, and not the underlying motives and investment strategies. Managing a municipal budget is a complex and highly regulated function, of which only a small part is managing investments. Legally, Oregon cities must have a balanced budget, and can only spend what they have budgeted, therefore cities are cautious when forecasting, allowing for a margin of error if revenues fall short of expectations. The reserve funds available for investing have generally been budgeted for purposes such as covering emergencies or for use as beginning funds for working capital.

## **Survey Results**

### ***City Reserve Funds***

Cities were asked about their average annual reserve funds (including all investment eligible funds, whether currently invested or not) over the last three years. Thirty-eight percent of respondent cities have \$1 million or less, while another 38 percent have \$1 million to \$10 million. The remaining 24 percent have greater than \$10 million available to invest. It should be noted that these reserve funds appear large from the perspective of the average city resident. But these reserves are comparatively small in proportion to the overall city budget and are relative to the size of the city population. Among cities with less than \$500,000 reserve, 89 percent have less than 3,000 population. In contrast, 95 percent of cities with over \$10 million in reserve are larger than 10,000 residents.

As these responses in Figure 1 show, a number of cities have a sizeable amount of investment eligible funds which often can be used to offset revenue declines during future economic downturns, pay for capital improvement projects or used as matching funds for grants. Only three percent responded that they had no reserve<sup>3</sup>. Unsurprisingly, a city's reserve depends significantly on the city's size. Ninety-five percent of the cities with more than a \$10 million annual average reserve have greater than 10,000

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<sup>3</sup> The only commonality between these cities was that all were less than 1,000 population, but these cities were not the only respondents in this population category. No other similarities were determined.

residents, while 79 percent of cities with reserves of less than \$500,000 have a population less than 1,250.

### AVERAGE ANNUAL RESERVE FUNDS

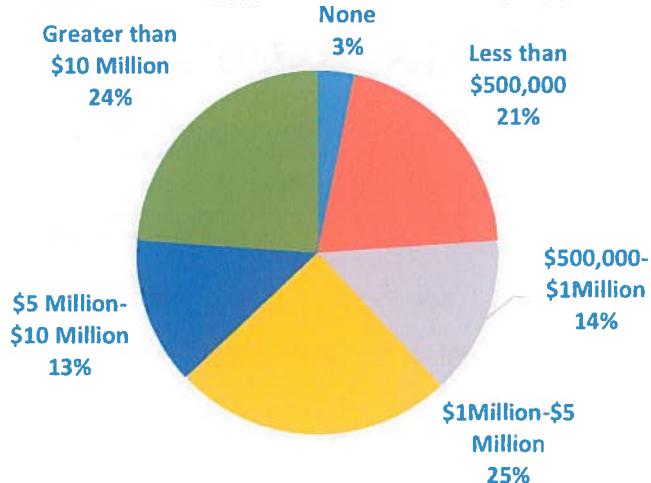


Figure 1 Average Annual Reserve Funds

#### ***Example of Interest Rate Impact***

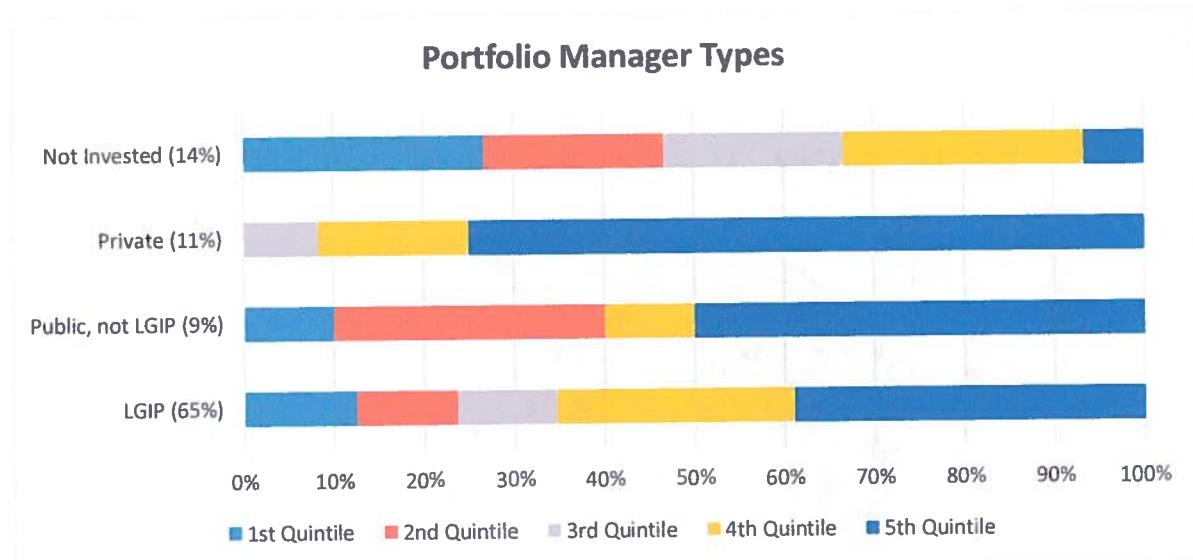
A reserve of \$500,000 appears to be a marginal amount of cash reserves, but this often reflects low costs associated with small city operations. A hypothetical rate of return example for a small cash reserve comes from the City of Wasco (population 405), which in FY2013-14 accrued \$328,000 in reserves from government activities expenses.<sup>4</sup> If Wasco invested 25 percent of this amount (i.e. \$82,004), at 5 percent rate of return<sup>5</sup>, the city would have an additional \$4,100. This is enough to fund the city's annual community development expenses. In comparison, the 0.54 percent June 2015 rate of return from OSTF would generate approximately \$443.

#### ***Types of Investment Portfolio Managers***

Sixty-five percent of respondent cities use the Treasury Department's Local Government Investment Pool (LGIP) as a portfolio manager for their annual reserve funds. Nine percent used other public portfolio managers besides LGIP. Eleven percent used private investment managers, a common investment choice among cities greater than 10,000 which constituted 75 percent of cities that used this option. Fourteen percent of respondent cities don't invest their reserve funds.

<sup>4</sup> <https://secure.sos.state.or.us/muni/report.do>

<sup>5</sup> This rate of return is completely hypothetical and only published here to highlight potential rates of return in rounded numbers.

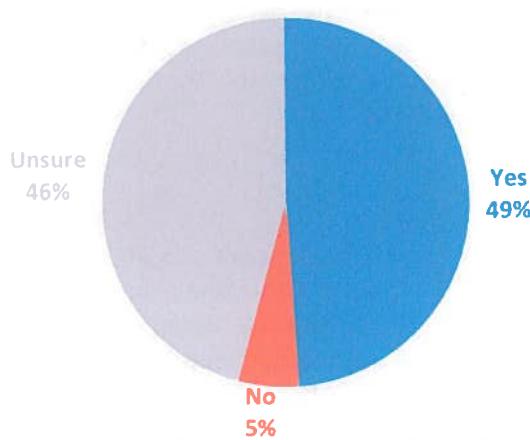


*Figure 2 Types of Portfolio Managers<sup>6</sup>*

### **City Interest in an Intermediate Term Pool**

Forty-nine percent of responding cities are interested in participating in an intermediate term pool, as opposed to five percent who responded “no,” and the 46 percent who responded as “unsure”.

### **INTEREST IN THE INTERMEDIATE TERM POOL**



*Figure 3 Interest in the Intermediate Term Pool*

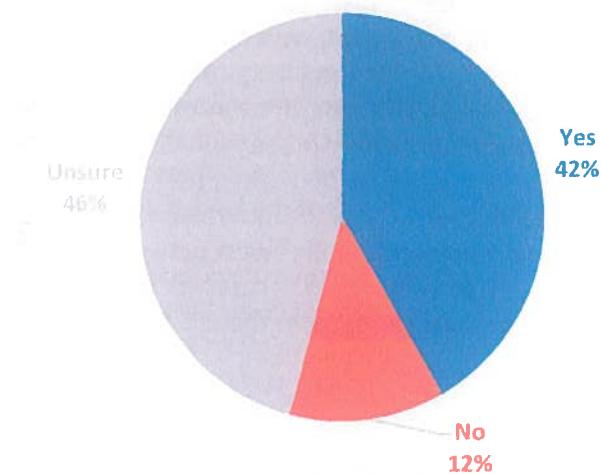
<sup>6</sup> Figure 2 uses population quintiles to categorize cities. Quintiles are statistical subdivisions of a whole population into approximately 20% increments with the smallest cities in the 1<sup>st</sup> quintile and the largest in the 5<sup>th</sup> quintile. The purpose of analysis by quintile is to provide equal grouping of cities for more uniform analysis. Table 2 in Appendix A shows the population ranges of the LOC quintiles.

The difference between the “yes” and “unsure” answers may be indicative of a couple things. First, some respondents may be unwilling to commit due to a lack of detailed information. This conservative approach is similar to the finding in other surveys—cities act conservatively in areas of uncertainty. Secondly, the city could be structured in a way that investing is a collaborative process shared by multiple people/positions or made by someone other than the respondent, i.e., the city council, and therefore the responding individual is unable to answer on behalf of the group.

### ***City Restriction on Investments***

Most cities do not have any restrictions that would inhibit their use of an intermediate fund. Among those cities who do have a form of fund restriction, 42 percent were willing to change their restrictions if necessary in order to participate in the state investment pool.

#### **WOULD YOU CHANGE RESTRICTIONS TO ALLOW PARTICIPATION?**



*Figure 4 Change Restrictions to Allow Participation*

### ***City Investment Behavior***

Overall findings reveal a picture of conservative city behavior in the realm of finance and investments. Cities understand their fiduciary responsibility to their citizens as evidenced by the respondents' conservative responses and comments. These findings have no statistical correlation to city population, indicating that a conservative approach is rooted in the operation and management of city financial decisions. The *responsibility* inherent in investing public funds appears to transcend city size. The *process* of investing and managing these funds, however, becomes increasingly more complex as a city (and therefore its services and citizen demands) grows.

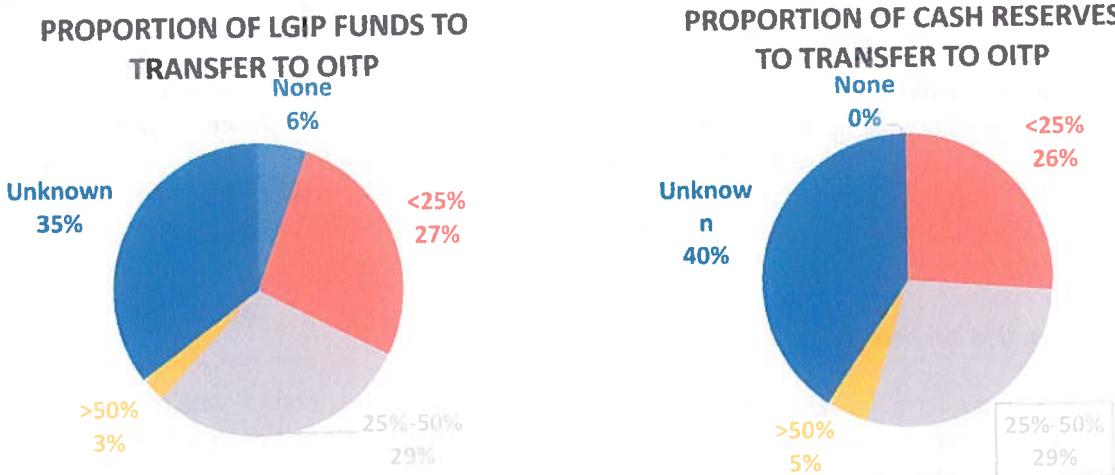


Figure 5 LGIP Funds to be transferred to OITP

Figure 6 Cash Reserves to be transferred to OITP

Responding cities are willing to invest significant portions of both their annual reserve funds as well as transfer current LGIP investments into an intermediate term pool. Twenty-seven percent are willing to transfer less than 25 percent of their LGIP investments to an intermediate term pool, 29 percent anticipated transferring between a quarter and a half of their investment, with only Falls City and Malin willing to transfer more than 50 percent. According to Fall City Mayor Terry Ungricht, the transfer proportion “would depend on how the intermediate account is structured, if the interest rate was higher, availability of moving money into and out of accounts, and safety of the funds.”

Cities would invest similar proportions of their annual cash reserves into the intermediate term pool. Twenty-six percent would invest less than 25 percent and 29 percent would invest between 25 and 50 percent of their cash reserves. For the majority of cities (53 percent) the cash reserves cities are willing to invest is less than \$5 million dollars. Nine percent would likely invest more than \$6 million each.

### ***Cities are Ready to Invest***

Additionally, 59 percent of cities responded to being ready to transfer these funds within two years. Twenty-eight percent of respondents are willing to transfer funds as soon as possible, and 34 percent were unsure of their own city timeline. These survey responses indicate a degree of immediacy in the interest in the intermediate term pool. Cities that opt for this investment, are not only willing to invest a substantial portion of their available reserve, but to do so quickly.

### ***Statistical Analysis***

Statistical analysis of the survey data yielded additional findings about city interest in the intermediate term pool. Appendix E shows the statistical correlations which are the subject of this analysis. The analysis shows a significant relationship in the city's size to its relative complexity in investment management, amount of funds available to invest and the timeline in which to invest. Region had no significant statistical correlation in this survey except to population and to average city reserve, which is to be expected given many of the most populous cities are in the same region.

Larger cities are also more likely to have their portfolios partially managed by individuals or organizations other than LGIP. This indicates a diversity of investments management strategies, which is to be expected given the data showing several large cities have substantial cash reserves and portfolios. Two types of cities are more likely to participate immediately in the intermediate term pool: municipalities with higher populations and correspondingly larger cash reserves, and cities who are willing to change their investment restrictions.

Additionally, the amount of annual reserve funds transferred to the intermediate term pool depends on population as well as amount of cash in reserve. Existence of fund restrictions and likelihood of restrictions changing to accommodate investment are also statistically significant. This implies that city investment in an intermediate term pool depend on the available funds as well as the investment restrictions on the books.

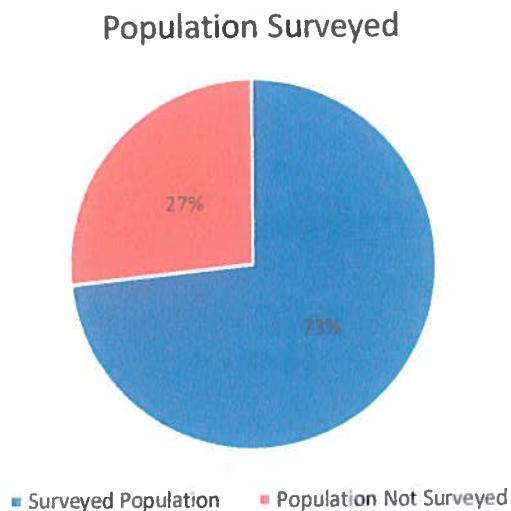
## Summary

House Bill 2140 created a new investment option for local government to invest in other state investment pools. To set up this program properly and maximize the benefit to cities, it was important for the League as well as the Treasury Department to determine interest in investment pools as well as gather information related to potential fund investment transfers and barriers to participation such as city policies and restrictions. The survey demonstrates that there is significant interest and a desire to participate in intermediate term pools. However, much like other League surveys, the findings indicate a significant level of uncertainty by respondents to participate in the program, indicating a level of apprehension before making investment decisions with public funds. More details on the program and education will be necessary.

Cities likely to participate could be ready quickly to transfer significant amount of funds from other portfolios to a new state investment pool. Larger cities are more likely to have complex and restricted investment management strategies, as well as be more likely to be quickly ready to participate in the intermediate term pool. The only barrier to this transfer is city based fund restrictions, which (based on the survey results) some cities are willing to change in order to participate.

## Appendix A: Methods & Survey Respondents

This survey was distributed electronically to city staff from September 22<sup>nd</sup> – September 28<sup>th</sup>, 2015. Ninety-four cities participated in this survey. This represents 2,012,725 municipal residents or 73 percent of the municipal population in the State of Oregon.



*Figure 7 Surveyed Population of Oregon Cities*

Among these respondent cities, there was over representation in the more than 3,000 population category and under representation in cities between 500 and 3,000 population. Further, with the exception of the Valley and Eastern Oregon, all other small city regions as defined by the League were represented proportionately to the percentage of cities in those regions.

| Category       | Population Range | # Cities  | % Cities   | Diff. from OR Population |
|----------------|------------------|-----------|------------|--------------------------|
| 1st Quintile   | <450             | 17        | 18%        | -2%                      |
| 2nd Quintile   | 451-1250         | 13        | 14%        | -6%                      |
| 3rd Quintile   | 1251-3100        | 11        | 12%        | -8%                      |
| 4th Quintile   | 3101-10000       | 23        | 24%        | 4%                       |
| 5th Quintile   | >10000           | 30        | 32%        | 12%                      |
| Region         |                  | # Cities  | % Cities   | Diff. from OR Population |
| N. Coast       |                  | 9         | 10%        | 2%                       |
| Metro          |                  | 25        | 27%        | 3%                       |
| Valley         |                  | 22        | 23%        | 6%                       |
| S. Coast       |                  | 2         | 2%         | -3%                      |
| S. Valley      |                  | 12        | 13%        | 0%                       |
| Central Oregon |                  | 9         | 10%        | -1%                      |
| NE Oregon      |                  | 9         | 10%        | -2%                      |
| E. Oregon      |                  | 6         | 6%         | -4%                      |
| <b>TOTAL</b>   |                  | <b>94</b> | <b>39%</b> |                          |

*Table 2 Respondent Statistics*

**Appendix B: Survey****Treasury Investment Survey****City:****Name and title of person responding:****E-mail address of person responding:**

Over the last three years, what is the average annual amount of your city's reserve funds (including all investment eligible funds, whether currently invested or not)?

- None (1)
- < \$500,000 (2)
- \$500,000 to \$1 Million (3)
- \$1 Million to \$5 Million (4)
- \$5 Million to \$10 Million (5)
- > \$10 Million (6)

Answer If Over the last three years, what is the average amount of your city's reserve funds (including all investment eligible funds, whether invested or not)? None Is Not Selected

Does your city currently have reserve funds invested with a portfolio manager? (Check all that apply).

- Yes, Local Government Investment Pool (LGIP, part of the OSTF). (1)
- Yes, other public portfolio manager (not LGIP). (1)
- Yes, private manager. (1)
- No, our reserves are not invested. (1)
- Unknown (1)

Is your city interested in investing in a state sponsored intermediate term pool?

- Yes (1)
- No (2)
- Unknown (3)

Does your city have restrictions on reserve fund investments (by city ordinance, charter, policy, etc.) that may impact the city's ability to invest in an intermediate term pool?

- Yes (1)
- No (2)
- Unknown (3)

If Unknown Is Selected, Then Skip To If permitted, what portion of your ci...If No Is Selected, Then Skip To If permitted, what portion of your ci...

Please briefly describe the restriction(s) or provide a citation to the regulation. In-lieu of describing the regulations, the text of the restriction may be e-mailed to LOC

Answer If Is your city interested in investing in an intermediate term pool? No Is Not Selected

Would your city likely consider proposing changes to the restriction(s) to allow participation in an intermediate term pool?

- Yes (1)
- No (2)
- Unknown (3)

Answer If Does your city currently have reserve funds invested with a portfolio manager? (check all that apply). Yes, Local Government Investment Pool (LGIP, part of the OSTF). Is Selected

If permitted, what portion of your city's funds would likely be transferred from the Local Government Investment Pool to an intermediate term pool?

- None (1)
- <25% (2)
- 25%-50% (3)
- >50% (4)
- Unknown (5)

Answer If Is your city interested in investing in an intermediate term pool? No Is Not Selected

If an intermediate term pool became available, when would your city likely participate?

- As soon as possible (1)
- In 1-2 years (2)
- In 3-5 years (3)
- More than 5 years (4)
- Not likely to participate (5)
- Unknown (6)

If Not likely to participate Is Selected, Then Skip To Does your city have an investment pol...

Answer If Is your city interested in investing in an intermediate term pool? No Is Not Selected

What portion of the city's reserve funds (cash reserves) would the city likely consider investing in an intermediate term pool?

- None (1)
- <25% (2)
- 25%-50% (3)
- >50% (4)
- Unknown (5)

Answer If Is your city interested in investing in a state sponsored intermediate term pool? No Is Not Selected

What dollar amount of your city's yearly reserve funds (cash reserves) would likely be invested in an intermediate term pool?

- <\$1 Million (1)
- \$1Million-\$5 Million (2)
- \$6 Million- \$10Million (3)
- >\$ 10 Million (4)
- Unknown (5)

Additional comments.

**Appendix C: Responses by Question**

**Over the last three years, what is the average annual amount of your city's reserve funds (including all investment eligible funds, whether currently invested or not)?**

| None |    | <500K |     | 500K-1M |     | 1M-5M |     | 5M-10M |     | >10M |     |
|------|----|-------|-----|---------|-----|-------|-----|--------|-----|------|-----|
| #    | %  | #     | %   | #       | %   | #     | %   | #      | %   | #    | %   |
| 3    | 3% | 19    | 21% | 13      | 14% | 23    | 25% | 12     | 13% | 22   | 24% |

**What dollar amount of your city's yearly reserve funds (cash reserves) would likely be invested in an intermediate term pool?**

| <1M |     | 1M-5M |     | 6M-10M |    | 10M+ |    | Unknown |     |
|-----|-----|-------|-----|--------|----|------|----|---------|-----|
| #   | %   | #     | %   | #      | %  | #    | %  | #       | %   |
| 19  | 23% | 25    | 30% | 4      | 5% | 3    | 4% | 33      | 39% |

**Has your city's investment policy been reviewed by the Oregon Short Term Fund Board (OSTB)?**

| Yes |     | No |     | Unsure |     |
|-----|-----|----|-----|--------|-----|
| #   | %   | #  | %   | #      | %   |
| 24  | 69% | 4  | 11% | 7      | 20% |

**Would your city likely consider proposing changes to the restriction(s) to allow participation in an intermediate term pool?**

| Yes |     | No |     | Unsure |     |
|-----|-----|----|-----|--------|-----|
| #   | %   | #  | %   | #      | %   |
| 10  | 42% | 3  | 13% | 11     | 46% |

**Please briefly describe the restriction(s) or provide a citation to the regulation**

The intermediate pool would need to meet all of the restrictions that apply to the investment of public funds.

The Cemetery Irreducible fund used for perpetual care.

Our investment policy has more specific objectives, some of the OITP eligible investments are not included in our policy, and OITP's minimum credit rating requirements are not specified.

We have a long-term investment policy for our Perpetual Care Trust fund with restrictions. We would like the intermediate for other funds.

Investment Policy - maximum maturity is 3 years. The OITP has maturities that go out to 10.25 years. Depending on how the OITP is categorized we might have to extend maximum maturity in policy which would require City Council approval.

We don't have a restriction, we would only need to update our investment policy to be able to allow the new OITP allowance.

OSTF is specifically included in our investment policy, so any other State-sponsored pool would also have to be added as an allowable investment.

18 month term limit except for reserve and capital project funds. Limited by policy fashioned after OSTF recommended policy.

Our policy mirrors the current sample policy from OSTFB.

We use the state sample investment policy, which limits investment length and only mentions LGIP not the Intermediate pool, would have to add it as an authorized investment option.

Maximum allowed per ORS 294.810.

Restricted funds for special projects, yet have to be available in emergency if necessary.

The restrictions are from our investment policy approved by the state board in number of years we can invest. We would really like to be able to invest further out.

Existing investment policy is outdated and must be updated regardless of a new state program. City's Investment Policy has restrictions on weighted average portfolio maturity that may need to be changed; this will depend on ORS dollar limits placed on an intermediate term pool.

Policy (18 month WAM, Diversification Criteria, Credit Criteria). Probably not restrictions if the pool adheres to ORS.

Limited in length of maturity to 18 months.

City policy follows OSTF recommended sample policy limits.

Type of security and duration of security.

Restricted by policy to bank accounts in county.

**Would your city likely consider proposing changes to the restriction(s) to allow participation in an intermediate term pool?**

| Yes |     | No |     | Unsure |     |
|-----|-----|----|-----|--------|-----|
| #   | %   | #  | %   | #      | %   |
| 10  | 42% | 3  | 13% | 11     | 46% |

**What dollar amount of your city's yearly reserve funds (cash reserves) would likely be invested in an intermediate term pool?**

| <1M |     | 1M-5M |     | 6M-10M |    | 10M+ |    | Unknown |     |
|-----|-----|-------|-----|--------|----|------|----|---------|-----|
| #   | %   | #     | %   | #      | %  | #    | %  | #       | %   |
| 19  | 23% | 25    | 30% | 4      | 5% | 3    | 4% | 33      | 39% |

**If an intermediate term pool became available, when would your city likely participate?**

| ASAP |     | 1-2 Years |     | 3-5 Years |    | 5+ Years |    | NA |    | Unknown |     |
|------|-----|-----------|-----|-----------|----|----------|----|----|----|---------|-----|
| #    | %   | #         | %   | #         | %  | #        | %  | #  | %  | #       | %   |
| 25   | 28% | 27        | 31% | 2         | 2% | 0        | 0% | 4  | 5% | 30      | 34% |

**What dollar amount of your city's yearly reserve funds (cash reserves) would likely be invested in an intermediate term pool?**

| <1M |     | 1M-5M |     | 6M-10M |    | 10M+ |    | Unknown |     |
|-----|-----|-------|-----|--------|----|------|----|---------|-----|
| #   | %   | #     | %   | #      | %  | #    | %  | #       | %   |
| 19  | 23% | 25    | 30% | 4      | 5% | 3    | 4% | 33      | 39% |

**What dollar amount of your city's yearly reserve funds (cash reserves) would likely be invested in an intermediate term pool?**

| <1M |     | 1M-5M |     | 6M-10M |    | 10M+ |    | Unknown |     |
|-----|-----|-------|-----|--------|----|------|----|---------|-----|
| #   | %   | #     | %   | #      | %  | #    | %  | #       | %   |
| 19  | 23% | 25    | 30% | 4      | 5% | 3    | 4% | 33      | 39% |

**Additional comments.**

The City Council would direct the City Recorder on what actions to take.

None

Our City would very much support this investment option.

We would need more information to determine if it is in the City's best interest to invest in this pool.

Council would simply need to adopt a policy to allow this type of investing.

We currently following applicable state statutes and utilize the LGIP; we have submitted a draft policy tailored from the STFB template the STFB for review and it is on the October agenda.

This would be a welcomed opportunity for our City.

Potential we would use this vehicle, dependent on how OITP is categorized (liquid asset, 3 year asset, 10.25 year asset?) and internal risk tolerance. We currently don't have projects that we need to reserve funds for out into the future, but would potentially consider investing a portion of our portfolio. Would need more info and have internal conversations with our investment advisory board.

Investments not in the LGIP are managed in house via the Finance Director.

The extent to which we would participate in an intermediate pool would depend in part on the maturity of these investments, as much of what we have in OSTF/LGIP addresses liquidity requirements in policy for amounts <30 days and amounts <1 year.

This intermediate fund would be best served if it followed the OSTF policy guidelines. The key there is to identify a City's reserve and capital project funds that are not limited to 18 month maturity.

Some question hard to estimate because I couldn't find the Pools return for the last few years, maybe I'm doing better already can't tell?? Need more information.

**Additional comments.**

Our updated Investment Policy was submitted to Oregon State Treasury to be formally reviewed by the Oregon Short Term Fund Board. Our old policy was out of date and did not comply with a lot of the recommendations in the template policy OSTFB proposes. Hope to hear back from them later this year with a finalized draft to take before City Council.

Our investment policy requires significant updated and we hope to do this over the next year - moving closer to the state template.

Newport is creating a new organizational structure and policies are part of it. We will be interested in this idea if it comes to fruition.

Thank you for your continued efforts to support local jurisdictions!

Re Question #5, City self-manages its investment activity and does not use outside advisors. City participates in the LGIP up to the ORS limit.

I would love to see the City receive a better return on its funds. This has come up with management several times.

We have investments in LGIP.

We are interested in improving investment income, while maintaining minimal risk. Would like more information about these investment opportunities.

**Appendix D: Responses by City**

"X" indicates a "Yes" response.

| City          | Over the last three years, what is the average annual amount of your city's reserve funds? | Does your city currently have reserve funds invested with a portfolio manager? | Does your city currently have reserve funds invested with a portfolio manager? -Yes, Local Government Investment Pool (LGIP, part of the OSTF). | Does your city currently have reserve funds invested with a portfolio manager? -Yes, other public portfolio manager (not LGIP). | Does your city currently have reserve funds invested with a portfolio manager? -Yes, private manager. | Does your city currently have reserve funds invested with a portfolio manager? -No, our reserves are <u>not invested. | Does your city currently have reserve funds invested with a portfolio manager? -Unknown | Is your city interested in investing in a state sponsored intermediate term pool? |
|---------------|--|--|---|---|---|---|---|---|
|               |  | Yes, Local Government Investment Pool (LGIP, part of the OSTF).                |   |   |   |   |   |   |
| Adams         | <\$500,000   |  |   |   |   |   | X   | Yes   |
| Adrian        | <\$500,000   |  | X   |   |   |   |   | Unknown   |
| Albany        | >\$10Million   | X  |   |   |   | X   |   | Yes   |
| Astoria       | \$5Million-\$10Million   | X  |   |   |   |   |   | Yes   |
| Athena        | <\$500,000   |  |   | X   |   |   |   | No  |
| Beaverton     | >\$10Million   | X  |   | X   |   | X   |   | Yes   |
| Bend          | >\$10Million   | X  |   |   |   | X   |   | Unknown   |
| Brookings     | \$1Million-\$5Million  |  |   |   |   |   | X   | Unknown   |
| Brownsville   | \$1Million-\$5Million  | X  |   |   |   |   |   | Yes   |
| Canby         | \$5Million-\$10million   | X  |   |   |   |   |   | Yes   |
| Coquille      | \$1Million-\$5Million  | X  |   | X   |   |   |   | Yes   |
| Corvallis     | >\$10Million   | X  |   |   |   |   |   | Yes   |
| Cottage Grove | \$5Million-\$10Million   | X  |   |   |   |   |   | Yes   |
| Creswell      | >\$10Million   | X  |   |   |   |   |   | Unknown   |
| Dayville      | <\$500,000   | X  |   |   |   |   |   | Unknown   |
| Durham        | \$1Million-\$5Million  | X  |   |   |   |   |   | No  |
| Enterprise    | <\$500,000   |  |   |   |   | X   |   | Unknown   |
| Estacada      | <\$500,000   |  |   |   |   | X   |   | No  |
| Eugene        | >\$10Million   | X  |   | X   |   |   |   | Unknown   |
| Fairview      | \$1Million-\$5Million  | X  |   |   |   |   |   | Yes   |
| Falls City    | \$500,000-\$1Million   | X  |   |   |   |   |   | Yes   |
| Florence      | \$1Million-\$5Million  |  |   |   |   |   | X   | Yes   |
| Forest Grove  | >\$10Million   | X  |   |   |   |   |   | Yes   |
| Gaston        | \$500,000-\$1Million   | X  |   |   |   |   |   | Unknown   |

## League of Oregon Cities

## Treasury Investment Survey Report

| City             | Over the last three years, what is the average annual amount of your city's reserve funds | Does your city currently have reserve funds invested with a portfolio manager? | Does your city currently have reserve funds invested with a portfolio manager? Yes, other public portfolio manager (not LGIP). | Does your city currently have reserve funds invested with a portfolio manager? Yes, private manager. | Does your city currently have reserve funds invested with a portfolio manager? No, our reserves are <u>not invested. | Does your city currently have reserve funds invested with a portfolio manager? - Unknown | Is your city Interested in investing in a state sponsored intermediate term pool? |
|------------------|---|--|--|--|--|--|---|
|                  |   | Yes, Local Government Investment Pool (LGIP, part of the OSTF).                |  |  |  |  |   |
| Grants Pass      | >\$10Million  | X  |  |  |  |  | No  |
| Gresham          | >\$10Million  | X  |  |  |  |  | Unknown   |
| Halsey           | <\$500,000  |  |  |  |  | X  | Unknown   |
| Hood River       | \$1Million-\$5Million   | X  |  |  |  |  | Yes   |
| Irrigon          | \$500,000-\$1Million  | X  |  |  |  |  | Unknown   |
| John Day         | \$500,000-\$1Million  | X  |  |  |  |  | Unknown   |
| Jordan Valley    | <\$500,000  | X  |  |  |  |  | Unknown   |
| Joseph           | \$500,000-\$1Million  |  | X  |  |  |  | Yes   |
| Junction City    | \$5Million-\$10Million  |  |  |  | X  |  | Yes   |
| Keizer           | \$5Million-\$10Million  | X  |  |  |  |  | Yes   |
| King City        | \$1Million-\$5Million   | X  |  |  |  |  | Yes   |
| Klamath Falls    | >\$10Million  | X  |  | X  |  |  | Yes   |
| La Grande        | \$1Million-\$5Million   | X  |  |  |  |  | Unknown   |
| Lafayette        | \$500,000-\$1Million  | X  |  |  |  |  | Unknown   |
| Lake Oswego      | >\$10Million  | X  |  |  |  |  | Unknown   |
| Lebanon          | \$1Million-\$5Million   | X  |  | X  |  |  | Yes   |
| Lexington        | <\$500,000  |  |  |  | X  |  | Unknown   |
| Madras           | \$1Million-\$5Million   | X  |  |  |  |  | Yes   |
| Malin            | \$500,000-\$1Million  | X  |  |  |  |  | Yes   |
| Manzanita        | \$1Million-\$5Million   | X  |  |  |  |  | Unknown   |
| Maupin           | \$500,000-\$1Million  | X  |  |  |  |  | Unknown   |
| Mill City        | \$500,000-\$1Million  |  |  |  | X  |  | Unknown   |
| Milton-Freewater | \$5Million-\$10Million  | X  |  | X  |  |  | Yes   |
| Milwaukie        | >\$10Million  | X  |  |  |  |  | Yes   |
| Mitchell         | None  |  |  |  |  |  | Unknown   |
| Monument         | <\$500,000  |  |  |  | X  |  | Unknown   |
| Mt. Vernon       | <\$500,000  |  |  |  | X  |  | Unknown   |
| Myrtle Creek     | \$5Million-\$10Million  | X  |  |  |  |  | No  |
| Nehalem          | \$500,000-\$1Million  | X  |  |  |  |  | Yes   |

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| City           | Over the last three years, what is the average annual amount of your city's reserve funds | Does your city currently have reserve funds invested with a portfolio manager? | Does your city currently have reserve funds invested with a portfolio manager? Yes, other public portfolio manager (not LGIP). | Does your city currently have reserve funds invested with a portfolio manager? Yes, private manager. | Does your city currently have reserve funds invested with a portfolio manager? No, our reserves are <u>not</u> invested. | Does your city currently have reserve funds invested with a portfolio manager? - Unknown | Is your city Interested in investing in a state sponsored intermediate term pool? |
|----------------|---|--|--|--|--|--|---|
|                |   | Yes, Local Government Investment Pool (LGIP, part of the OSTF).                |  |  |  |  |   |
| Newberg        | \$5Million-\$10Million  | X  |  |  |  |  | Yes   |
| Newport        | \$5Million-\$10Million  | X  |  |  |  |  | Unknown   |
| North Plains   | \$1Million-\$5Million   | X  |  |  |  |  | Yes   |
| North Powder   | <\$500,000  | X  |  |  |  |  | Yes   |
| Oakland        | \$500,000-\$1Million  | X  |  |  |  |  | Unknown   |
| Oregon City    | >\$10Million  | X  |  |  |  |  | Yes   |
| Philomath      | \$1Million-\$5Million   | X  |  |  |  |  | Yes   |
| Phoenix        | <\$500,000  | X  |  |  |  |  | Yes   |
| Portland       | >\$10Million  | X  |  |  |  |  | Yes   |
| Redmond        | >\$10Million  | X  |  | X  |  |  | Unknown   |
| Reedsport      | \$5Million-\$10Million  | X  |  | X  |  |  | Yes   |
| Riddle         | \$500,000-\$1Million  | X  | X  |  |  |  | Unknown   |
| Rockaway Beach | \$1Million-\$5Million   | X  |  |  |  |  | Unknown   |
| Rogue River    | \$1Million-\$5Million   | X  |  |  |  |  | Yes   |
| Roseburg       | >\$10Million  | X  |  |  |  |  | Yes   |
| Salem          |   | X  |  | X  |  |  | Unknown   |
| Sandy          | \$1Million-\$5Million   |  | X  |  |  |  | Unknown   |
| Scio           | None  |  |  |  |  |  | Unknown   |
| Seneca         | <\$500,000  |  | X  |  |  |  | Unknown   |
| Sheridan       | <\$500,000  | X  |  |  |  |  | Unknown   |
| Sherwood       | >\$10Million  |  |  |  | X  |  | Yes   |
| Siletz         |   | X  |  |  |  |  | Unknown   |
| Spray          | <\$500,000  |  |  |  |  | X  | Unknown   |
| Springfield    | >\$10Million  | X  | X  |  |  |  | Yes   |
| St. Helens     | >\$10Million  | X  |  |  |  |  | Unknown   |
| Stayton        | \$1Million-\$5Million   |  |  |  | X  |  | Yes   |
| Summerville    | <\$500,000  |  |  |  | X  |  | Yes   |
| Sutherlin      | \$1Million-\$5Million   | X  |  |  |  |  | Yes   |
| The Dalles     | >\$10Million  | X  |  |  |  |  | Unknown   |

League of Oregon Cities

Treasury Investment Survey Report

| City        | Over the last three years, what is the average annual amount of your city's reserve funds | Does your city currently have reserve funds invested with a portfolio manager? | Does your city currently have reserve funds invested with a portfolio manager? Yes, Local Government Investment Pool (LGIP, part of the OSTF). | Does your city currently have reserve funds invested with a portfolio manager? Yes, other public portfolio manager (not LGIP). | Does your city currently have reserve funds invested with a portfolio manager? Yes, private manager. | Does your city currently have reserve funds invested with a portfolio manager? No, our reserves are <u>not</u> invested. | Does your city currently have reserve funds invested with a portfolio manager? - Unknown | Is your city interested in investing in a state sponsored intermediate term pool? |
|-------------|---|--|--|--|--|--|--|---|
|             |   | Yes, Local Government Investment Pool (LGIP, part of the OSTF).                | Yes, Local Government Investment Pool (LGIP, part of the OSTF).  | Yes, other public portfolio manager (not LGIP).  | Yes, private manager.  | <u>not</u> invested.   | - Unknown  |   |
| Toledo      | \$1Million-\$5Million   | X  |  |  |  |  |  | Yes   |
| Tualatin    | >\$10Million  | X  |  |  |  |  |  | Yes   |
| Ukiah       | None  |  |  |  |  |  |  | Unknown   |
| Umatilla    | \$1Million-\$5Million   | X  |  |  |  |  |  | Unknown   |
| Veneta      | \$5Million-\$10Million  | X  |  |  |  |  |  | Yes   |
| Walport     | \$1Million-\$5Million   | X  |  |  | X  |  |  | Unknown   |
| Wasco       | <\$500,000  | X  |  |  |  |  |  | Unknown   |
| West Linn   | \$5Million-\$10Million  | X  |  |  |  |  |  | Yes   |
| Westfir     | \$500,000-\$1Million  | X  |  |  |  |  |  | Unknown   |
| Wheeler     | <\$500,000  | X  |  |  |  |  |  | Yes   |
| Wilsonville | >\$10Million  | X  |  |  | X  |  |  | Yes   |
| Yoncalla    | \$1Million-\$5Million   | X  |  |  |  |  |  | Unknown   |

| City          | Does your city have restrictions on reserve fund investments? | Would your city likely consider proposing changes to the restriction(s)? | If permitted, what portion of your city's funds would likely be transferred? | If an intermediate term pool became available, when would your city likely participate? | What portion of the city's reserve funds (cash reserves) would the city likely consider investing? | What dollar amount of your city's yearly reserve funds (cash reserves) would likely be invested? |
|---------------|---|--|--|---|--|--|
| Adams         | Unknown   |  |  |   |  |  |
| Adrian        | Unknown   |  |  |   |  |  |
| Albany        | Yes   | No   |  |   |  |  |
| Astoria       | Yes   | Unknown  |  |   |  |  |
| Athena        | Unknown   |  |  |   |  |  |
| Beaverton     | No  |  |  |   |  |  |
| Bend          | Yes   | Unknown  |  |   |  |  |
| Brookings     | No  |  |  |   |  |  |
| Brownsville   | No  |  |  |   |  |  |
| Canby         | No  |  |  |   |  |  |
| Coquille      | Yes   | Unknown  |  |   |  |  |
| Corvallis     | No  |  |  |   |  |  |
| Cottage Grove | No  |  |  |   |  |  |
| Creswell      | Unknown   |  |  |   |  |  |
| Dayville      | No  |  |  |   |  |  |
| Durham        | Unknown   |  |  |   |  |  |
| Enterprise    | No  |  |  |   |  |  |
| Estacada      | Unknown   |  |  |   |  |  |
| Eugene        | Yes   | Unknown  |  |   |  |  |
| Fairview      | No  |  |  |   |  |  |
| Falls City    | No  |  |  |   |  |  |
| Florence      | No  |  |  |   |  |  |
| Forest Grove  | Unknown   |  |  |   |  |  |
| Gaston        | Yes   | Unknown  |  |   |  |  |
| Grants Pass   | Yes   |  |  |   |  |  |
| Gresham       | Yes   | Yes  |  |   |  |  |
| Halsey        | Unknown   |  |  |   |  |  |
| Hood River    | Unknown   |  |  |   |  |  |
| Irrigon       | Unknown   |  |  |   |  |  |
| John Day      | No  |  |  |   |  |  |

League of Oregon Cities

Treasury Investment Survey Report

| City             | Does your city have restrictions on reserve fund investments? | Would your city likely consider proposing changes to the restriction(s)? | If permitted, what portion of your city's funds would likely be transferred? | If an intermediate term pool became available, when would your city likely participate? | What portion of the city's reserve funds (cash reserves) would the city likely consider investing? | What dollar amount of your city's yearly reserve funds (cash reserves) would likely be invested? |
|------------------|---|--|--|---|--|--|
| Jordan Valley    | Unknown   |  | Unknown  | Unknown   | Unknown  | Unknown  |
| Joseph           | No  |  |  | 1-2 Years   | Unknown  | Unknown  |
| Junction City    | No  |  |  | ASAP  | 25%-50%  | \$1Million-\$5Million  |
| Keizer           | No  |  | <25%   | 1-2 Years   | <25%   | \$1Million-\$5Million  |
| King City        | No  |  | 25%-50%  | Unknown   | 25%-50%  | <\$1Million  |
| Klamath Falls    | Yes   | No   | <25%   | 3-5 Years   | <25%   | \$1Million-\$5Million  |
| La Grande        | Unknown   |  | <25%   | Unknown   | <25%   | <\$1Million  |
| Lafayette        | No  |  | <25%   | Not Likely to Participate   |  |  |
| Lake Oswego      | Yes   | Unknown  | Unknown  | Unknown   | Unknown  | Unknown  |
| Lebanon          | Yes   | Yes  | <25%   | 1-2 Years   | Unknown  | Unknown  |
| Lexington        | Unknown   |  |  | Unknown   | Unknown  | <\$1Million  |
| Madras           | Yes   | Yes  | 25%-50%  | 1-2 Years   | <25%   | <\$1Million  |
| Malin            | No  |  | >50%   | ASAP  | >50%   | <\$1Million  |
| Manzanita        | No  |  | 25%-50%  | Unknown   | Unknown  | \$1Million-\$5Million  |
| Maupin           | No  |  | 25%-50%  | 1-2 Years   | 25%-50%  | <\$1Million  |
| Mill City        | Yes   | No   |  | Not Likely to Participate   |  |  |
| Milton-Freewater | Yes   | Yes  | 25%-50%  | ASAP  | 25%-50%  | \$1Million-\$5Million  |
| Milwaukie        | Yes   | Yes  | 25%-50%  | 1-2 Years   | 25%-50%  | \$1Million-\$5Million  |
| Mitchell         | No  |  |  | Not Likely to Participate   |  |  |
| Monument         | Unknown   |  |  | Unknown   | Unknown  | Unknown  |
| Mt. Vernon       | Unknown   |  |  | Unknown   | Unknown  | Unknown  |
| Myrtle Creek     | No  |  | Unknown  |   |  |  |
| Nehalem          | No  |  | 25%-50%  | 1-2 Years   | 25%-50%  | Unknown  |
| Newberg          | Unknown   |  | Unknown  | 1-2 Years   | Unknown  | Unknown  |
| Newport          | No  |  | Unknown  | ASAP  | <25%   | \$1Million-\$5Million  |
| North Plains     | No  |  | <25%   | ASAP  | <25%   | <\$1Million  |
| North Powder     | No  |  | <25%   | ASAP  | <25%   | <\$1Million  |
| Oakland          | No  |  | None   | Unknown   | Unknown  | Unknown  |
| Oregon City      | No  |  | 25%-50%  | 1-2 Years   | 25%-50%  | \$6Million-\$10Million   |
| Philomath        | No  |  | 25%-50%  | 1-2 Years   | 25%-50%  | <\$1Million  |

League of Oregon Cities

Treasury Investment Survey Report

| City           | Does your city have restrictions on reserve fund investments? | Would your city likely consider proposing changes to the restriction(s)? | If permitted, what portion of your city's funds would likely be transferred? | If an intermediate term pool became available, when would your city likely participate? | What portion of the city's reserve funds (cash reserves) would the city likely consider investing? | What dollar amount of your city's yearly reserve funds (cash reserves) would likely be invested? |
|----------------|---|--|--|---|--|--|
| Phoenix        | No  |  | 25%-50%  | 1-2 Years   | 25%-50%  | <\$1Million  |
| Portland       | Yes   | Yes  | <25%   | ASAP  | <25%   | >\$10Million   |
| Redmond        | Yes   | Unknown  | Unknown  | Unknown   | Unknown  | Unknown  |
| Reedsport      | No  |  | 25%-50%  | ASAP  | 25%-50%  | \$1Million-\$5Million  |
| Riddle         | Unknown   |  | Unknown  | Unknown   | Unknown  | Unknown  |
| Rockaway Beach | Unknown   |  | 25%-50%  | 1-2 Years   | 25%-50%  | \$1Million-\$5Million  |
| Rogue River    | No  |  | 25%-50%  | 1-2 Years   | >50%   | \$1Million-\$5Million  |
| Roseburg       | Yes   | Yes  | 25%-50%  | 1-2 Years   | 25%-50%  | \$6Million-\$10Million   |
| Salem          | Yes   | Unknown  | Unknown  | 1-2 Years   | Unknown  | Unknown  |
| Sandy          | Yes   | Unknown  | Unknown  | 1-2 Years   | Unknown  | Unknown  |
| Scio           | No  |  |  | Unknown   | Unknown  | Unknown  |
| Seneca         | No  |  |  | Unknown   | 25%-50%  | <\$1Million  |
| Sheridan       | Yes   |  |  |   |  |  |
| Sherwood       | No  |  |  | 1-2 Years   | 25%-50%  | \$1Million-\$5Million  |
| Siletz         | Yes   | Unknown  | Unknown  | Unknown   | Unknown  | Unknown  |
| Spray          | Unknown   |  |  | Unknown   | Unknown  | Unknown  |
| Springfield    | Yes   | Yes  | <25%   | 1-2 Years   | <25%   | >\$10Million   |
| St. Helens     | No  | Unknown  | Unknown  | Unknown   | Unknown  | Unknown  |
| Stayton        | No  |  |  | ASAP  | Unknown  | \$1Million-\$5Million  |
| Summerville    | Yes   | Yes  |  | ASAP  | 25%-50%  | <\$1Million  |
| Sutherlin      | Yes   | Yes  | 25%-50%  | ASAP  | 25%-50%  | \$1Million-\$5Million  |
| The Dalles     | No  |  | Unknown  | Unknown   | Unknown  | Unknown  |
| Toledo         | No  |  | 25%-50%  | ASAP  | >50%   | \$1Million-\$5Million  |
| Tualatin       | No  |  | <25%   | ASAP  | <25%   | \$1Million-\$5Million  |
| Ukiah          | Unknown   |  |  | Unknown   | Unknown  | Unknown  |
| Umatilla       | No  |  | Unknown  | 1-2 Years   | Unknown  | Unknown  |
| Veneta         | Unknown   |  | <25%   | 1-2 Years   | <25%   | \$1Million-\$5Million  |
| Waldport       | No  |  | <25%   | ASAP  | <25%   | <\$1Million  |
| Wasco          | No  |  | Unknown  | Unknown   | Unknown  | Unknown  |
| West Linn      | No  |  | 25%-50%  | 1-2 Years   | 25%-50%  | \$1Million-\$5Million  |

## League of Oregon Cities

## Treasury Investment Survey Report

| City        | Does your city have restrictions on reserve fund investments? | Would your city likely consider proposing changes to the restriction(s)? | If permitted, what portion of your city's funds would likely be transferred? | If an intermediate term pool became available, when would your city likely participate? | What portion of the city's reserve funds (cash reserves) would the city likely consider investing? | What dollar amount of your city's yearly reserve funds (cash reserves) would likely be invested? |
|-------------|---|--|--|---|--|--|
| Westfir     | No  |  | Unknown  | Unknown   | Unknown  | <\$1Million  |
| Wheeler     | No  |  | <25%   | 1-2 Years   | <25%   | <\$1Million  |
| Wilsonville | No  |  | Unknown  | Unknown   | Unknown  | Unknown  |
| Yoncalla    | Unknown   |  | Unknown  | Unknown   | Unknown  | Unknown  |

League of Oregon Cities  
**Appendix E: Spearman Correlation Coefficients**

Treasury Investment Survey Report

|                                | Population | Region   | Average City Reserve | Interested in OITP | Fund Restrictions | Willing to Change Restrictions | LGPI Transfer | When Likely to Participate | Portion of Cash Transfer | Dollar Amount of Cash Transfer | Investment Policy | OSTF Review |
|--------------------------------|------------|----------|----------------------|--------------------|-------------------|--------------------------------|---------------|----------------------------|--------------------------|--------------------------------|-------------------|-------------|
| Population                     | -          |          |                      |                    |                   |                                |               |                            |                          |                                |                   |             |
| Region                         | -0.318**   | -        |                      |                    |                   |                                |               |                            |                          |                                |                   |             |
| Average City Reserve           | 0.881**    | -0.339** | -                    |                    |                   |                                |               |                            |                          |                                |                   |             |
| Interested in OITP             |            |          |                      | -                  |                   |                                |               |                            |                          |                                |                   |             |
| Fund Restrictions              | 0.388**    |          | 0.311**              |                    | -                 |                                |               |                            |                          |                                |                   |             |
| Willing to Change Restrictions |            |          |                      |                    | -                 |                                |               |                            |                          |                                |                   |             |
| LGPI Transfer                  |            |          |                      | 0.283**            |                   | 0.562**                        | -             |                            |                          |                                |                   |             |
| When Likely to Participate     | -0.248*    |          | -0.212*              |                    |                   | -0.368**                       | -             |                            |                          |                                |                   |             |
| Portion of Cash Transfer       |            |          |                      |                    |                   | 0.488**                        | 0.876**       | -                          |                          |                                |                   |             |
| Dollar Amount of Cash Transfer | 0.273**    |          | 0.257*               |                    | 0.332**           |                                |               | 0.273**                    | -                        |                                |                   |             |
| Investment Policy              | 0.587**    |          | 0.492**              | 0.230*             | 0.541**           |                                |               |                            |                          | 0.236*                         |                   |             |
| OSTF Review                    | 0.331**    |          | 0.282**              |                    | 0.538**           |                                |               |                            |                          | 0.471**                        | -                 |             |

Note: \*p<.05, \*\*p<.01; n=94

A correlation is a statistical measure in the relationship between two variables. To say something correlates means that as one variable changes, the other changes as well. This does not imply that one variable necessarily caused the other variable to change, merely that their changes are related. Positive numbers in a correlation denote positive change (i.e. as one variable increases in value, the other increases as well) where as a negative correlation denotes negative change (as one variable increases, the other variable will decrease). Asterisks are a common way to denote significance in a correlation coefficient. This means that a value (whether positive or negative) was significant enough for the statistician to reject the null hypothesis that no relationship exists.