

OREGON IDA INITIATIVE FUNDS MANAGEMENT POLICY

I. Purpose for this Policy:

The purposes of the following guidelines are to:

- Describe systems and processes related to management and oversight of state funds held by Neighborhood Partnerships (NP) in its role as administrator of the Oregon IDA Initiative,
- Support concentrated and effective investment of these funds while held by NP,
- Outline the reporting of investment activity, and
- Provide information on investment processes and activities for Fiduciary Organizations, Initiative partners, and other stakeholders.

II. Review and Approval of this Policy:

This policy will be reviewed annually by the NP Board of Directors, which is the body that must approve any changes.

The policy will be submitted to OHCS as part of NP's annual workplan, with any Board-approved changes highlighted.

NP will inform OHCS of any changes to the policy outside of the workplan process as detailed below.

III. Centralized Funds Management:

As per Oregon IDA Initiative Standard Operating Procedures, as approved by OHCS, and in place since 2018, NP will continue the policy of Centralized Fund Management of OR IDA match funds, meaning that all such funds awarded to FOs and exceeding FO previous 12 month match disbursed amounts will be held centrally by NP and managed by NP with OHCS oversight.

IV. Tax Credit Marketing and Management:

NP is authorized by OHCS, inclusive of authority to carry out Oregon IDA tax credit marketing, to determine what forms tax credit donations may take beyond the currently accepted forms of cash and donated stock. The NP Investment Officer will act in consultation with professional investment advisors and tax professionals, and all policies will be reviewed and approved by the NP Board in making prudent and fiscally responsible decisions that do not conflict with any elements of NP's contract with OHCS, IDA ORS, Oregon Administrative Rule (OAR), and Standard Operating Procedures.

Annually, NP will provide to OHCS a tax credit marketing plan and budget, and through that plan will provide detail on what forms acceptable donations may take in a given tax credit year, and which have been explicitly identified as not accepted by NP for IDA tax credit donations. Changes to the plan will be submitted to OHCS for review, with supporting documentation, before implementation and reviewed and approved or denied by OHCS within 30 days of submission.

V. Investment:

- **Guidelines for investing**

The investment objectives for the total funds of the Oregon IDA Initiative are to: Primarily, safeguard the original amount of the funds and preserve capital, by mitigating credit and interest rate risk.

Secondarily, balance the following three goals:

- 1) Earn the best market rate available utilizing acceptable investment instruments while acting prudently
- 2) Maintain necessary liquidity to make timely transfers to support FO operations by structuring maturities and limiting long-term investments, and avoid quick transfers that might result in selling assets at a loss
- 3) Further the goals of the Oregon IDA Initiative by cultivating and maintaining positive relationships with the financial institutions that support the work of the IDA Initiative

- **Authority**

Oregon IDA Initiative Fund investments will be made by the Investment Officer, currently the NP IDA Fiscal Manager. The Investment Officer will act in consultation

with the NP Board of Directors and with Oregon Housing and Community Services, and with the support of the NP Organizational Director and the Operations & Finance Director and financial staff.

If the NP Investment Officer is incapacitated, the Treasurer of the NP Board of Directors will assume the duties of Investment Officer.

- **Acceptable Investment Instruments and FDIC Insurance**

Oregon IDA Initiative funds shall be invested in checking and savings accounts, Money Market and Sweep accounts (consisting of permitted investments), Certificates of Deposit, Government Agency Bonds and US Treasury securities. To the greatest extent possible, all investment instruments will be FDIC, NCUSIF and/or US Government guaranteed. Exceeding FDIC and NCUSIF insured limits will be allowed. The investment officer will consult with a subcommittee when making investments which may exceed FDIC insurance levels. Such decisions and transactions will be documented by written communication. The addition of any new type of savings or investment instrument will be approved by the NP Board of Directors, and approved additions will be highlighted in the annual workplan submitted to OHCS for review. Board approved changes may be submitted to OHCS outside of the annual workplan process as needed.

Quality investment instruments will be utilized for the liquidity and investment needs of funds on hand with the objective of seeking as high a current income as is consistent with the stability and liquidity of principal.

Investments will be made through financial institutions or investment brokers in accordance with this policy as approved by the Investment Officer after consultation with the NP Board of Directors and OHCS contract managers. Where prudent, funds will be invested with the intention to support the goals of the Oregon IDA Initiative. Partners will all be certified and state registered, and maximum exposures to single or affiliated entities will be balanced. All partners will be asked to read and sign our conflict-of-interest policy statement. Additionally, all partners will be asked to read this investment policy and sign certifying compliance with this policy.

Maturities will be based on liquidity needs, as determined by the Investment Officer in consultation with NP financial management staff and taking into consideration payment obligations to FOs.

- **Prudence**

The standard of prudence to be used in managing Oregon IDA Initiative Funds shall be the Prudent Person Standard. This standard states that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

- **Ethics and Conflicts of Interest**

Employees involved in the investment process and members of the NP Board of Directors shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees involved in the investment process shall disclose any material interest in financial institutions with which they conduct business and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity.

Any variation or non-compliance will be noted and documented, and appropriate remedies undertaken and documented immediately.

- **Reporting**

A summary report of all Oregon IDA Initiative Fund investments will be provided monthly to OHCS, and quarterly to the NP Board of Directors and to the leadership of Fiduciary Organizations.

This policy will be shared annually with FO leadership following annual NP Board review and approval.

Approved by the Neighborhood Partnerships Board of Directors September 19, 2024