

RESOLUTION No.

Declares intent for the Treasurer of the City of Portland to consider future investment options in credit unions as allowed under Oregon House Bill 3700 in 2013; supports the Treasurer to amend the City's Investment Policy to allow for investments in credit unions or other financial institutions up to the applicable NCUA or FDIC insurance limit and declares intent to make those initial investments in up to 10 investments in 2012; and supports changes in the solicitation process to increase competition and consider community reinvestment criteria for selecting financial institutions which provide the City's financial services. (RESOLUTION)

WHEREAS, the City of Portland makes investments in accordance with the City's Investment Policy as well as Oregon Revised Statutes; and,

WHEREAS, the City Treasurer has the authority to restrict or terminate financial relationships with institutions that exhibit discriminatory or other illegal credit practices; and,

WHEREAS, the objectives of the City's investment portfolio are to preserve the principal and serve the liquidity needs of the City while generating a fair return within those confines and in order to achieve that objective, the City invests in a diversified portfolio of conservative investments, most heavily in federal securities; and,

WHEREAS, in addition to diversified portfolio of federal securities, the City of Portland invests in banks and relies on banks for banking and treasury management services including checking, electronic transfers and credit card processing services; and,

WHEREAS, large and small banks and other financial institutions in the Portland region are a vital part of our economic, philanthropic, and civic infrastructure and many bank leaders in this region strive together with government to create a more vibrant community; and,

WHEREAS, large and small banks are tax-paying institutions and currently employ over 8,000 people in the Portland metropolitan area alone and larger financial institutions are uniquely positioned to provide financial services to some of the largest employers in the region; and,

WHEREAS, loss of home equity, job loss, some federal programs and banking policies have made it difficult for many families to receive common sense home loan modifications that would allow them to avoid foreclosure; and,

WHEREAS, the economic recessions that began in 2007 severely limited financing options for many small businesses; and,

WHEREAS, community-based financial institutions help sustain the local economy by loaning deposits back to local businesses and focusing on local customer needs; and,

WHEREAS, the Center for State Innovation estimates that every 10 million dollars in state deposits moved from out-of-state multinational banks to in-state banks is likely to create or retain between 5 and 8 additional in-state jobs and the more narrowly these funds are directed into the

smallest banks (those with net assets less than one billion dollars) and banks that specialize in business lending, the greater the job effects; and,

WHEREAS, it is in the City's best interest to increase competition for providing banking services including participation in the competitive solicitation process by local banks during the next contracting cycle; and,

WHEREAS, the City's current Investment Policy does not provide for credit union and other financial institution investments up to the current NCUA and FDIC insurance cap of \$250,000; and,

NOW, THEREFORE, BE IT RESOLVED that the City of Portland will continue to evaluate investments in local financial institutions where those investments are consistent with the City's Investment Policy criteria of safety, liquidity and yield and when such investments are consistent with the efficient management of the investment portfolio; accordingly, Council directs the City Treasurer to continue to exercise diligence in the evaluation of potential opportunities to place investments within local financial institutions; and,

BE IT FURTHER RESOLVED that the City of Portland declares its support of the implementation of Oregon House Bill 3700 (2010 Special Session) that will allow local governments to invest more than the current NCUA insurance limit of \$250,000 in State approved credit unions beginning in 2013 and directs the Treasurer to evaluate local credit unions who are approved as qualified depositories by the State Treasurer as an investment option provided such investments are consistent with the City's Investment Policy criteria of safety, liquidity and yield and when such investments are consistent with the efficient management of the investment portfolio; and,

BE IT FURTHER RESOLVED that in accordance with House Bill 3700, the City of Portland will enter into a relationship with at least one credit union and submit a letter of intent to invest more than \$250,000 in that credit union should it be accepted under the collateralization program established in House Bill 3700; and,

BE IT FURTHER RESOLVED that Council directs the Treasurer to amend the City's Investment Policy to allow for the investment in credit unions up to the applicable NCUA insurance limit and to bring the amendment to Council for approval as part of the next Investment Policy revision in early 2012; and,

BE IT FURTHER RESOLVED that in accordance with changes in the City's Investment Policy, Council directs the City Treasurer to make up to 10 initial investments in credit unions and other local financial institutions up to the NCUA and FDIC insurance limit in 2012; and,

BE IT FURTHER RESOLVED that, in an effort to maximize competition for banking services and create an environment that encourages local participation in the solicitation process, the Treasurer will work collaboratively with Procurement Services to identify any strategies and best practices that would enhance the chance for local participation in the procurement of banking services during the next contracting cycle; and,

BE IT FURTHER RESOLVED that the Treasurer will research national best practices and include as part of the selection criteria for banking services other aspects of a financial institution possibly including but not limited to community re-investment practices, small business loan programs, workforce data, and mortgage and interest rates and terms, to the extent they are available at the time of the solicitation process and provide a reasonable basis of comparison and are allowed under law; and,

BE IT FURTHER RESOLVED that as part of the pre-solicitation process, for general banking and treasury management services, the Treasurer will circulate a draft RFP to Council Offices for comment by the end of June 2012.

Adopted by the Council:

Mayor Sam Adams

Prepared by: Rich Goward and Jennifer Yocom

Date Prepared: February 3, 2012

LaVonne Griffin-Valade

Auditor of the City of Portland

By

Deputy

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