

RESOLUTION No. 6204

Resolution to Waive the Cash Management Policy 8.20.010-P

RECITALS

1. Portland Public Schools (PPS) is required by statute to obtain an annual audit of the District's accounts and fiscal affairs. PPS contracts with an independent auditing firm for these services.
2. The COVID-19 health crisis has caused a huge disruption in the capital markets. The Federal Reserve and US Treasury have taken unprecedented steps to provide liquidity to the market. In spite of these extraordinary efforts, the crisis has continued to have a devastating impact on security prices and returns. US Treasury securities are now yielding negative returns out to one-year maturities. This means if the District purchases one of those lowest risk securities, the district will receive less at maturity than was originally invested.
3. Investing in US Treasury Securities in the current market would contradict the overall objective of Board Policy 8.20.010-P: Cash Management:

"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."
4. Policy 8.20.10-P also restricts the amount that can be invested or deposited in any one banking institution to 10% of the total portfolio.
5. The Finance leadership of the district requests the Board grant a temporary suspension to Board Policy 8.20.10-P, Section VII (2), which limits deposits to 10% of the portfolio in any one banking institution. This will allow the District's Treasury Department greater flexibility in managing excess cash and avoid investments that will not return a positive yield.

RESOLVED

Effective November 17, 2020, the Portland Public Schools Board of Education hereby authorizes a temporary waiver of Section VII (2) of Board Policy 8.20.10-P: Cash Management through June 30, 2021, and allows up to 25% of the district's investment portfolio in a single banking institution.