



**Policies Pertaining to the
Organization and Management of the
Oregon School Boards Association**

Adopted: June 1980

***Revised: June 1992, June 1993, June 1996, June 1997, June 1999,
June 2001, June 2002, June 2003, September 2004, January 2005,
June 2005, September 2005, June 2006, January 2007, September 2007,
November 2007, June 2008, June 2009, June 2010, April 2011***

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Section A - Governance

100 Board and Executive Committee

100.1 Association Board of Directors

As used in this OSBA policy, the name of the governing body of the association is the board of directors in accordance with the constitution.

The board of directors shall consist of nineteen (19) regionally elected directors including the following officers: president, the president-elect, the vice president, immediate past president and the secretary-treasurer. Officers are nominated by the board and elected by the membership. In the filling of any board vacancy by appointment, pursuant to Article X, Section 4 of the OSBA constitution, the board will consult with local boards in the affected region.

The following shall serve as ex-officio members of the board with the same rights and privileges as elected members except to vote and/or hold an officer position:

- A. Any director of the National School Boards Association elected from Oregon;
- B. The past president of the Oregon Association of School Executives;
- C. The past president of the Confederation of Oregon School Administrators;
- D. The chairman of the Oregon Board of Education or designee;
- E. Such other members as shall provide balance to the board.

These ex-officio members serve in addition to the chairman of the ESD board member section and the president of the Oregon Community College Association, as specified in the constitution.

The board shall adopt a board member position description that includes the duties of the board as follows:

- A. It shall carry on the necessary business of the association between special and annual meetings thereof. The board may adopt such rules and regulations as deemed necessary for the conduct of its business and may, in the execution of powers granted, delegate certain of its authority and responsibility to the executive committee.
- B. It may employ a salaried executive director and shall determine salary and duties.

- C. It shall, at regularly called meetings thereof, fill all vacancies in any office until the next annual meeting of the association.
- D. It shall meet not less than twice annually and when called by the president, or upon written notice served on other members of the board of directors by not less than three members thereof, in accordance with the Oregon public meetings laws.
- E. It shall determine the place, date and hour of regular meetings of the association and serve or cause to be served proper notice to all members as provided herein.
- F. It shall adopt an annual budget for the association.
- G. It shall pass upon appointments by the president to committees.
- H. It shall require an annual audit of the books of the secretary-treasurer and any other officer or employee who handles funds of the association.
- I. It shall determine the site of the head office of the association.
- J. It shall authorize such special committees as it deems necessary for the proper conduct of the affairs of the association.
- K. It shall formally review the establishment of the regional structure of the association at least every three years. Any recommended changes to the regional structure shall be submitted to the membership in accordance with the provisions of Article XII.
- L. It shall promote the active involvement of member school boards in the regional structure of the association.
- M. It shall prepare and distribute an impact statement for any resolution to be placed before the membership.

100.2 Executive Committee

The executive committee shall consist of five officers of the board of directors: the president as chairman, the president-elect, the vice president, the immediate past president, and the secretary-treasurer. The executive committee may act, pursuant to delegation of authority to such committee by the board of directors, in place and stead of the board of directors between board meetings on all matters, except those specifically reserved to the board by this constitution. Actions of the executive committee shall be reported to the board by mail or at the next board meeting.

The executive committee shall recommend a budget for approval by the board of directors.

100.3 President

The president, who presides at all OSBA functions, shall:

- A. Consistent with the constitution, appoint all committees, subject to the approval of the board of directors;
- B. Call all regular and special meetings;
- C. Serve as an ex-officio member of all committees.

200 Secretary-Treasurer

200.1 Election and Duties

A secretary-treasurer shall be elected by the membership at its annual meeting. The duties of the secretary-treasurer shall be to keep a suitable minute book of accurate minutes of all regular and special meetings and board of director meetings; arrange for proper banking facilities, receive, account for and disburse funds in a businesslike manner as provided for by the board of directors; carry on official correspondence of the association; see that the minutes of the previous meetings are read, and give an itemized and detailed report of the financial condition of the association at each annual meeting and at such other times as may be required by the board of directors.

200.2 Delegation of Duties

Keeping of minutes, carrying on official correspondence of the association, arranging for proper banking facilities and receiving and accounting for and disbursing funds are delegated to the executive director.

200.3 Auditor

The board of directors shall provide for an annual audit of the association finances and recordkeeping by an independent auditing firm.

300 Responsibility of Staff

300.1 Delegation of Authority

Upon establishing association policies and directives, the board of directors delegates to the executive director, the responsibility for the operation of the association. Additionally, the executive director has the authority to delegate responsibility to staff to achieve effective operation of the association.

300.2 Executive Director Evaluation

The board shall evaluate the executive director annually in accordance with personnel procedures appropriate for chief executive officers. The evaluation year shall cover the period July through June. The calendar of evaluation activity shall be mutually determined by the board and executive director at the June meeting prior to the July beginning of the evaluation cycle. Goals for evaluation shall be identified by September 30 of the annual evaluation cycle.

300.3 Hiring of Staff

The board of directors authorizes the hiring of staff, but delegates to the executive director or his designee the responsibility for the selection and dismissal of staff.

300.4 Employee Compensation

OSBA strives to compensate its staff with salaries and other benefits comparable to those found in similar jobs located in the public and private labor markets.

The OSBA board is responsible for setting the executive director's compensation. The board will strive to do so at or near the national average for other state school boards associations throughout the nation with similar sized annual operating budgets, as well as within the range established by comparable non-profit associations in Oregon and other comparitors deemed appropriate by the board.

The executive director is responsible for establishing salary, benefits and bonuses, where applicable, for staff. OSBA strives to establish compensation within three years of initial hire date that are at or near the national average for other state school boards associations throughout the nation with similar sized annual operating budgets, as well as within the range established by comparable non-profit associations in Oregon and other comparitors deemed appropriate by the executive director.

As part of the annual budgeting process the OSBA board will review and approve, in the aggregate, funds to be allocated for total compensation, which would include aggregate amounts for salaries, bonuses and all other related expenses, including funds allotted for benefit plans, as recommended by the executive director.

300.5 NSBA Relationships

Membership in the National School Boards Association is maintained by the board of directors. Continuous liaison with the NSBA is the responsibility of the executive director and an Oregon representative when one is serving on the NSBA board of directors. Officers of the association serve as delegates and alternates to the delegate assembly during the annual NSBA convention. Officers and the executive director maintain relationships with the Pacific Regional Conference for state associations. The executive director maintains relationship

for the OSBA with the executive directors' association comprised of the chief staff person of each of the state school board associations.

300.6 Publishing of OSBA Materials

The board of directors delegates to the executive director, within budget limitations, the responsibility for the publishing and distribution of materials deemed necessary to carry on the work of the association. The executive director may establish charges for published materials when deemed necessary.

300.7 Services to Member School Districts

The board of directors approves association services made available to member school boards. The fee structure for association services shall be reviewed and adopted by the board of directors. The board of directors delegates to the executive director responsibility for development and operation of said services. The executive director may adjust or establish fees to meet unique circumstances of particular school districts served.

300.8 Mailing List Fee

An individual can pay \$50 per year to receive all association mailings. The fee does not allow the individual any rights of membership.

The executive director will approve mailing list fee recipients. The executive director may elect to waive the fee for an individual deemed essential to include on the association's mailing list for outreach purposes.

400 Budget and Financial Administration

400.1 Budget Policy

The board of directors, in its policymaking function, determines how the association's funds shall be spent when it considers the annual budget, as prepared and presented by the executive director and staff. Once the budget is authorized, it shall be the guide for the officers and the executive director in the expenditure of all funds. The budget presented by the executive director to the board of directors shall include an estimated ending cash balance (reserve) equal to at least 15 percent of the budgeted annual expenditures for the budget period.

400.2 Deposits of Revenue

Association revenue is to be deposited in an association checking account. Any balance not needed to cover current expenses or payments due shall be deposited with the Local Government Investment Pool in the state treasurer's office or as authorized under the investment policy. As funds are needed to cover additional expenses, transfers shall be made from the investment pool to the association's checking account.

400.3 Check Signators

The executive director shall designate, in writing, the signators authorized to sign association checks. The signators shall be listed in rank order of authority to sign. Checks may be signed by other than the executive director only in cases where the executive director is not available.

No check shall be signed by the same person authorizing the voucher for payment.

400.4 Vouchers

A signed voucher shall be required in support of each authorized non-payroll check.

400.5 Investment Procedures

Temporarily idle funds or reserves of the association and its trust shall be considered surplus funds of a political subdivision and shall be invested under provisions of ORS Chapter 294. The executive director is designated the custodial officer of these funds.

The primary objective of investments of surplus funds is protection of the principal. The second objective is to maintain the liquidity to meet projected or unexpected cash needs. The third is to attain the best possible total return (yield and market appreciation) while retaining liquidity and minimizing the risk.

The OSBA board of directors will adopt a specific investment policy no less often than annually to govern the investments of association surplus funds and trust reserves in compliance with ORS Chapter 294 and pursuant to the primary objectives.

400.6 Bonding

The executive director shall designate the association staff to be bonded. Minimally, the executive director, executive assistant, bookkeeper and all designated check signators shall be bonded.

400.7 Liability Insurance

The association shall purchase and pay the premiums for liability insurance for all officers, directors and staff while in performance of their association duties.

500 Board of Director Expenses

500.1 General

- A. Travel arrangements are made through the administrative specialist. Conference registration, hotel and airfare expenses are pre-paid by

OSBA where possible. Travel reimbursement expense forms are available for qualified expenses not pre-paid by OSBA.

- B. Board members are strongly encouraged to attend event meals paid for with a conference registration. Typically, no reimbursement will be given for meals off-site when an event meal has already been purchased. Exceptions should be cleared with the president or executive director. Reimbursement receipts must include a brief written explanation for the need to eat off-site.
- C. The association issues checks on the 15th and 30th of each month after receiving receipts from board members. Reimbursement requests should be submitted within 60 days of the event.
- D. Receipts are expected for all expense reimbursements.
- E. Family members traveling or attending meetings with board members do so at the member's own expense (see Policy 1000.1 pursuant to ORS 244.020 (1))
- F. Personal entertainment and liquor expenses are the responsibility of the board member.
- G. Meeting Conduct
 - 1. Professional conduct and appearance is expected while traveling on OSBA business.
 - 2. Most meeting/conference apparel is business attire or business casual. Attire should be consistent with the purpose(s) and circumstances of the meeting.
 - 3. Only members of the official OSBA delegation and staff shall attend OSBA sponsored appointments (e.g. FRN, legislative appointments, etc.).

500.2 Automobile Expenses

Reimbursement for use of personal automobile for in-state association business shall be made at the IRS rate per mile.

500.3 Other Expenses

- A. Reimbursement of board members for expenses incurred for meals, lodging and incidental expenses while on association business will be made based on actual cost.
- B. Meals, taxi, shuttle and other travel for professional events or transportation to and from the airport will be reimbursed upon submission of receipts. Tips will be covered by the association for up to

15% of these types of charges. There may be exceptions to the limit of 15%. An example of an exception would be a restaurant that has a minimum service charge. Reasonable tips for hotel staff may also be reimbursed.

- C. Hotel room Internet fees shall be reimbursed when their use is specific to being an OSBA board member.
- D. The president or the president’s designee only will be reimbursed for actual expenses incurred while attending the OSBA Annual Convention and sponsored workshops.
- E. The president and other official delegates of the association will be reimbursed for expenses incurred while attending the NSBA Convention, Leadership Conferences and Federal Relations Network.

600 Association Dues Structure

600.1 Dues Schedule

Each member district shall cause to be paid to the OSBA annual dues based on Average Daily Membership according to the following schedule:

District Size	Dues
K-12 Districts	
Under 100 ADM	\$ 250.25
100-249 ADM	541.25
250-499 ADM	778.00
500-999 ADM	1,420.50
1,000-1,999 ADM	\$2,503.00
2,000-2,499 ADM	3,450.00
2,500-3,999 ADM	5,952.75
4,000-4,999 ADM	7,035.00
5,000-9,999 ADM	8,658.25
10,000-25,000 ADM	10,823.00
Over 25,000 ADM	18,940.00
ESDs	
Under 1,000 ADM	473.75
1,000-2,499 ADM	710.50

District Size	Dues
K-12 Districts	
2,500-4,999 ADM	947.00
5,000-7,499 ADM	1,082.50
7,500-9,999 ADM	1,556.00
10,000-14,999 ADM	2,029.50
15,000-24,999 ADM	2,367.75
25,000-50,000 ADM	3,111.75
Over 50,000 ADM	4,667.50
Community Colleges	270.66
State Board of Education	67.75

600.2 Whole-district Charter Schools

Where a member district has established itself as a charter school and all students enrolled in the member district are enrolled in the charter school, then that member district will still be considered a regular member and will receive all regular membership benefits.

600.3 Enrollment Adjustments for Member Districts

Where a charter school has been established within the boundaries of a member district, that member district's ADMr shall be reduced by the charter school's December 31 ADMr provided by the Oregon Department of Education. The member district's dues shall be assessed based on the reduced enrollment figure.

600.4 Changes

The board of directors may recommend changes in the annual dues schedule. Approval for such changes requires a vote of the association membership.

700 Association Committees

700.1 Legislative Policy Committee

- A. The Legislative Policy Committee (LPC) shall be composed of the nineteen (19) voting members of the board of directors of the association and nineteen (19) regional representatives elected by procedures outlined in Article IX and X. The vice president of the board shall chair the committee. The term of office is two (2) calendar years with elections held in odd-numbered years in conjunction with OSBA board position elections. The LPC shall develop legislative policies which are

recommended to and approved by the membership at the annual meeting and may act on behalf of the association in accordance with those policies. The LPC also advises the executive director and staff during legislative sessions.

- B. The board shall adopt a position description describing the duties of a LPC member.

700.2 Insurance Trust Committees

The president shall appoint, subject to the approval of the board of directors, an insurance trust committee or committees, as appropriate and necessary. Such committee(s) shall be made up of five trustees, three of whom are school board members and two administrative staff of member school districts. The purpose of such trust committee(s) is to assure there is available to members of the association an adequate market and/or options for obtaining appropriate coverages to meet the needs of district boards, their property and/or employees, through joint purchase, pooled, self-insured, purchase, endorsement and/or other means that lawfully take advantage of collective buying power and pooling of risk. Administering the various insurance programs of the association is the responsibility of such committee(s). The executive director, or designee, serves as the administrator for the insurance trust committee(s).

700.3 Additional Committees

The board of directors may create other committees or administrative boards deemed necessary for the proper conduct of the affairs of the association.

800 Inter-agency Involvements

800.1 Local Government Center

The Local Government Center, located in Salem, operates under a trust agreement with the trustees being the current presidents of the League of Oregon Cities, the Association of Oregon Counties and the Oregon School Boards Association. Day-to-day management of the building is conducted under a management agreement which provides that the executive directors of the three organizations shall be responsible for the site, the facilities and their operation.

800.2 Related Agencies

The Oregon Community College Association is provided office facilities in the Local Government Center out of the association's space allocation.

900 Annual Convention and Other Training Meetings

900.1 Annual Convention Fees and Costs

Registration fees for the Annual Convention are established by the board of directors. Fees for other conferences may be established by the executive director.

900.2 Other Workshops and Conferences

The executive director shall determine the number and type of workshops and conferences the association shall offer or in which the association will participate. The executive director shall annually report to the board the type and effectiveness of workshops and conferences offered.

1000 Conflict of Interest

1000.1 Definition: No board member, in his/her official capacity, shall take any action or make any decision or recommendation which would be to the private pecuniary benefit or detriment of the board member, a board member's relative, a member of the board member's household or a business with which the board member or a relative or household member of the board member is associated (ORS 244.020(1)).

1000.2 Declaration: When met with a potential conflict of interest, the board member shall announce publicly the nature of the potential conflict prior to taking any action thereon in the capacity of an OSBA board member (ORS 244.120(2)).

A board member may not vote lawfully if an actual conflict of interest exists unless a vote is needed to meet a minimum requirement of votes to take official action. However, such a vote does not allow the board member to participate in any discussion or debate on the issue out of which an actual conflict arises (ORS 244.120(2)).

Abstaining from a vote does not meet the legal requirements of publicly stating a potential or actual conflict.

1000.3 Directors or officers may, in their private or professional lives, find themselves in conflict with positions of the association. At such times, board members are to refrain from using their title as director or officer in stating such position and, if necessary, to say publicly that they are not stating a position of the association.

1100 Association Attorney

1100.1 The board of directors authorizes the retention of an association attorney at an annual fee.

1200 Consulting Insurance Broker

1200.1 Insurance trust committees are authorized by the board of directors to retain consulting insurance broker(s).

1300 Public Charter School Board Associate Membership

1300.1 Public Charter School Boards of Directors, established under ORS Chapter 338 Public Charter Schools, are eligible for an associate membership in the OSBA upon payment of dues. Individual members of an associate member charter school board may exercise the privileges of associate membership.

1300.2 The dues for associate membership in the OSBA, as indicated below, shall be payable on July 1 of each year and shall become delinquent on November 1 of each year. Public charter school boards delinquent in payment of dues shall be dropped from associate membership unless an extension is requested and granted by the OSBA board of directors.

1300.3 Each associate member charter school board shall cause to be paid to the OSBA annual dues based on Average Daily Membership according to the following schedule:

Charter School Size	2006-07 Dues
Under 100 ADM	\$ 250.25
100-249 ADM	541.25
250-499 ADM	778.00
500-999 ADM	1,420.50
1,000-1,999 ADM	2,503.00
2,000-2,499 ADM	3,450.00
2,500-3,999 ADM	5,952.75
4,000-4,999 ADM	7,035.00
5,000-9,999 ADM	8,658.25
10,000-25,000 ADM	10,823.00
Over 25,000 ADM	18,940.00

1300.4 Charter schools formed between January 1 and June 30 of a fiscal year that wish to join OSBA as an associate member during that same period may do so on a pro-rated basis by paying half of the dues assessed for a charter school of their enrollment category.

1300.5 Associate members in the association are non-voting members at membership meetings, in accordance with Article IV section 1 of the OSBA constitution.

1300.6 Associate member charter school boards and individual board members may exercise the following privileges of membership:

- A. Receipt of all free and purchased OSBA publications at the same rates as any other member of the OSBA.
- B. Receipt of all free and purchased OSBA services at the same rates as any other member of the OSBA.

OSBA Legal Services will represent charter boards in general legal matters not in conflict with other community colleges, school districts, educational service districts or the state board of education. OSBA does represent sponsoring district boards in the initial and renewal negotiations of charter school contracts.

- C. Access to the following OSBA trust services subject to the requirements of the individual trust agreement's eligibility requirements (and as specified below):
 - 1. OSBA Property and Casualty Coverage for Education (PACE) Trust.

1400 Regional Election Procedures

1400.1 Elections Calendar

The board shall adopt an elections calendar to establish a timetable for the elections of OSBA board positions and regional LPC members.

1400.2 Campaign Communications

- A. Each region will have a section on the OSBA website for regional elections for OSBA board regional positions and regional LPC positions. Candidates may access regional mailing lists without a fee charge. The executive director shall waive the current fee system (See 300.8).
- B. All candidates shall not defame through misinformation, gossip, or innuendo any other candidate in order to advance his/her position at the expense of another. Complaints of non-compliance shall be sent to the OSBA president-elect at OSBAelections@osba.org.

1400.3 Board of Director Elections

A. Nominations

Any local board (school district, ESD, or community college) in a region may nominate an individual for a vacant position in their region via the official nomination form, and in accordance with the timelines in the OSBA elections calendar, and the following provisions:

1. Candidates must be active members of a local board in the region;
2. Candidates must certify that they are willing to serve, if elected, as a member of the OSBA board of directors;
3. The nomination must be an official action of the local board in the region;
4. Candidates must complete an OSBA Board of Directors Candidate and Personal/Professional Resume forms.

B. Regional Elections.

Each local board (e.g. school district, ESD, and community college) would cast a single vote to elect their region's representative. A majority of votes cast would be necessary to elect a candidate. A run-off election will be held if two or more candidates fail to achieve a majority vote. Boards may cast their votes by official board action and submit their votes either by mail or electronically. The term for board position is two years, with terms staggered.

C. Candidate Information

As part of the nominations process, candidates must complete a written form that shall be available to members from OSBA and shall request the following information:

1. Describe in your own words the mission and goals OSBA.
2. What do you want to accomplish by serving on the OSBA board of directors?
3. What leadership skills do you believe you bring to the board of directors? Give an example of a situation in which you demonstrated these skills.
4. What do you see as the two most challenging issues faced by OSBA?

5. What do you see as the two most challenging issues faced by your region?
6. What is your plan to communicate with boards in your region?

Candidates shall limit their responses to 50 words per question.

1400.4 Legislative Policy Committee (LPC) Elections

A. Nominations

Any local board (school district, ESD, or community college) in a region may nominate an individual for a vacant position in their region via the official nomination form, and in accordance with the timelines in the OSBA elections calendar, and the following provisions:

1. Candidates must be active members of a local board in the region;
2. Candidates must certify that they are willing to serve, if elected, as members of the OSBA board of directors;
3. The nomination must be an official action of the local board in the region;
4. Candidates must complete an OSBA Board of Directors Candidate and Personal/Professional Resume forms.

B. Regional Elections.

LPC elections will be conducted every other year (in odd numbered years) in the same manner and at the same time as board position elections. The term of office shall be two calendar years. Each local board (e.g. school district, ESD, and community college) would cast a single vote to elect their region's representative. A majority of votes cast would be necessary to elect a candidate. A run-off election will be held if two or more candidates fail to achieve a majority vote. Boards may cast their votes by official board action and submit their votes either by mail or electronically.

C. Candidate Information

Candidates must complete a written form that shall be available to members from OSBA and shall request the following information:

1. What do you want to accomplish by serving on the Legislative Policy Committee (LPC)?

2. What leadership skills do you believe you bring to the LPC?
Give an example of a situation in which you demonstrated these skills.
3. What do you see as the two most challenging legislative issues faced by OSBA?
4. What do you see as the two most challenging legislative issues faced by your region?
5. What is your plan to communicate with boards in your region?

Candidates shall limit their responses to 50 words per question.

Section B - Administrative Personnel Policies

Note: The following policies and procedures have been established as guidelines for the day to day organization and operation of the association. They do not in any way constitute an employment contract between the association and any of its employees nor alter the at will employment relationship between the association and its employees.

2000 Administration

2000.1 Executive Director

The executive director shall be responsible to the board of directors for the operation and administration of the Oregon School Boards Association in accordance with the constitution of the association.

2000.2 Delegated Authority

The executive director may delegate a staff member to be in charge on a temporary basis for times of absence of the executive director.

2000.3 Automobile

The association shall provide and maintain an automobile for the executive director. This automobile may be driven for personal use but the association shall be reimbursed for such use.

2100 Employment

2100.1 Association Definitions

- A. **Employment Year:** The employee's employment year is based on a 365 day year and shall begin the first day the employee is on the job and shall end 364 days thereafter.

- B. Full-time Employee:** An employee who works a minimum of 40 hours per week, 173.3 hours per month, or 2,080 hours per year.
- C. Regular Employee:** An employee who works more than 1,040 hours within an uninterrupted calendar year.
- D. Part-time Employee:** An employee who works more than 600 hours, but less than 1,040 hours, within an uninterrupted calendar year.
- E. Start of Service:** An employee's term of service begins on the first scheduled working day of the first full month following his/her first day on the job. The term of service for employees starting on the first scheduled working day of a full month begins on that date.
- F. Leave Year:** OSBA uses the rolling 12-month period measured forward for FMLA military caregiver leave and uses the rolling 12-month period measured backward for all other FMLA leave.
- G. Workweek:** A workweek is seven consecutive 24-hour days beginning on Sunday each week.

2100.2 Eligibility for Association Benefits

Any individual who is hired by the Association and meets the definition of a regular employee, as defined in 2100.1 C, is eligible for benefits.

2100.3 Benefits Earned

All full-time and regular employees shall be credited with association benefits as specified in these policies. Regular employees working less than full-time shall be credited with benefits in relation to the percentage of their employment to full-time employment (i.e., a regular employee working the equivalent of three days a week would earn 60% of designated full-time benefits).

2100.4 Employment Terms

The terms and conditions of employment for all staff shall be determined by the executive director, with the approval of the board of directors. All OSBA employees are at will employees. The association or an employee may at any time for any reason terminate the employment relationship.

2100.5 Work Year

The fiscal year for all staff commences on July 1. The calculation of salaries and related matters will be prorated in the event of partial fiscal year employment. (For example, an employee beginning work for the association on April 1 of a given year would have worked three months by June 30. The pro-rata calculations of annual salary and related matters would be 3/12ths (25%) of the annual stated benefits.)

2100.6 Paid holidays

- A. Regular employees of the association shall be granted nine (9) paid holidays per year. The executive director shall review and communicate any changes to the holidays by July 1 of each fiscal year. Designated holidays are as follows: Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving Day (recognition of Veteran's Day), Christmas Day, New Year's Day, Martin Luther King's Birthday, President's Day, and Memorial Day.
- B. The executive director has the authority to reassign holiday dates for staff required to work on specified holidays, or in response to other organizational or staff needs requiring specific adjustment in the staff member's holiday calendar.

2100.7 Overtime for Clerical and Support Staff

Overtime is time worked in excess of 40 hours per week, within the basic workweek covering the employee. The normal workday is eight hours. However, by agreement between the employee and employer, flextime arrangements may be made to accommodate variable association and client workload, under which hours worked per day may vary from the eight hour norm, but not to exceed 40 hours in a seven-day period. Time worked beyond their regular schedules by employees on schedules of less than eight hours per day or 40 hours per week is additional time worked rather than overtime, until it exceeds 40 hours per week, within the basic workweek covering the employee.

Overtime work shall be calculated at the rate of time and one-half and shall be taken as compensatory time off unless otherwise budgeted for and specifically approved by the executive director.

Overtime is calculated based on hours worked in excess of 40 hours per week, including holidays, within the basic workweek covering the employee.

The executive director may exempt from overtime provisions those positions exempted by the *Garcia* ruling, i.e., professional employees, sales employees, and employees working variations of the five-day, 40-hour week, such as four 10-hour days.

2100.8 Payday

The executive director has the authority to adjust the pay schedule to meet Association needs, but in no case shall the payday for employees be later than the last work day before the end of the month.

2200 Elected School Board Service

2200.1 Elected School Board Service

Because of the possibility of conflict of interest, staff members are not encouraged to run for election to a local school board, serve on a local school board or be a publicly visible campaigner for a school board candidate.

2300 Staff Expenses

2300.1 Staff Expenses

The executive director shall set reimbursement rates and procedures for staff expenses to meet Association needs.

2300.2 Association Automobiles

The executive director may authorize the assignment of an Association automobile to employees who regularly travel on assigned Association business. The executive director shall set procedures for use and assignment of automobiles.

2300.3 Credit Cards

The executive director shall have the authority to issue credit cards to directors and other staff. Individual cardholders shall be responsible for the safekeeping and prudent use for Association business of the issued card(s).

2400 Vacation Leave

2400.1 Vacation Leave Accrual

Regular employees shall accrue vacation leave as follows:

- A. 0 - 1825 days from their start of service (0-5 years): 10 hours for each month worked. [15 days annually]
- B. 1826 - 3650 days from their start of service (5-10 years): 11.34 hours for each month worked. [17 days annually]
- C. 3651 - 5475 days from their start of service (10-15 years): 13.34 hours for each month worked. [20 days annually]
- D. 5476 - 7300 days from their start of service (15-20 years): 15.34 hours for each month worked. [23 days annually]
- E. After 7301 days from their start of service (After 20 years): 17.34 hours for each month worked. [26 days annually]

- F. An employee shall not accrue vacation leave in any month where his/her accrued vacation leave hours equals or exceeds 300 hours as of the first of that month.
- G. The executive director shall have the discretion to assign new employees to the vacation level commensurate with their number of years of work experience or other factors.

2400.2 Eligibility for Scheduling and Taking Vacation Leave

- A. A regular employee shall have completed six (6) months of service with the association to be eligible for vacation leave.
- B. Employees shall mutually schedule the dates vacation leave is to be taken with the executive director or his/her designee.
- C. Employees shall not be paid for unused vacation leave, except in highly unusual circumstances approved by the executive director or in cases of resignation or termination.

2400.3 Authority for Variance

The executive director shall have the authority to make exceptions to the interpretation of dates vacation days are earned. The executive director shall consider employee length of service, rationale supporting the request for policy variance and office workload.

2500 Insurance

2500.2 Additional Program Options and Benefits

Additional program options and benefits may be offered by the association to its employees. These options shall be outlined in the employee handbook.

2600 Retirement

2600.1 Social Security

Each employee is required to participate in the Old Age and Survivor's Insurance (Social Security or FICA). The association contributes a like amount as prescribed by law.

2600.2 Pension Plan

The association is a member of the Public Employees Retirement System. All PERS-eligible employees, after serving a six-month probationary period, must participate.

The Oregon School Boards Association shall “pick-up,” assume and pay the required employee contribution.

The full amount of the required employee contributions “picked-up” or paid by the Oregon School Boards Association on behalf of employees pursuant to this agreement shall be considered as “salary” within the meaning of ORS 237.003 (8) for the purposes of computing an employee member’s “final average salary” within the meaning of ORS 237.003 (12) but shall not be considered as salary for the purposes of determining the amount of employee contributions required to be contributed pursuant to ORS 237.071. Such “picked-up” or paid employee contributions shall be considered to be employee contributions for the purposes of ORS 237.001 to 237.325.

2600.3 Re-employment of PERS-Retired Staff

In the event an OSBA employee retires and begins receiving benefits from the Oregon Public Employees Retirement System (PERS), he/she may continue OSBA employment subject to executive director approval, the provisions of ORS 238.082 and the provisions of any applicable OSBA policies and procedures. If the retiring employee is the executive director, the board of directors must approve.

2700 Sick Leave

2700.1 Accumulation

Sick leave is earned by each regular employee at the rate of one working day for each full month of service and will be posted at the beginning of each month of service. Sick leave not taken shall accumulate for an unlimited number of days. The association will allow employees to take up to 75 days sick leave accumulated with other Oregon public employers. The accumulation shall not exceed that carried by the most recent public employer. The transfer of sick leave from public employers shall be effective on the employee’s start of service.

For purposes of determining retirement benefits under Policy Number 2600.2, the association permits employees to transfer an unlimited number of days of unused accumulated sick leave from other Oregon public employers.

2700.2 Use of Sick Leave

Employees may use their accumulated sick leave when unable to perform their work by reason of illness or injury, necessity for medical or dental care, or as approved by the executive director. Employees may also use sick leave where there is illness or death in their immediate families, as defined by state law, in order to make arrangements for or provide initial assistance to the ill relative, but sick leave should not be used to provide extended household or child care.

2700.3 Unused Sick Leave

No compensation for accrued sick leave shall be allowed to an employee who is separated from employment.

2700.4 Extended Sick Leave

After earned sick leave has been exhausted and/or completion of any applicable family medical leave under Oregon or federal law, the executive director may grant sick leave without pay or benefits to any regular employee upon request for a period of up to one year. Regular employees may continue full family hospital-medical-surgical and dental coverages on a self-pay basis within the time limits of COBRA and subject to the rules of the insurance carrier.

2700.5 Parental Leave

The association shall provide parental leave in accordance with state and federal law. Employees must use accumulated vacation leave, if available, or accumulated sick leave, if available, during such leave. If accumulated vacation and/or sick leave time are/is unavailable, the leave shall be without pay.

2700.6 Family Illness and Medical Leave

The association shall provide family illness and medical leave in accordance with state and federal law. State and federal leave benefits will run concurrently whenever possible and whenever federal law applies to the association. Employees must use accumulated vacation leave, if available, and accumulated sick leave, if available, during such leave. If accumulated vacation and/or sick leave are/is unavailable, the leave shall be without pay. Employees may choose the order in which they use vacation and sick leave time.

2700.7 Coordination of Sick Leave Benefits

In addition to and in coordination with policy 3100.1 the association's obligation to pay sick leave is limited to the difference between any payment received for time loss under the association's long-term disability insurance coverage and the employee's regular salary. In instances when long-term disability benefits are paid, pro-rata charges will be made against the employee's accrued sick leave.

2800 Other Leaves with Pay

2800.1 Any employee shall be granted leave of absence with pay for the following:

- A. Service with a Jury. The employee shall turn over to the association any money received for such service.
- B. Attendance in court in connection with an employee's officially assigned duties, including time required going to court and returning to headquarters. The employee shall turn over to the association any money received for such attendance during duty hours. However, the association shall provide appropriate travel and per diem allowance, if applicable.

2800.2 The executive director may grant a leave of absence with pay for the following:

- A. Appearance before a court, legislative committee or judicial or quasi-judicial body as a witness in response to a subpoena or other direction by proper authority for matters other than the employee's officially assigned duties;
- B. Other authorized duties or assignments in connection with official business; or
- C. Up to five days' leave in the event of the death of any member of the employee's immediate family. Immediate family includes mother, father, spouse, son, daughter, brother, sister, grandparents, mother- or father-in-law and any other relative living in the same household. The executive director may grant additional bereavement leave, without pay.

2800.3 Personal Leave Days

Regular employees shall be granted two (2) personal leave days on the first of January each year. New employees shall be granted two (2) personal leave days on their start of service date. Use of personal leave is to be mutually scheduled with the executive director or his/her designee. Personal leave days do not accumulate. Employees shall not be paid for unused personal leave.

2800.4 Inclement weather

The executive director or designee may close the OSBA office due to inclement weather. Procedures regarding office closures are outlined in the employee handbook.

2900 Military Leave

2900.1 A regular employee who has been employed for six months or more immediately preceding an application for military leave and who is a member of the National Guard or any reserve component of the armed forces of the United States, is entitled to a leave of absence from duties for a period not exceeding 15 calendar days or 11 work days in any calendar year. If the training time for which the employee is called to active duty is longer than 15 calendar days, the employee may be paid for the first 15 days only if such times served are for the purpose of discharging the obligation of annual active duty for training in the military reserve or National Guard.

3000 Leave of Absence Without Pay And/or Benefits

3000.1 The executive director may grant the employee a leave of absence without pay and/or benefits, or educational leave without pay and/or benefits, not to exceed one year. Requests for such leave must be in writing and shall provide reasonable justification for the request.

3000.2 Association Short-Term Payment of Benefits

The executive director has the authority to authorize the association's payment of the employee's benefits for a period of time not to exceed 30 days of leave of absence without pay.

3100 Workers' Compensation

3100.1 When an employee is absent due to illness or injury compensable under Workers' Compensation Law (ORS Chapter 656), the employee may:

- A. Elect to receive only workers' compensation benefits and not use any of his/her accumulated sick leave; or
- B. Elect to receive workers' compensation benefits and use his/her accumulated sick leave to make up the difference between the amount of the workers' compensation benefits received and his/her normal salary or hourly wage. Accumulated sick leave may be used in this manner until depleted, at which time the employee will be eligible to receive only workers' compensation benefits, if any remain available.

3200 Notice of Layoff or Dismissal

3200.1 The executive director shall give written notice of a pending layoff or dismissal to any employee at least 15 calendar days before the effective date.

3300 Notice of Resignation

3300.1 Employees shall give the executive director at least 14 calendar days written notice of resignation, unless the executive director agrees to a shorter period of time. With the approval of the executive director, an employee may withdraw the employee's resignation. Withdrawal of resignation shall not be approved if it will result in the layoff of an employee appointed to fill the position made vacant by the resignation.

3400 Staff Evaluation

3400.1 Staff Evaluation

The supervisor shall be responsible for the annual evaluation of each staff member. The evaluation year shall be July through June. Goals against which an employee will be evaluated must be approved by the supervisor no later than September 30. Staff shall be evaluated by their supervisor within 180 days of employment with the Association. Thereafter, staff shall be evaluated annually by their supervisor.

3500 Employee Conflict of Interest

3500.1 An employee shall not use his/her position for the private pecuniary benefit or detriment of the employee, an employee's relative or any business with which the employee or a relative of the employee is associated.

Employees may, in their private or professional lives, find themselves in conflict with positions of the association. At such times, the employee is to refrain from using his/her OSBA position or title in stating such position. If necessary, the employee may state publicly that his/her statement or position is not necessarily a position of the association.

3500.2 Resolution of Conflict of Interest

When met with a potential conflict of interest, the employee shall notify the executive director in writing of the nature of the potential conflict, and request that the executive director dispose of the matter giving rise to the potential conflict. Upon receipt of the request, the executive director shall designate within a reasonable time an alternate to dispose of the matter, or shall direct the employee to dispose of the matter in a specified manner (ORS 244.120 (d)).

3600 Safe and Healthy Workplace

3600.1 It is the intent of the Oregon School Boards association to provide a safe and healthy workplace. Each person in the workplace has a personal responsibility for his/her own safety and health as well as the safety and health of co-workers. To assist all workers, a safety committee has been established. The committee's purpose is to involve everyone in the prevention of injury and illness due to hazards in the workplace.

3700 Harassment/Nondiscrimination

3700.1 Harassment

OSBA is committed to the elimination of harassment in the OSBA's offices and at OSBA events. Harassment is strictly prohibited and shall not be tolerated. This includes harassment of staff by other staff, Board members or third parties. "Third parties" include, but are not limited to, volunteers, visitors, service contractors or others engaged in OSBA business, such as employees of businesses or organizations participating in cooperative work programs with OSBA and others not directly subject to OSBA control. "OSBA" includes OSBA facilities, premises and non-OSBA property if the employee is at any OSBA-sponsored, OSBA-approved or OSBA-related activity or function where the employee is engaged in OSBA business.

The definition of harassment of staff shall include, but is not limited to, unwelcome sexual advances, requests for sexual favors and other verbal, nonverbal or physical conduct of a sexual nature when:

1. The conduct or communication has the purpose or effect of demanding sexual favors in exchange for benefits;
2. Submission to or rejection of the conduct or communication is used as the basis for employment or assignment of staff;
3. The conduct or communication is so severe, persistent or pervasive that it has the purpose or effect of unreasonably interfering with an employee's ability to perform his/her job; or creates an intimidating, offensive or hostile working environment. Relevant factors to be considered will include, but not be limited to, did the individual view the environment as hostile; was it reasonable to view the environment as hostile; the nature of the conduct; how often the conduct occurred and how long it continued; age and sex of the complainant; whether the alleged harasser was in a position of power over the staff member subjected to the harassment; number of individuals involved; age of the alleged harasser; where the harassment occurred; and other incidents of harassment involving the same or other staff.

Examples of sexual harassment may include, but not be limited to, physical touching or graffiti of a sexual nature, displaying or distributing of sexually explicit drawings, pictures and written materials, sexual gestures or obscene jokes, touching oneself sexually or talking about one's sexuality in front of others or spreading rumors about or rating others as to appearance, sexual activity or performance.

All complaints about behavior that may violate this policy shall be promptly investigated. Any employee who has knowledge of conduct in violation of this policy or feels he/she is a victim of harassment must immediately report his/her concerns to the supervisor, HR director or deputy executive director, who has overall responsibility for all investigations. The staff member who initiated the complaint shall be notified of the findings of the investigation and, if appropriate, that remedial action has been taken.

The initiation of a complaint in good faith about behavior that may violate this policy shall not adversely affect any terms or conditions of employment or work environment of the staff complainant. There shall be no retaliation by OSBA against any person who, in good faith, reports, files a complaint or otherwise participates in an investigation or inquiry of harassment.

It is the intent of OSBA that appropriate corrective action will be taken by OSBA to stop the harassment, prevent its recurrence and address negative consequences. Employees in violation of this policy shall be subject to discipline, up to and including dismissal and/or additional harassment awareness training, as appropriate. Other individuals whose behavior is found to be in violation of this policy shall be subject to appropriate sanctions as determined and imposed by the deputy executive director.

Additionally, OSBA may report individuals in violation of this policy to law enforcement officials.

The deputy executive director will establish a process of reporting incidents of harassment, shall ensure appropriate periodic harassment awareness training or information is provided to all supervisors and staff, and that annually, the name and position of OSBA officials responsible for accepting and managing harassment complaints, business phone numbers, addresses or other necessary contact information is readily available. This policy as well as the complaint procedure will be made available to all staff in the employee handbook.

3700.2 Nondiscrimination

OSBA shall promote nondiscrimination and an environment free of harassment based on an individual's race, color, religion, sex, sexual orientation, national origin, marital status, age or disability, because of the race, color, religion, sex, sexual orientation, national origin, marital status, age or disability of any other persons with whom the individual associates.

In keeping with requirements of federal and state law, OSBA strives to remove any vestige of discrimination in employment, assignment and promotion of personnel.

The deputy executive director shall appoint and make known the individuals to contact on issues concerning the Americans with Disabilities Act (ADA), Section 504 of the Rehabilitation Act of 1973, Title VI, Title VII, Title IX and other civil rights or discrimination issues. OSBA will provide grievance procedures providing for prompt and equitable resolution of employee complaints in the employee handbook.

Federal civil rights laws prohibit discrimination against an individual because he/she has opposed any discrimination act or practice or because that person has filed a charge, testified, assisted or participated in an investigation, proceeding or hearing. ADA further prohibits anyone from coercing, intimidating, threatening or interfering with an individual for exercising the rights guaranteed under the Act.

3800 Office Operations

3800.1 Internet

- A. Access to the Internet is primarily for the exchange of information and research consistent with the vision, mission, goals and activities of the association.
- B. Access to the Internet is provided both as a business tool for and a benefit to employees. The Internet may be accessed on-site or remotely using association equipment.
- C. Employees shall use the Internet solely for job-related research and association business communications during work hours.

- D. Employees may use the Internet on-site for personal research and communications outside of work hours, provided these activities do not result in additional expenses for the association and do not interfere with association business. Employees shall not use the Internet for private or commercial business purposes.
- E. Employees shall not use the Internet for inappropriate or unlawful purposes, including but not limited to, placing unauthorized information, computer viruses or harmful programs on or through the computer system in either public or private files or messages, using obscene or otherwise inappropriate language in communications and obtaining, viewing or downloading information that is unlawful, obscene, indecent, vulgar, pornographic or otherwise objectionable. Inappropriate or unlawful Internet use will result in discipline up to and including dismissal.
- F. Internet access records and records of downloaded files are not private and will be monitored. At least four (4) times per year, the computer files and e-mail accounts of twenty-five percent (25%) of the staff will be selected at random and will be reviewed by the executive director's designee. The computer files and e-mail account of the executive director's designee will be reviewed at least annually by his/her supervisor.
- G. The executive director shall develop, as necessary, guidelines and procedures for employees regarding computer and Internet access and use.

3800.2 Electronic Mail

Part of the association's internal computer network, as well as the Internet, allows use of electronic mail for communications. Electronic mail may constitute a public record under certain circumstances and may be accessible or obtainable by individuals, agencies and others outside the association and subject to state archivist rules for retention/destruction. Electronic mail is not private and will be monitored when the executive director deems it necessary to do so.

3800.3 Computers

No employee shall install or download any software onto the computer network or individual computers, other than that provided by the association, without permission of the executive director or designee.

3800.4 Intellectual Property

The association retains ownership to items such as computer manuals and programs, outlines, handbooks, slides, general instructional materials, articles for association publications, etc., when (a) such items are produced by an employee in the course of employment or as part of any assigned job duty; or (b) when such items are produced by an employee using association supplies, other

employees and/or equipment. The association shall retain all proceeds or royalties from the production, sale or distribution of these items and, in its sole discretion, may sell, transfer or convey its rights regarding these items.

3900 Staff Ethics

3900.1 Association employees will comply with state ethics laws.

Investment Policy Guidelines

Adopted January 21, 1996.

Re-adopted June 13, 1997; June 19, 1998; June 18, 1999; June 18, 2000,
June 24, 2001; June 23, 2002; June 22, 2003, June 27, 2004, June 26, 2005,
June 23, 2006, June 22, 2007, June 20, 2008, June 12, 2009, Sept. 11, 2009, June 11, 2010.

This investment policy governs three separate funds of money:

- Surplus funds of the Oregon School Boards Association (OSBA).
- Surplus funds of the OSBA Property and Casualty Trust.
- Surplus funds of the OSBA Insurance Trust (Health & Welfare Trust).

The goal in investing all three funds is to achieve an optimum rate of return (defined as income plus realized and unrealized capital gains and losses). An appropriate risk level shall be maintained by primarily purchasing securities that are liquid, marketable and of high quality. Such funds are considered to be public funds of a political subdivision of the state of Oregon (OSBA) and shall be invested and handled in compliance with Oregon state laws and regulations applicable hereto. Such funds may be invested by the executive director of the Oregon School Boards Association as the statutory custodial officer.

Investment Objectives

- A. To comply with the provisions of Chapter 294 of the Oregon Revised Statutes.
- B. To retain liquidity to meet projected or unexpected cash needs.
- C. To attain the best possible total return (yield and market appreciation) while retaining liquidity and minimizing risk.
- D. To assure the safety of principal.

These objectives are ranked in order of importance. No “speculative” activity on securities is permitted.

Investment Securities and Diversification

All investments and deposits shall conform to the applicable provisions of Oregon law. All investments shall be rated as prescribed by law by any nationally recognized statistical rating organization, and each fund shall be limited by the applicable percentage of such fund in an acceptable investment, all as prescribed by law.

- A. *Acceptable Investments:*
 1. General obligations of the United States issued as U.S. Treasury Bills, Notes and Bonds and Federal Agency securities.
 2. Obligations of Oregon and its respective political subdivisions having a long-term rating of A or an equivalent rating or better, or are rated in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.
 3. Lawfully issued debt of Washington, Idaho and California and their respective political subdivisions having a long-term rating of AA or an equivalent rating or

- better, or are rated in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.
4. Negotiable Certificates of Deposit of banks, mutual savings banks and savings and loan associations which maintain a head office or branch in the state of Oregon.
 5. Fixed or Variable Life Insurance or Annuity Contracts and Guaranteed Investment Contracts issued by life insurance companies authorized to do business in Oregon.
 6. Deferred Compensation Funds used by other public employers if the Trust is a public instrumentality of such public employers and is described as set forth in ORS 294.035(7).
 7. Banker's Acceptances of qualified financial institutions pursuant to Oregon law. Guaranteed by and carried on the books of a qualified financial institution defined as Financial Institution located and licensed to do business in the state of Oregon or a financial institution licensed and qualified to do business in the states of California, Idaho and Washington that is wholly-owned by a bank-holding company that owns a financial institution that is located and licensed to do banking business in the state of Oregon and the obligation is eligible for discount by the Federal Reserve System and issued by a qualified financial institution whose short-term Letter of Credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.
 8. Corporate Indebtedness: Commercial Paper, Bonds and MTNS.
 9. Securities of any open- and/or closed-end management investment company or investment trust subject to the limitations set forth in ORS 294.035(10).
 10. Repurchase Agreements. Only securities described in paragraph 1 above shall be used in conjunction with repurchase agreements and such securities shall have a maturity of not longer than three years. The price paid for such securities may not exceed amounts or percentages prescribed by Oregon statute.

Refer to Oregon Revised Statutes, Chapter 294, as amended, for limitations on each of the above investments. Pursuant to ORS 294.046, the Oregon State Treasurer maintains a list of acceptable investments of agencies and instrumentalities of the United States that a political subdivision may invest in pursuant to law.

B. *Portfolio Diversification:*

To support the stated investment objectives, the association's funds will be diversified to sufficiently minimize risk as well as to assure adequate liquidity and marketability of the invested funds. Additionally, ORS 294.035 sets forth diversification limitations. These limitations are applied on a fund-by-fund basis.

Corporate Indebtedness of "Oregon Issuer" (ORS 294-035(9)(c):	No more than 35% of any association's fund No more than 5% with any one single corporate entity
Corporate Indebtedness of "Outside Oregon Issuer" (ORS 294-035(9)(a)(b):	No more than 35% of any association's fund No more than 5% with any one single corporate entity

Banker's Acceptances: No more than 25% of any association's fund may be invested in Banker's Acceptances of any qualified financial institution

C. *Portfolio Credit Quality:*

In achieving the stated investment objective of safety of principal, the association will limit its eligible universe of securities to comply with ORS 294.035(9) as follows:

1. **Corporate Indebtedness of "Oregon Issuer:"**
Moody's: P-2 or A or better
Standard & Poor's: A-2 or A or better
2. **Corporate Indebtedness of "Outside Oregon Issuer:"**
Moody's: P-1 or AA or better
Standard & Poor's: A-1 or AA or better
3. **Lawfully Issued Debt Obligations of Agencies and Instrumentalities of the State of Oregon and its Political Subdivisions** that have a long-term rating of A or an equivalent rating or better, or are rated in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.
4. **Lawfully Issued Debt Obligations of the States of California, Idaho and Washington and Political Subdivisions of those States** that have a long-term rating of AA or an equivalent rating or better, or are rated in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.

D. *Maturity/Duration Constraints:*

The custodial officer may make investments having a maturity longer than 18 months when the investment objectives are met for long-term reserves and when maturity of such investments coincide as nearly as practicable with the expected use of such reserves.

To further control risk and preserve principal, the association will not invest in any security having a duration longer than five years at time of purchase. Additionally, the overall duration of each of the association's funds should never be longer than five years.

E. *Derivatives:*

Prohibition on the purchases of variable rate notes (such as several structured, step-up, dual index and range bonds) is appropriate. The exception to this would be where the security is trading in such a manner where the investor is buying a "free option" (e.g., the security is priced as though the coupon is "0" until maturity, despite the periodic rate adjustment that might reintroduce a coupon).

F. *Mortgage Securities*

GNMA and Agency mortgage securities (i.e., FHLMC and FNMA pass-through pools and CMOs) are allowable investments subject to the “maturity/duration constraints” outlined herein.

Investment Practices

A. *Investment Authority:*

Investment authority is vested with association’s executive director. The executive director is directly responsible to the OSBA board of directors.

A register of investments will be kept by the executive director at all times. The association’s investments will be reviewed with the board annually. Additionally, the investment policy will be reviewed annually with the board.

B. *Custody/Safekeeping of Assets:*

The association will not normally take delivery of the investment securities purchased. Instead, the association will utilize a custodian, which can provide a timely confirmation of all sales and purchases.

C. *Investment Audits:*

Once every other year the board of directors or executive director will provide for an audit of the association’s investment activity to assure compliance with all applicable laws and policies.