

EWEB Board Consent Calendar Request

For Cooperative Contracts

The Board is being asked to authorize the use of a cooperative contract for **Primary and Secondary and EPR insulated Conductor with Anixter**.

Board Meeting Date: October 3, 2023
Project Name/Contract #: Primary, Secondary, & EPR insulated Conductor /19142-WES
Manager: Tyler Nice Ext. 7419
Executive Officer: Karen Kelley Ext. 7153
Expected Spend: \$5,000,000 (over 4 potential years)

Narrative:

The Board is being asked to authorize the use of the Sourcewell 091422-WES cooperative contract for the purchase of Primary and Secondary and EPR insulated Conductor for line failure replacement and for new construction. Historical procurement data suggests that the annual purchased amount will be approximately \$1.25 million. The actual total dollar amount, however, may be more or less than that estimated volume. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

Operational Requirement and Alignment with Strategic Plan

It is essential for the electric utility to have a steady stock of quality electrical equipment for use in our electric distribution and transmission system in order to provide reliable service to meet the needs of our customers. The past few years have challenged EWEB's ability to maintain critical stock and source competitively. The Sourcewell contract with Anixter offers access to more than 1 billion items in stock across Anixter's branches and distribution centers across the US, as well as the ability to purchase items that have been difficult to source and seek competitive pricing for.

Creating this contracting stream for equipment and materials is directly in support of Goal #1 to maintain or improve our "ongoing" operational effectiveness. Ongoing maintenance, capital renewal and replacement, and compulsory compliance and customer facing (obligation to serve) related workflows all require ability to source materials and goods quickly and efficiently to meet the needs of project schedules. Ensuring that this method is an option for staff leading these projects will help to mitigate project delays associated with equipment shortages and provide additional paths for already vetted and competitive contracted goods.

Purchasing Process

Sourcewell is a local government unit from the state of Minnesota that assists public agencies to contract more efficiently than as an individual entity. They establish competitively awarded cooperative purchasing contracts on behalf of itself and its participating agencies, including EWEB. Sourcewell follows the competitive contracting law process to solicit, evaluate, and award contracts for goods and services which facilitates the public procurement process and leverages governmental agencies purchasing power.

Sourcewell issued RFP 091422 on July 26, 2022, to establish a national cooperative contract for Facility MRO, Industrial, and Building-Related Supplies and Equipment. This solicitation was published in the Daily Journal of Commerce in Oregon on July 29, 2022. Sourcewell awarded a contract to WESCO Distribution, Inc. on January 12, 2022. WESCO and Anixter merged in 2020 and now operates as Anixter in Oregon. This contract expires on November 8, 2026, and may be extended up to one additional one-year period.

ACTION REQUESTED:

Management requests the Board authorize the use of the Sourcewell 091422-WES cooperative contract for Primary and Secondary and EPR insulated Conductor with Anixter. Approximately \$1.2 million was planned for these goods in the 2023 Electric Capital Budget of \$74.2 million. Variances will be managed within the budget process and Board policy.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an increase to the contract with **Armorcast Products Company** for **Voltek Vault Replacement Systems**.

Board Meeting Date: October 3, 2023
Project Name/Contract #: Voltek Vault Replacement Systems / 22-057-G
Manager: Tyler Nice Ext. 7419
Executive Officer: Karen Kelley Ext. 7153

Contract Amount:

Original Contract Amount: \$605,000 (Approved May 3, 2022)
Additional \$ Previously Approved: \$0
Spend over last approval: \$0
Amount this Request: \$201,000
% Increase over last approval: 33.2%
Resulting Cumulative Total: **\$806,000 (over five years)**

Contracting Method:

Method of Solicitation: Direct Negotiation
If applicable, basis for exemption: EWEB Rule 3-0275 Sole Source Procurements
Term of Agreement: 5 years
Option to Renew? No
Approval for purchases "as needed": Yes No
Proposals/Bids Received (Range): NA
Selection Basis: Sole Source Supplier
Narrative:

Operational Requirement and Alignment with Strategic Plan

In May of 2022, the Board approved a contract with Armorcast Products for the purchase of six (6) Voltek Vault Replacement systems to repair deteriorating vaults in the downtown network. Two (2) have been purchased and installed through that contract, with four (4) remaining. Previously, Engineering was planning on installing a full Voltek system in three vaults and a partial Voltek system in the remaining three vaults, due to these vaults having less deterioration. The vaults with a partial Voltek system would require eventual concrete repairs over the next 20 years, while a full Voltek vault system would not require future maintenance. Based on our experience with the installation of two (2) full Voltek vault systems, Engineering now recommends full replacement in all six (6) vaults. A full Voltek vault will give us a new vault that should last over 100 years. Completing these replacements now avoids additional traffic impacts and customer outages in the downtown core.

Contracted Goods or Services

If approved, this contract will be amended for the purchase of a total of six (6) Voltek Vault Replacement systems.

Purchasing Process

There are currently no other alternate suppliers for vault reinforcement systems that would offer the same structural integrity while not impacting vault access space. For these reasons, Staff has deemed Armorcast Products Company to be the sole source provider for vault replacement systems.

Bids or Proposals Received

NA

Competitive Fair Price (If less than 3 responses received)

In 2018, full replacement of one downtown vault cost EWEB \$1.07 million. It is estimated to be at least twice this cost to replace each of the vaults identified for replacement in this contract. The Voltek solution is estimated to cost \$128,000-\$175,000 per vault for design and materials, depending on the extent of the damage.

Prior Contract Activities

EWEB has previously purchased and installed two (2) Voltek Vault Replacement Systems and found their products to be satisfactory and meet EWEB's product quality requirements.

ACTION REQUESTED:

Management requests the Board approve an increase to the contract with Armorcast Products Company for Voltek Vault Assemblies. Approximately \$400,000 was planned for these goods in the 2023 Electric Capital budget of \$74.2 million. Variances will be managed within the budget process and Board policy. A portion of the contract funds will be spent in future years under the contract term and per project schedules of the other vaults yet to be installed.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new personal services contract with **Cascade Health Solutions** for **Recruitment, Hiring, Safety, Health, and Wellness Program Services**.

Board Meeting Date:	October 3, 2023
Project Name/Contract #:	Wellness Program Services / 23-177-PSC
Manager:	Lance Hughes Ext. 7679
Executive Officer:	Rod Price Ext. 7122

Contract Amount:

Original Contract Amount:	\$500,000
Additional \$ Previously Approved:	\$0
Spend over last approval:	\$0
Amount this Request:	\$500,000
% Increase over last approval:	NA
Resulting Cumulative Total:	\$500,000 (Over 5-years)

Contracting Method:

Method of Solicitation:	Direct Negotiation
If applicable, basis for exemption:	Sole Source
Term of Agreement:	5-Years (January 1, 2024 – December 31, 2028)
Option to Renew?	No
Approval for purchases “as needed”:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Proposals/Bids Received (Range):	NA
Selection Basis:	Sole Source

Narrative:

Operational Requirement and Alignment with Strategic Plan

In 2001, EWEB established an integrated safety, health and wellness model, a proven best-practice in the safety & compliance arena and equally effective in managing other health-related aspects of employment. Contracting with Cascade Health Solutions (CHS) aligns directly with EWEB’s Strategic Plan’s Core Values pertaining to workforce safety. The profile of combined services provided by CHS fully supports EWEB’s integrated plan which has reliably delivered positive outcomes in safety and regulatory compliance. Further, the CHS service profile offers efficiencies which limit operational disruption and enables immediate early interventions which contribute to EWEB’s ability to control costs related to employee absence and limit workers’ compensation insurance premium escalation.

Contracted Goods or Service

Cascade Health Solutions (CHS) remains the only provider of integrated occupational health services in Lane County, with the closest alternative being Good Samaritan Hospital in Corvallis.

EWEB requires the following list of services which must be performed under the direction of a Medical Advisor (MA), a practicing qualified physician.

- An MA provides medical expertise and consulting for EWEB and communicates with employees' private physicians and SAIF contractors in the case management of health matters including: ADA/ OFLA/FMLA, occupational and non-occupational disability and other safety and work-related health issues. Considering the nature and variety of work performed by EWEB employees, the MA must be an Occupational Health Physician.
- A medically-qualified Medical Review Officer MRO, a requirement of the federally- mandated DOT drug testing program, to interpret and advise regarding drug testing results.
- Clinic services to include: pre-employment physical exams, DOT/CDL physical exams & qualification certifications, and return-to-work certifications
- Nursing services to include on-site bio-metric clinics, vaccinations & immunizations, and health screening
- Drug testing, collection, laboratory analysis and administration services (pre-employment, random DOT*, reasonable suspicion*, OSHA & DOT post-incident*) **denotes time-sensitive collection*
- An Occupational Physical Therapist to perform job-specific physical function analysis and testing, work-site ergonomics analysis, and ergonomics evaluation for symptomatic employees
- Medical personnel equipped and certified to perform on-site injury evaluation, administer first aid, and patient transport for minor injuries
- Preventative training and educational programming services

Purchasing Process

Direct Negotiation

EWEB surveyed all local public agencies and several other notable local employers known to utilize occupational health care services to determine if there were other qualified and recommended providers in the area. That inquiry confirmed Cascade Health Solutions (CHS) as a sole source. CHS's current client list includes but is not limited to: all area public employers, both hospitals, numerous large private employers, and neighboring utilities.

Competitive Fair Price (If less than 3 responses received)

EWEB Workforce Services and Safety staff partnered with Purchasing staff to explore unbundling some services as a means to identify additional local provider options. We discovered that other providers are available for nursing, DOT/CDL physical exams, drug testing and some limited physical function analysis.

As established above, Cascade Health Services (CHS) is the only local provider capable of delivering a suite of services sufficient to support EWEB's integrated programming. Though some savings in uncoupling select health services from the integrated model would be realized, these savings would be incidental. Awarding separate contracts to each new service provider would force an additional burden on the various internal departments responsible for contract administration, record keeping, account reconciliation, and invoice processing, all of which ultimately increases indirect costs. Additionally, working with or traveling to a non-local provider would require employees to miss additional work which could cause operational disruption.

Partnering with CHS mitigates these issues with access to MedExpress, an on-call mobile service equipped to respond on-site (including "upriver" facilities) and capable of performing a number of vital services such as injury triage, first-aid, transport to emergency and urgent care centers, physical evaluations, and chain-of-evidence collection for random, federally mandated drug tests. Numerous additional services are provided by CHS. CHS is an all-in-one solution that EWEB can rely upon to provide quality healthcare services for its employees while mitigating unnecessary administrative inefficiencies.

Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved	Project Duration (Start to Close)	Original Amount	Approved/Amended Amount to Date (Total)	Reason Code
22-035-PSC	Employee Assistance Program	NA	04/01/2022 – 03/31/2027	\$100,000	\$100,000	NA
18-2715	Recruitment, Hiring, Safety, Health, and Wellness Program Services	12/04/2018	12/07/2018 – 12/31/2023	\$400,000	\$400,000	NA

Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other

ACTION REQUESTED:

Management requests the Board approve a personal services contract with Cascade Health Solutions for Recruitment, Hiring, Safety, Health, and Wellness Program Services. Approximately \$125,000 was planned for these services in the 2024 Enterprise Safety/Business Continuity budget of \$258,239. Variances will be managed within the budget process and Board policy.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Conсор North America, Inc.** for **Engineering Services for Two New 7.5-million-gallon (MG) Storage Tanks, and Associated Pipelines, at the EWEB College Hill Site.**

Board Meeting Date:	October 3, 2023	
Project Name/Contract #:	College Hill 7.5 MG Storage Tanks Eng. Svcs / 23-162-Q	
Manager:	Mike Masters	Ext. 7459
Executive Officer:	Karen Kelley	Ext. 7153

Contract Amount:

Original Contract Amount:	\$1,000,000
Additional \$ Previously Approved:	\$0
Spend over last approval:	\$0
Amount this Request:	\$1,000,000
% Increase over last approval:	NA
Resulting Cumulative Total:	\$1,000,000

Contracting Method:

Method of Solicitation:	Formal Request for Proposals – QBS Process
If applicable, basis for exemption:	NA
Term of Agreement:	Completion by December 31, 2026
Option to Renew?	No
Approval for purchases “as needed”:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Proposals/Bids Received (Range):	1 (\$966,007)
Selection Basis:	Highest Ranked Proposer

Narrative:

Operational Requirement and Alignment with Strategic Plan

EWEB’s 2015 Water System Master Plan and subsequent evaluations have identified the need for new potable water storage tanks to be constructed on the EWEB College Hill Reservoir site located near 25th and Lawrence in Eugene, OR. The existing 15 million-gallon (MG) College Hill Reservoir was put online in 1940 and is at the end of its useful life. The existing facility will be replaced with two new 7.5 MG water storage tanks similar to the tanks being constructed at the E. 40th Ave site). The new storage tanks and associated new transmission/stormwater pipelines will become part of EWEB’s resilient backbone and provide a reliable and resilient water source for Eugene residences for generations to come.

These storage tanks are the second project in a series of large Base Level storage tanks being constructed as part of the ‘Distributed Storage’ approach from the 2015 Water System Master Plan.

Contracted Goods or Services

The Consultant will be responsible for the civil, structural, mechanical, and electrical engineering design for the two new tanks and the associated transmission and stormwater pipelines, bid period services, and construction services, including daily onsite construction inspection.

Purchasing Process

Purchasing staff issued a formal request for proposals (RFP) in August 2023. The RFP was advertised on the State of Oregon’s procurement website, OregonBuys, and in the Portland Business Tribune. One proposal was received and deemed to be responsive and responsible. The proposal was evaluated by an EWEB committee using a three-step approach. Criteria for scoring included the following:

- Step One: Evaluated the proposer’s response to the minimum requirements for this project (pass or no pass)
- Step Two: Evaluated the proposer’s written response to the following criteria: Project Approach (30 points), Project Experience (25 points), Project Team Experience/Qualifications (30 points)
- Step Three: Evaluated proposer’s pricing proposal (15 points)

After evaluation, Consor North America, Inc. was determined to be qualified to perform the requested services and an Intent to Award was issued.

Proposals Received

Vendor Name	City, State	Offered Price	Ranking (for RFPs)
Consor North America, Inc.	Portland, OR	\$966,007	1

Competitive Fair Price (If less than 3 responses received)

The RFP was advertised on the State of Oregon’s procurement website, OregonBuys, and in the Portland Business Tribune. Pricing received is at current market value compared to other engineering firms we have contracted with recently.

Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved	Project Duration (Start to Close)	Original Amount	Approved/Amended Amount to Date (Total)	Reason Code
20-121	Engineering Services for the E 40 th Ave Storage Tanks	8/4/20	8/11/20-12/31/23	\$400,000	\$1,230,000	AW/SD
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

20-121-Q: With support from the Board of Commissioners, EWEB staff was directed to construct two tanks at once on the site. This resulted in additional required engineering and inspection services.

ACTION REQUESTED:

Management requests the Board approve a contract with Consor North America, Inc. for Engineering Services for two new 7.5-million-gallon (MG) storage tanks and associated pipelines at the EWEB College Hill site. Approximately \$29 million is included in the 2024-2026 Water Capital Plan for the College Hill work including these services. Variances will be managed within the budget process and Board policy.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an increase to the contract with **GEI Consultants for Engineering Consultant Services Related to the Carmen-Smith Hydroelectric Project.**

Board Meeting Date: October 3, 2023
Project Name/Contract #: Part 12D Report Carmen-Smith Project v12 / 22-241-Q
Manager: Lisa Krentz Ext. 7450
Executive Officer: Karen Kelley Ext. 7153

Contract Amount:

Original Contract Amount: \$200,000 (February 7, 2023)
Additional \$ Previously Approved: \$0
Spend over last approval: \$0
Amount this Request: \$62,000
% Increase over last approval: 31%
Resulting Cumulative Total: **\$262,000**

Contracting Method:

Method of Solicitation: Formal Request for Proposals – QBS Process
If applicable, basis for exemption: NA
Term of Agreement: Completion by July 31, 2024
Option to Renew? Contract may be extended up to five (5) years total
Approval for purchases “as needed”: Yes No
Proposals/Bids Received (Range): 1 / \$199,197
Selection Basis: Highest Ranked Proposer
Narrative:

Operational Requirement and Alignment with Strategic Plan

As the Licensee of a Federal Energy Regulatory Commission (FERC) regulated hydropower project, EWEB is required to complete an independent evaluation of the safety of the Project facilities every 5 years pursuant to 18 CFR Part 12D. The Part 12D review is a collaborative process between the Independent Consultant, the Licensee, and FERC. This Periodic Inspection (PI) will be completed under the recently revised FERC Engineering Guidelines Chapter 16, dated December 2021.

Contracted Goods or Services

The Contract provides engineering consulting services related to the FERC requirements at the Carmen-Smith Hydroelectric Project. GEI Consultants provides a review of all relevant documents (design, construction, performance, potential failure modes, etc. as required by FERC), develops the Inspection Plan, prepares the Pre-Inspection Preparation Report (PI-PIPR), conducts field inspection, drafts and finalizes the Part 12D Safety Inspection Report, and provides technical support in resolving questions and comments from the FERC on the Part 12D Safety Inspection Report through the point of final acceptance.

The Board is being asked to approve an increase of funds for the field implementation of non-destructive assessment using ground penetration radar (GPR) on the Trail Bridge Spillway, along with the drilling of small diameter (3/4- inch) holes to correlate the collection of data. This assessment will evaluate the existing concrete and spillway foundation to meet additional FERC requirements concerning voids under the spillway concrete slab.

Purchasing Process

In November 2022, Purchasing posted a formal Request for Proposal (RFP) process for a Part 12D report for the Carmen-Smith Hydroelectric Project on OregonBuys, the State of Oregon bid site. The solicitation closed on December 27, 2022, with one proposal submission from GEI Consultants, Inc. and the proposal was deemed responsive and responsible.

The proposal was evaluated by an EWEB evaluation team of three EWEB staff members. The maximum number of possible points for each proposal was 150 using the following criteria: Minimum Qualifications (Pass / No Pass – Not scored), Corporate Project Experience (15 points), Project Understanding (15 points), Staff Resources and Project Management (25 points), Key Staff Qualifications and Experience (35 points), Demonstrated ability to Complete Similar Quality Projects On-time and Within Budget (35 points), and Pricing (25 points) for a total of 150 possible points.

GEI Consultants earned 135 of 150 points, and was selected as a highly rated proposer and deemed well qualified to perform the work. GEI Consultants demonstrated an ability to meet technical specifications, meet EWEB’s terms, and offered reasonable pricing comparable to engineer’s estimates.

Proposals Received

Vendor Name	City, State	Offered Price	Ranking (for RFPs)
GEI Consultants, Inc.	Albany, OR	\$199,197	1

Competitive Fair Price

Purchasing posted the RFP on the State of Oregon bid site, OregonBuys, and sent direct notifications to a few firms that were known to be experienced in Part 12D reporting. Many firms with extensive experience with EWEB hydro projects were eliminated from consideration due to a potential conflict of interest because they are currently under contract with EWEB for other work that may be influenced by the Part 12D results. For example, one firm is on the Carmen-Smith Board of Consultants and three others are performing design work for various license required projects at Carmen-Smith.

Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved Date	Project Duration (Start to Close)	Original Amount	Current Amount	Reason Code
21-182-Q	Leaburg Strategic Evaluation	November 2, 2021	11-5-21 to 12-31-22	\$406,420	\$406,420	
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

ACTION REQUESTED:

The Board is being asked to approve an increase to the contract for engineering consultant services with GEI Consultants. Approximately \$804,000 was budgeted for Professional Technical Services within the 2023 Dam Safety total budget of \$898,000. Variances will be managed within the budget process and Board policy.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Worthington Products, Inc.** for a **Debris Boom at Trail Bridge Reservoir.**

Board Meeting Date: October 3, 2023
Project Name/Contract #: Trail Bridge Debris Boom / 23-154-G
Manager: Lisa Krentz Ext. 7450
Executive Officer: Karen Kelley Ext. 7153

Contract Amount:

Original Contract Amount: \$410,000
Additional \$ Previously Approved: \$0
Spend over last approval: \$0
Amount this Request: \$410,000
% Increase over last approval: NA
Resulting Cumulative Total: **\$410,000**

Contracting Method:

Method of Solicitation: Formal Invitation to Bid
If applicable, basis for exemption: NA
Term of Agreement: Delivery by March 31, 2025
Option to Renew? No
Approval for purchases "as needed": Yes No
Proposals/Bids Received (Range): 2 (\$268,085 - \$711,392)
Selection Basis: Lowest Responsive and Responsible Bidder

Narrative:

Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve a contract with Worthington Products, Inc. for the purchase of a new debris boom, associated equipment, and supporting load calculations for the Trail Bridge Reservoir.

The new debris boom will replace the existing boom which was not designed for large debris loading events. The need to upgrade the debris boom was identified during the 2018 Independent Consultant Part 12 dam safety review. The new boom will be installed by a separate Contractor, to be procured in the future. Replacement of the debris boom is critical to maintaining safe and reliable operations at the Carmen-Smith Project in alignment with EWEB's strategic objectives.

Contracted Goods or Services

If approved, Worthington Products, Inc. will provide the following goods and services:

- Design services verifying that the products provided can meet the required loading.
- The manufacture of the debris boom, associated equipment, and delivery to Trail Bridge Dam.
- Construction support services to ensure the boom is installed per the manufacturer's recommendations.

Purchasing Process

A Formal Invitation to Bid (ITB) was posted on OregonBuys in July 2023. Three bids were received from two Contractors. The Tuffboom product offered by Worthington Products, first line item in the table below, was rejected as not meeting the specifications and requirements posted in the bid document. The alternative Worthington Products (Odinboom) offer was deemed the lowest priced responsive and responsible bid, capable of meeting the solicitation’s delivery and lead time requirements.

Bids Received

Vendor Name	City, State	Offered Price	
Worthington Products	Canton, Ohio	268,085	Non-Responsive
Worthington Products	Canton, Ohio	409,875	Responsive
Pacific Netting Products	Kingston, Washington	711,392	Responsive

Prior Contract Activities

EWEB has Purchased a debris boom from Worthington in the past and it performed well.

ACTION REQUESTED:

Management requests the Board approve a contract with Worthington Products, Inc. for a new debris boom for the Trail Bridge reservoir. Funds for the Trail Bridge debris boom are included in the Carmen-Smith Type 3 Capital budget, split between 2023 and 2024. The Carmen-Smith Type 3 Capital Budget is \$27.6 million in 2023 and is expected to be approximately \$24 million in 2024. Variances will be managed within the budget process and Board policy.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Barofsky, McRae, Schlossberg, and Brown

FROM: Deborah Hart, Chief Financial Officer; Aaron Balmer, Financial Services Manager, AIC; Rob Freytag, General Accounting and Treasury Supervisor, Matthew Miller, Accounting Analyst Lead

DATE: September 27, 2023

SUBJECT: Annual Investment Policy Review

OBJECTIVE: Board Action

Issue

The Investment Policy provides guidance for staff to follow in the execution of investment decisions. If investments are made with a maturity beyond 18 months, ORS 294.135 calls for EWEB to have a written Investment Policy which should be submitted to the Oregon Short Term Fund (OSTF) Board for comment prior to adoption. In addition, the statute requires the Investment Policy be adopted annually by the EWEB Board.

Background

During 2018, staff submitted the Investment Policy to the OSTF Board for review and comments were presented to the EWEB Board at the September 4, 2018, meeting. EWEB's Investment Policy was guided by the OSTF Sample Investment Policy and conforms to best practices presented therein. The Board last adopted the Investment Policy at the October 2022 meeting with Resolution No. 2224.

Discussion

Annual adoption promotes regular review of the Investment Policy. There have not been any updates to the OSTF Sample Investment Policy. In addition, staff have reviewed other industry best practices and determined EWEB's policy aligns with those recommendations as well. In practice, the policy has functioned well to guide investment activity over the past year.

Last year, Staff noted the OSTF Board was working on a revised investment policy template that would include language specific to environmental, social, and governance factors that local governments will be able to incorporate into existing investment policies. The revisions to the sample policy are still in process as of September 2023 with updated language to be evaluated at the October OSTF Board meeting. Once finalized, Staff will assess the Investment Policy for consistency with any changes provided by the OSTF Board and incorporate any updates into the Investment Policy for OSTF Board review prior to the next EWEB Board approval in October 2024.

OSTF review of EWEB's Investment Policy is not required this year because there have not been any

material changes made to EWEB's policy since OSTF's last review. The only proposed change to EWEB's Investment Policy is to remove two agencies from the list of qualified U.S. Government agencies. The update to the list of qualified agencies is to align with the most recent publication of the "U.S. Government and Agency Securities for Local Government Investment" document, last updated by the Oregon State Treasury in March of 2023. This change has no impact on the current investment portfolio or anticipated investment activity as there have been no offerings related to the two removed agencies in recent years. The referenced change is on page 9 of the Investment Policy, attached.

Recommendation and Requested Board Action

Management recommends approval of Resolution No. 2319 to readopt the Investment Policy.

Attachments: U.S. Government and Agency Securities for Local Government Investment
EWEB Investment Policy with changes in red and green
Resolution No. 2319



**OREGON
STATE
TREASURY**

**U.S. Government and Agency Securities
For Local Government Investment
Under ORS 294.035 and 294.040
Provided Pursuant to ORS 294.046
Last Reviewed: March 2023**

U.S. Treasury Issues

1. U.S. Treasury Bills
2. U.S. Treasury Notes
3. U.S. Treasury Bonds
4. U.S. Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities)
5. U.S. Treasury Inflation-Protected Securities (TIPS)
6. U.S. Treasury Floating Rate Notes (FRNs)

Agencies and Instrumentalities of the United States

1. Federal Home Loan Banks (FHLB) - Discount Notes, Consolidated bonds, Floating Rate Notes, and MTNs. www.fhlb-of.com
2. Federal Farm Credit Banks Funding Corp (FFCB) - Consolidated Systemwide notes and bonds, Discount notes, Floating Rate Notes, MTNs, and Master notes. www.farmcreditfunding.com
3. Federal National Mortgage Association ("Fannie Mae") - Discount Notes, MTNs, Senior and Subordinated Benchmark Notes (fixed and floating), strips, zero-coupon securities, and mortgage-backed securities. www.fanniemae.com
4. Federal Home Loan Mortgage Corporation ("Freddie Mac") - Discount Notes, MTNs, Senior and Subordinated Reference Notes (fixed and floating), Mortgage Participation Certificates (PC's), Collateralized Mortgage Obligations (CMO's), and Strips. www.freddiemac.com
5. Government National Mortgage Association ("Ginnie Mae") - Mortgage-Backed Securities in 15- and 30-year maturities - guaranteed by the full faith and credit of the U.S. Government. Collateralized by FHA, VA, and FMHA insured mortgage loans. www.ginniemae.gov
6. Tennessee Valley Authority (TVA) - Discount Notes, Strips, Notes, and Bonds - Issues available in maturities 5 to 50 years. www.tva.gov
7. Maritime Administration - Bonds - Collateralized by ship mortgages, further backed by the full faith and credit of the U.S. Government in the event of default.
8. Small Business Administration (SBA) - Debentures - Backed by the full faith and credit of the U.S. Government. Small amount remains outstanding. www.sba.gov
9. United States Department of Housing and Urban Development (HUD) - Backed by the full faith and credit of the U.S. Government.
10. United States Department of Veterans' Affairs





**OREGON
STATE
TREASURY**

11. Private Export Funding Corporation (PEFCO) – Secured Notes with maturities of 5 years or longer. Interest is guaranteed by the Export-Import Bank of the United States (Eximbank, a federal agency) and whose principal is secured by either cash, securities backed by the full faith and credit of the United States, or Guaranteed Importer Notes which are guaranteed by the Eximbank. The Secured Notes, which are rated AAA. www.pefco.com
12. Federal Agricultural Mortgage Corporation (“Farmer Mac”), a federally chartered instrumentality of the United States was created to provide capital for agricultural real estate and rural housing. Instruments include discount notes, medium-term notes, and mortgage-backed securities. www.farmermac.com
13. United States International Development Finance Corporation (DFC) – Securities backed by the full faith and credit of the United States. www.dfc.gov
14. Smithsonian Institution (SMITHI) – Bonds issued by the Smithsonian Institution.

Pursuant to ORS 294.046, this list contains all "agencies and instrumentalities of the United States with available obligations that any county, municipality, political subdivision or school district may invest in...." Generally, all U.S. Treasuries, and Agencies listed in 1 through 6 are appropriate investments for excess cash funds (if the maturities of such instruments are within the local government's investment guidelines). However, attention should be paid to any peculiar characteristics of some of the instruments. For example, mortgage-backed securities like GNMA's may have volatile prepayment characteristics which may make their final maturities unknown. In falling interest rate cycles, borrowers' whose underlying mortgages are the security for the GNMA bonds may refinance their loans accelerating the principal return to the investor. Therefore, the term for a GNMA cannot be relied upon to perform, for example, a debt defeasance. Agencies listed in 7 through 14 are viewed as less appropriate for local government investments, may be infrequently traded, and can be characterized by thin, illiquid markets.

Supranational institutions in which the United States Government owns capital stock are not listed above as agencies and instrumentalities of the United States because they are not solely owned or operated by the US government. Appropriate classification of the indebtedness of supranational institutions (e.g., World Bank, Asian Development Bank, Inter-American Development Bank, etc.) is subject to interpretation by the local government investor.





**Eugene Water & Electric Board
Investment Policy
Reviewed September 2023**

Eugene Water & Electric Board Investment Policy

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Eugene Water & Electric Board Investment Policy

The Eugene Water & Electric Board (EWEB) is chartered by the City of Eugene and is responsible for the operation of the water and electric utilities. The responsibilities delegated to EWEB pursuant to the City's charter are conducted under the direction of a publicly elected Board of five commissioners.

The Electric System and the Water System are accounted for as separate and independent entities. The investment and safeguarding of funds are performed in a joint manner, while maintaining accounting records to properly reflect system ownership.

This Investment Policy defines the parameters within which funds are to be invested by EWEB. This policy also formalizes the framework, pursuant to ORS 294.135 (Investment maturity dates), for EWEB's investment activities to ensure effective and judicious management of funds within the scope of this policy.

These guidelines are intended to be broad enough to allow designated investment staff to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

1.0 GOVERNING AUTHORITY

EWEB's investment program shall be operated in conformance with Oregon Revised Statutes and applicable Federal Law. Specifically, this Investment Policy is written in conformance with ORS 294.035 (Investment of funds of political subdivisions); 294.040 (Restriction on investments under ORS 294.035); 294.052 (Definitions); 294.135 (Investment maturity dates); 294.145 (Prohibited conduct for custodial officer); and 294.810 (Local governments authorized to place limited funds in pool). All funds within the scope of this policy are subject to regulations established by the State of Oregon. Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.

2.0 SCOPE

This Investment Policy applies to all cash and cash equivalents, short-term investments, operating and capital improvement funds, and funds restricted for construction purposes by bond indenture or otherwise. Funds held and invested by trustees are excluded from this policy; however, such funds are subject to the rules set forth by the applicable trust indenture, as well as Oregon law.

Portfolios managed by EWEB include:

- Trojan General Fund
- EWEB Unrestricted Funds
- EWEB Designated Funds
- EWEB Restricted Funds

The amount of funds falling within the scope of this policy over the next three years is expected to range between \$120 million and \$220 million.

3.0 OBJECTIVES

The primary objectives, in priority order, of investment activities shall be:

3.1 Preservation of Invested Capital Investments shall be undertaken in a manner seeking to ensure the preservation of capital in the overall portfolio. The goal is to mitigate credit risk and interest rate risk.

3.2 Liquidity The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements. Furthermore, the portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in the Oregon Local Government Investment Pool (Oregon Short Term Fund) which offers next-day liquidity. Where possible and prudent, the portfolio should be structured so investments mature concurrent with anticipated demands.

3.3 Return / Yield (Performance Yardstick) The investment portfolio shall be designed with the objective of exceeding the one year Constant Maturity Treasury (CMT) rate, as published by the Federal Reserve Board, taking into consideration the safety and liquidity needs of the portfolio. The investment program shall seek to achieve returns above this rate, within the risk limitations described in this policy and prudent investment principles. When comparing the performance of EWEB's portfolio, all fees involved with managing the portfolio shall be included in the computation of the portfolio's rate of return. Although return consists of both principal return (gains and losses due to market value fluctuations) and income return (yield), this policy discourages active trading and turnover of investments. Investments should generally be held to maturity.

4.0 PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. An investment official/officer is someone who has been delegated investing duties by the Treasurer. Investment Officers acting in accordance with written procedures and this Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported and appropriate action is taken to control adverse developments within a timely fashion as defined in this policy.

The "prudent person" standard states:

“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.”

5.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal 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 and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and investment officials shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of EWEB. Employees and investment officials shall comply with ORS Chapter 244 (Government Ethics) and any Code of Ethics applicable to employees the Board may adopt in the future.

6.0 DELEGATION OF AUTHORITY

The Treasurer will retain ultimate fiduciary responsibility for invested funds. The Board will receive reports, pursuant to, and with sufficient detail to comply with 294.155 (Annual Audit Report).

This policy shall constitute a written order from the Board, per ORS 294.035 (Investment of Funds of Political Subdivisions), which has final authority in reviewing the managed portfolios. The Treasurer may further delegate authority to invest EWEB funds to additional investment officials. The Treasurer, or an Investment Officer who is responsible for the daily administration of this policy, will administer an active cash management program with the goal of maintaining historical cash flow information such as cash receipts, expenditures, debt service payments and extraordinary expenditures.

All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and supporting procedures.

6.1 Investment Committee

Should investing duties be delegated beyond the Treasurer, an Investment Committee shall be formed. The Investment Committee shall include all personnel to whom significant investment duties have been delegated. The Treasurer shall preside over the Investment Committee, which will meet on a quarterly basis to review EWEB's investment portfolio and cash flow, as well as set short and long term investment strategies.

6.2 Investment Advisers

A list will be maintained of approved advisers selected by conducting a process of due diligence.

- i. The following items are required for all approved Investment Advisers:
 - a. The investment adviser firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon; (Note: Investment adviser firms with assets under management >\$100 million must be registered with the SEC, otherwise the firm must be licensed by the state of Oregon)
 - b. All investment adviser firm representatives conducting investment transactions on behalf of EWEB must be registered representatives with FINRA
 - c. All investment adviser firm representatives conducting investment transactions on behalf of EWEB must be licensed by the state of Oregon
 - d. Certification, by all of the adviser representatives conducting investment transaction on behalf of this entity, have read, understood and agreed to comply with this Investment Policy
- ii. A periodic (at least annual) review of all authorized investment advisers will be conducted by the Investment Officer to determine their continued eligibility within the portfolio guidelines. Factors to consider would be:
 - a. Pending investigations by securities regulators
 - b. Significant changes in net capital
 - c. Pending customer arbitration cases
 - d. Regulatory enforcement actions
- iii. The Investment Officer may want to establish guidelines or policy for engaging investment advisers' services that are more restrictive than stated in this policy. Additional requisites or due diligence items may include:
 - a. Positive references from at least three other local government clients of a prospective investment adviser firm
 - b. As part of the periodic due diligence review, inquiries with other local government clients of approved investment advisers with regard to their recent experiences with the adviser and any change in the relationship status
 - c. Requirement that approved investment advisers provide notification within 30 days of a relationship termination by an Oregon based local government
 - d. Requirement that approved investment adviser provide notification within 30 days of any formal investigations or disciplinary actions initiated by federal or state regulators
 - e. Requirement that prospective investment advisers have an established history of advising local governments with similar amounts of assets under management.

7.0 TRANSACTION COUNTERPARTIES AND FINANCIAL INSTITUTIONS

7.1 Broker/Dealers

Broker/dealers and other financial institutions shall be selected by the Investment Officer on the basis of their expertise in public cash management and their ability to provide service for EWEB's account. It shall be the policy of EWEB to purchase securities only from institutions and firms that meet the following minimum criteria:

- i.** Broker/Dealer firms must meet the following minimum criteria:
 - a.** Be registered with the Securities and Exchange Commission (SEC);
 - b.** Be registered with the Financial Industry Regulatory Authority (FINRA);
 - c.** Provide most recent audited financials;
 - d.** Provide FINRA Focus Report filings.
- ii.** Approved broker/dealer employees who execute transactions with EWEB must meet the following minimum criteria:
 - a.** Be a registered representative with the Financial Industry Regulatory Authority (FINRA);
 - b.** Be licensed by the state of Oregon;
 - c.** Provide certification (in writing) of having read; understood; and agreed to comply with the most current version of this Investment Policy.
- iii.** Periodic (at least annual) review of all authorized broker/dealers and their respective authorized registered representatives will be conducted by the Investment Officer. Factors to consider would be:
 - a.** Pending investigations by securities regulators
 - b.** Significant changes in net capital
 - c.** Pending customer arbitration cases
 - d.** Regulatory enforcement actions

7.2 Depositories

All financial institutions who desire to become depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295 (Depositories of Public Funds and Securities).

7.3 Competitive Transactions

The Investment Officer shall obtain and document competitive bid information on all investments purchased or sold in the secondary market. Competitive bids or offers should be obtained, when possible, from at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.

If EWEB is offered a security for which there is no other readily available competitive offering, then the Investment Officer shall document quotations for comparable or alternative securities.

When purchasing original issue instrument securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

If an investment adviser provides investment management services, the adviser must retain documentation of competitive pricing execution on each transaction and provide upon request.

8.0 ADMINISTRATION AND OPERATIONS

8.1 Delivery vs. Payment

All trades of marketable securities will be executed (cleared and settled) by delivery vs. payment (DVP) to ensure securities are deposited in EWEB's safekeeping institution prior to the release of funds.

8.2 Third-Party Safekeeping

Securities will be held by an independent third-party safekeeping institution selected by EWEB. All securities will be evidenced by safekeeping receipts in EWEB's name. Upon request, the safekeeping institution shall make available a copy of its report under Statement on Standards for Attestation Engagements (SSAE) No. 18 AT-C sec 320 (Reporting on Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting).

8.3 Internal Controls

The Treasurer is responsible for establishing and maintaining an adequate internal control structure designed to reasonably assure funds are invested within the parameters of this Investment Policy, and protected from loss, theft, or misuse. Specifics for the internal controls shall be documented in writing. The established control structure shall be reviewed and updated annually by the Investment Committee.

The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

- i.** Compliance with Investment Policy
- ii.** Control of collusion
- iii.** Separation of transaction authority from accounting and record keeping
- iv.** Custodial safekeeping.
- v.** Avoidance of physical delivery of securities whenever possible and address control requirements for physical delivery where necessary
- vi.** Clear delegation of authority to subordinate staff members
- vii.** Confirmation of transactions for investments and wire transfers in written or digitally verifiable electronic form
- viii.** Dual authorizations of wire and automated clearing house (ACH) transfers
- ix.** Staff training
- x.** Review, maintenance and monitoring of security procedures both manual and automated

8.4 External Audit

An external auditor shall provide an annual independent financial audit of EWEB to assure compliance with Oregon state law and EWEB policies and procedures and internal controls. Such audit will include tests deemed appropriate by the auditor.

9.0 SUITABLE AND AUTHORIZED INVESTMENTS

The following investments are permitted pursuant to ORS 294.035, 294.040, and ORS 294.810.

EWEB has further defined the eligibility of investment types and transactions as follows:

i. State of Oregon Local Government Investment Pool (LGIP)

Organized pursuant to ORS 294-805 through 294.895(Local Government Investment Pool). Participation in the Pool shall not exceed the maximum limit set annually by ORS 294.810 (Local governments authorized to place limited funds in pool). However, this limit may temporarily be exceeded by local governments for 10 business days due to pass-through funds. Investments of debt proceeds subject to arbitrage tracking requirements may be made in the LGIP in excess of the maximum limit as the law allows.

ii. U.S. Treasury Obligations

EWEB may invest in Treasury Bills, Treasury Notes, Treasury Bonds and Treasury Strips with maturities not exceeding three years from the date of settlement.

iii. US Government Agency Securities

Debentures, discount notes, callable securities and stripped principal or coupons with final maturities not exceeding three years from the date of settlement issued by US federal agencies and instrumentalities or US government sponsored enterprises (GSE). Qualified agencies include, Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), Federal Agricultural Mortgage Corporation (FAMCA), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), ~~Resolution Funding Corporation (REFCORP), Financing Corporation (FICO)~~ and Tennessee Valley Authority (TVA).

iv. Commercial Paper

Purchases of commercial paper must have maturities not exceeding 270 days from the date of purchase, and be issued in United States dollars (\$USD) by a commercial, industrial, or utility business or issued by or on behalf of a financial institution. Commercial paper must be rated at least A-1 by Standard and Poor's, and P-1 by Moody's, for issuers outside the state of Oregon. Issuers within Oregon must have a Standard and Poor rating of A-2 and a Moody's P-2. Ownership of commercial paper and corporate bonds shall be limited to a combined total of thirty-five percent of the portfolio, with no more than five percent of the portfolio held in any one issuer or its affiliates or subsidiaries.

v. Corporate Bonds

Corporate Bonds issued by a commercial, industrial, or utility business or issued by or on behalf of a financial institution must have final maturities not exceeding three years from the date of settlement. Authorized corporate bonds shall be limited to obligations of United States dollar denominated corporations organized and operating within the United States. A bond must have one rating from Standard and Poor's, Moody's, or Fitch, of at least AA, Aa, or AAA, respectively. Ownership of corporate bonds and commercial paper shall be limited to a combined total of thirty-five percent of the portfolio, with no more than five percent of the portfolio held in any one issuer or its affiliates or subsidiaries.

vi. Municipal Debt

Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions with a long term rating of “single A” (A) or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization. Lawfully issued debt obligations of the agencies and instrumentalities of the States of California, Idaho, and Washington and their political subdivisions having a long term rating of “double A” (AA) or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.

vii. Bankers Acceptances

Authorized Bankers Acceptances must: (a) be guaranteed by and carried on the books of a financial institution located and licensed to do banking business in the State of Oregon. (b) be eligible for discount by the Federal Reserve System; and (c) the institution issuing a letter of credit shall have a short term rating in the highest category by one or more nationally recognized statistical rating organizations. Maturities shall be limited to 180 days from the date of purchase and ownership of bankers acceptances shall not exceed twenty five percent of the portfolio, with no more than ten percent of the portfolio held in any one issuer.

viii. Time Deposit Open Accounts, Certificates of Deposit, and Savings Accounts

May only be made in insured institutions as defined in ORS 706.008 (Additional definitions for Bank Act) that maintain an office in Oregon. Certificates of deposit purchased by EWEB shall be FDIC/NCUA insured or collateralized through the state collateral pool in accordance with ORS 295.015 (Maintenance of securities by bank depository) and ORS 295.018 (Increase is required collateral of bank depository). Ownership of time certificates of deposit shall be limited to twenty-five percent of the portfolio, with no more than ten percent with any one financial institution at the time of purchase, and maturities shall not exceed three years.

9.1 Approval of Permitted Investments

If additional types of securities are considered for investment, per Oregon state statute, they will not be eligible for investment until this policy has been amended and the amended version adopted by the Board.

9.2 Prohibited Investments

Private placement or “144A” Securities are not allowed. For purposes of the policy SEC Rule 144A securities are defined to include commercial paper privately placed under section 4(a)(2) of the Securities Act of 1933.

US agency mortgage backed securities such as those securities issued by FNMA and FHLMC are not allowed.

The Board shall not lend securities nor directly participate in a securities lending program.

9.3 Demand Deposits and Time Deposits

All demand deposits and time deposits (Examples of time deposits are: certificates of deposit and savings accounts) shall be held in qualified Oregon depositories in accordance with ORS Chapter 295.

Demand deposits in qualified depository institutions are considered cash vehicles and not investments and are therefore outside the scope and restrictions of this policy. Pursuant to ORS 294.035(3)(d), time deposits, certificates of deposit and savings accounts are considered investments and within the scope of this policy.

10.0 RISKS MANAGED

10.1 Credit Risk

Credit risk is the risk a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. Credit risk will be mitigated by the following guidelines:

i. Diversification It is the policy of EWEB to diversify its investments. Where appropriate, exposures will be limited by security type; maturity; issuance, and issuer. Allowed security types and investment exposure limitations are detailed in the table below.

ii. Recognized Credit Ratings Investments must have a rating from at least one of the following nationally recognized statistical ratings organizations (NRSRO): Moody’s Investors Service; Standard & Poor’s; and Fitch Ratings Service as detailed in the table below. Ratings used to apply the guidelines below should be investment level ratings and not issuer level ratings.

iii. Portfolio Average Credit Rating The minimum weighted average credit rating of the portfolio’s rated investments shall be Aa/AA/AA by Moody’s Investors Service; Standard & Poor’s; and Fitch Ratings Service respectively.

iv. Exposure Constraints and Minimum Investment Credit Ratings.

The following table limits exposures among investments permitted by this policy.

Instrument Diversification

<u>Instrument Type</u>	<u>Maximum % Portfolio</u>	<u>Minimum Ratings Moody's/S&P/Fitch</u>
US Treasury Obligations	100%	
US Government Agency Securities	100%	
Per Agency	33%	
Oregon Short Term Fund (LGIP) per ORS 294.810	Max allowed	
Commercial Paper	35%	A1/P1/F1
Corporate Bonds	35%	Aa/AA/AA
Municipal Bonds	10%	Aa/AA/AA
Bankers Acceptances	25%	A1+/P1/F1+
Time Certificates	25%	

v. Determining a Security's Rating A single rating will be determined for each investment by utilizing the lowest security level rating available for the security from Standard and Poor's, Moody's Investor Services and Fitch Ratings respectively.

vi. Restriction on Issuers With Prior Default History Per ORS 294.040 (Restriction on investments under ORS 294.035), the bonds of issuers listed in ORS 294.035 (3) (a) to (c) (US Treasury, US Agency, OR/WA/CA/ID municipal securities) may be purchased only if there has been no default in payment of either the principal of or the interest on the obligations of the issuing county, port, school district or city, for a period of five years next preceding the date of the investment.

10.2 Liquidity Risk

Liquidity risk is the risk an investment may not be easily marketable or redeemable. The following strategies will be employed to mitigate liquidity risks:

i. The value of at least 25% of funds available for investing will be invested in the Oregon Short Term Fund, with a qualified depository institution, or investments maturing in less than 180 days to provide sufficient liquidity for expected disbursements.

ii. Funds in excess of liquidity requirements are allowed for investments maturing in greater than one year. However, longer-term investments tend to be less liquid than shorter term investments. Portfolio investment maturities will be limited as follows:

Under 6 months	25% minimum
Under 1 year	40% minimum
Under 3 years	100%

iii. Reserve or Capital Improvement Project monies may be invested in securities exceeding the maximum term if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

iv. Larger issuance sizes enhance liquidity as there are likely to be a greater number of investors. Issuance sizes above a minimum amount qualify a corporate or municipal debt bond issuance for index eligibility. Index eligible bonds have a significantly larger investor base which improves liquidity.

v. Limiting investment in a specific debt issuance improves secondary market liquidity by assuring there are other owners of the issuance. Care should be taken to limit ownership of a particular issuance.

<u>Issue Type</u>	<u>Maximum % of issuance* (PAR)</u>
US Agency Securities	50%
Corporate Debt (Total)	-
Corporate Commercial Paper	100%
Corporate Bonds	25%
Municipal Bonds	25%

*The par amount issued under a single CUSIP.

10.3 Interest Rate Risk

Longer-term investments have the potential to achieve higher returns but are also likely to exhibit higher market value volatility due to the changes in the general level of interest rates over the life of the investment(s). Interest rate risk will be mitigated by providing adequate liquidity for short term cash needs, and by making longer-term investments only with funds not needed for current cash flow purposes. Certain types of securities, including variable rate securities, securities with principal pay-downs prior to maturity, and securities with embedded options, will affect the interest rate risk profile of the portfolio differently in different interest rate environments. The following strategies will be employed to control and mitigate adverse changes in the market value of the portfolio due to changes in interest rates:

i. Where feasible and prudent, investment maturities should be matched with expected cash outflows to mitigate market risk.

ii. To the extent feasible, investment maturities not matched with cash outflows, including liquidity investments under one year, should be staggered to mitigate re-investment risk.

iii. No commitments to buy or sell securities may be made more than 14 business days prior to the anticipated settlement date, or receive a fee other than interest for future deliveries.

iv. The maximum percent of callable securities in the portfolio shall be 20%.

v. The maximum stated final maturity of individual securities in the portfolio shall be three years from the anticipated settlement date, except as otherwise stated in this policy.

vi. The maximum portfolio average maturity (measured with stated final maturity) shall be 1.5 years.

11.0 INVESTMENT OF PROCEEDS FROM DEBT ISSUANCE

Investments of bond proceeds are restricted under bond covenants that may be more restrictive than the investment parameters included in this policy. Bond proceeds shall be invested in accordance with the parameters of this policy and the applicable bond covenants and tax laws.

Funds from bond proceeds and amounts held in a bond payment reserve or proceeds fund may be invested pursuant to ORS 294.052 (Definitions). Investments of bond proceeds are typically not invested for resale and are maturity matched with outflows. Consequently, surplus funds within the scope of ORS 294.052 (Definitions) are not subject to this policy's liquidity risk constraints.

12.0 INVESTMENT OF RESERVE OR CAPITAL IMPROVEMENT FUNDS

Pursuant to ORS 294.135(1)(b) (Investment maturity dates), reserve or capital improvement project monies may be invested in securities exceeding three years when the funds in question are being accumulated for an anticipated use occurring more than 18 months after the funds are invested, then, upon the approval of the governing body of the county, municipality, school district or other political subdivision, the maturity of the investment or investments made with the funds may occur when the funds are expected to be used.

13.0 GUIDELINE MEASUREMENT AND ADHERENCE

13.1 Guideline Measurement

Guideline measurements will use market value of investments.

13.2 Guideline Compliance

i. If the portfolio falls outside of compliance with adopted Investment Policy guidelines or is being managed inconsistently with this policy, the Investment Committee shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.

ii. Violations of portfolio guidelines as a result of transactions; actions to bring the portfolio back into compliance and; reasoning for actions taken to bring the portfolio back into compliance shall be documented and reported to the Treasurer and General Manager.

iii. Due to fluctuations in the aggregate funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure appropriate diversification is maintained.

14.0 REPORTING AND DISCLOSURE

14.1 Compliance

The Investment Officer shall prepare a report at least quarterly to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report should be made available to the Investment Committee. The report will include, at a minimum, the following:

- i. A listing of all investments held during the reporting period showing: par/face value; accounting book value; market value; type of investment; issuer; credit ratings; and yield to maturity (yield to worst if callable).
- ii. Average maturity of the portfolio at period-end.
- iii. Maturity distribution of the portfolio at period-end.
- iv. Average portfolio credit quality of the portfolio at period-end.
- v. Average weighted yield to maturity (yield to worst if callable investments are allowed) of the portfolio.
- vi. Distribution by type of investment.
- vii. Transactions since last report.
- viii. Distribution of transactions among financial counterparties such as broker/dealers.
- ix. Violations of portfolio guidelines or non-compliance issues that occurred during the prior period or that are outstanding. This report should also note actions (taken or planned) to bring the portfolio back into compliance.

14.2 Marking to Market

The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly.

15.0 POLICY MAINTENANCE AND CONSIDERATIONS

15.1 Review

The Investment Policy shall be reviewed at least annually by the Investment Committee to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

The annual review should also serve as a venue to suggest policies and improvements to the investment program.

15.2 Exemptions

Any investment held prior to the adoption of this policy shall be exempted from the requirements of the policy. At maturity or liquidation, such monies shall be reinvested as provided by the policy.

15.3 Policy Adoption and Amendments

This Investment Policy and any modifications to this policy must be formally approved by the Board as required by statute.

This policy must be submitted to the Oregon Short Term Fund (OSTF) Board for review if:

This policy allows maturities beyond 18 months unless the funds are being accumulated for a specific purpose, including future construction projects, and upon approval of the Board, the maximum maturity date matches the anticipated use of the funds (ORS 294.135(1)(b) and 294.135(3) (Investment maturity dates)).

And either:

- A. This policy has never been submitted to the OSTF Board for comment;
- Or
- B. Material changes have been made since the last review by the OSTF Board.

Regardless of whether this policy is submitted to the OSTF Board for comment, this policy shall be re-submitted as required by statute.

REVISION/ADOPTION HISTORY

Version	Section Revised/Description	Resolution No.	Approved	Effective
1	Initial Adoption	No. 1824	10/2/2018	10/2/2018
1	Annual Adoption (no change)	No. 1931	10/1/2019	10/1/2019
1	Annual Adoption (no change)	No. 2023	10/6/2020	10/6/2020
1	Annual Adoption (no change)	No. 2114	10/5/2021	10/5/2021
1	Annual Adoption (no change)	No. 2224	10/6/2022	10/6/2022

<u>1</u>	<u>Annual Adoption (no change minor update to section 9.0, iii.)</u>	<u>No. 2319</u>		
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**RESOLUTION NO. 2319
OCTOBER 2023**

**EUGENE WATER & ELECTRIC BOARD
ANNUAL INVESTMENT POLICY REVIEW AND ADOPTION**

WHEREAS, the Eugene Water & Electric Board is the body designated by the Eugene City Charter and City Code to administer the Electric and Water Utilities of the City of Eugene;

WHEREAS, the Eugene Water & Electric Board has established Financial Policies to support the Board's financial targets, strategies and reporting;

WHEREAS, the Eugene Water & Electric Board has an Investment Policy which requires annual adoption by the Board of Commissioners;

WHEREAS, the Board of Commissioners has reviewed the Investment Policy;

THEREFORE BE IT RESOLVED that the Eugene Water & Electric Board hereby authorizes the General Manager to adopt and enforce the Investment Policy.

Dated this 3rd day of October 2023.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its October 3, 2023 Board Meeting.

Assistant Secretary