



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

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

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

DATE: November 29, 2023

SUBJECT: EWEB's Local Banking Participation

OBJECTIVE: Information Only

Issue

EWEB's investment options and ability to use local banking institutions for treasury purposes are subject to Oregon Revised Statutes and other service level considerations. EWEB has placed funds with local financial institutions. This memo is intended to provide context, brief history, and information on deposits with local financial institutions.

Background

Oregon Statutes govern the deposit and collateralization of Oregon public funds and provide the statutory requirements for the Public Funds Collateralization Program (PFCP), which creates a shared liability structure for participating depositories and better protects public funds. The Oregon State Treasury maintains a roster of qualified depositories including national, regional, and local banks, as well as certain credit unions. EWEB is eligible to deposit funds with any of these institutions.

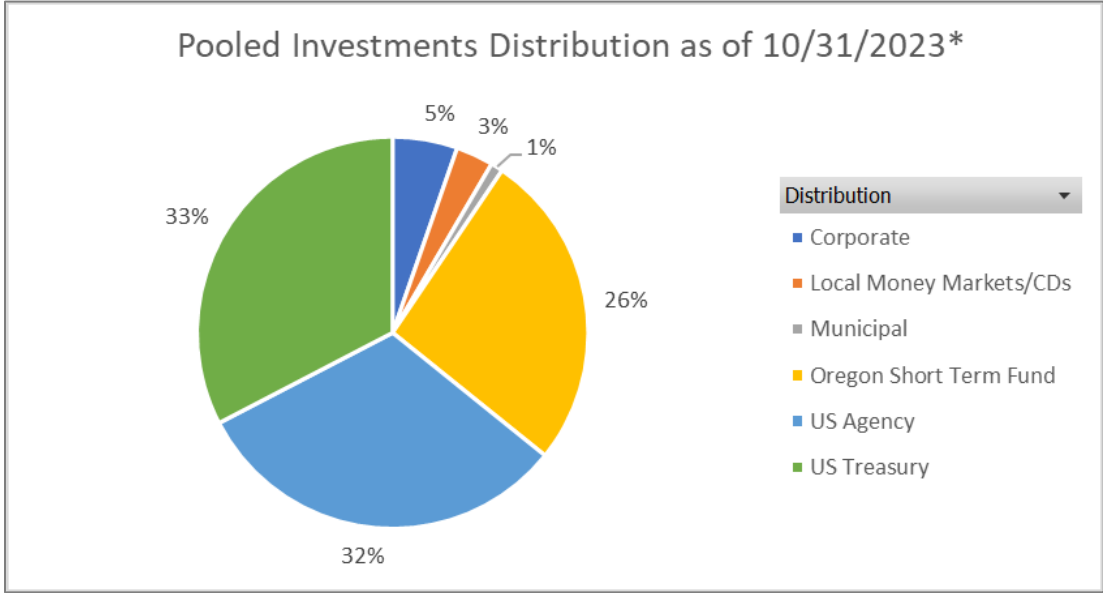
In December 2016, EWEB issued a Request for Information (RFI) to local financial institutions. Local was defined as headquartered in Oregon and having at least one Eugene area branch. The RFI was presented to 15 institutions, and 10 responses were received. Initial deposits of \$4 million were placed in 2017. Additional deposits have been made with Summit Bank, including \$1 million in 2018 and \$2 million in September 2023.

Discussion

Local investment opportunities are evaluated through the lens of the investment policy priorities. EWEB's investment policy is based on Oregon Statutes and seeks, in order of priority, to preserve invested capital, maintain liquidity of funds sufficient to meet operating requirements, and achieve the best possible return on investment. The bulk of EWEB's funds are invested in highly rated U.S Treasury and Agency securities and the Local Government Investment Pool which is managed by the Oregon State Treasury.

EWEB's primary investment strategy has been to ladder maturities over a three-year investment

horizon. Laddering is structuring maturities to occur at regular intervals and amounts, like rungs on a ladder. Laddering is done to provide consistent cash flows and provide regular reinvestment opportunities, which mitigates liquidity and interest rate risk in the portfolio. EWEB generally holds investment securities in a custody account until maturity, at which point they are transferred back to EWEB’s operating account and are available to be reinvested or used for operational activity. Investments in local institutions compliment the funds laddered through fixed income securities, though the liquidity and/or return profiles may be less than other investing options.



*Excludes approximately \$24.4 million in operating cash used for daily transactions

Recommendation and Requested Board Action

This memo is for Board information purposes only. Accordingly, there is no recommendation or requested action.