

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a contract with **Wolf Water Resources for Wetland Delineation and Hydraulic Modeling services.**

Board Meeting Date: 10/5/2021  
Project Name/Contract #: Wetland Delineation and Hydraulic Modeling / 21-123-Q  
Primary Contact: Karen Kelley Ext. 7153

### **Contract Amount:**

Original Contract Amount: \$300,000 (over 5 years)  
Additional \$ Previously Approved: N/A  
Invoices over last approval: N/A  
Percentage over last approval: N/A  
Amount this Request: \$300,000  
**Resulting Cumulative Total: \$300,000 (over 5 years)**

### **Contracting Method:**

Method of Solicitation: Formal Request for Proposals – Qualification Based Selection  
If applicable, basis for exemption: N/A  
Term of Agreement: Initial term is one year  
Option to Renew? Yes, annually up to five years total  
Approval for purchases “as needed” for the life of the Contract Yes  No   
Proposals Received (Range): 1 (\$296,276 over five years)  
Selection Basis: Qualification Based Selection (QBS process)

### **Narrative:**

#### Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve a new engineering consulting services contract with Wolf Water Resources of Portland, Oregon, for Wetland Delineation and Hydraulic Modeling services.

The McKenzie River is the sole source of drinking water for nearly 200,000 people in the City of Eugene. In September 2020, the Holiday Farm Fire burned over 170,000 acres (over 20%) of the McKenzie River Watershed and destroyed over 430 homes. EWEB and the Pure Water Partners are focusing on implementing large scale floodplain restoration projects in key areas of the watershed to mitigate and buffer the impacts of upstream fire impacted landscapes on water quality. These projects are part of multiple FEMA Hazard Mitigation Grant Program (HMGP) and Oregon Watershed Enhancement Board (OWEB) funding requests and as a result need to follow FEMA policies for restoration work. Acceptance of grant funds and ability to permit this work requires a Wetland Delineation Study and Hydraulic

Modeling of Finn Rock Reach Phase II and Quartz Creek floodplain areas to demonstrate the project’s proposed conditions do not adversely impact neighboring and downstream properties and help facilitate project design with the USFS and McKenzie River Trust.

Contracted Goods or Services

The Consultant will provide Wetland Delineation and Hydraulic Modeling services required to support planning, permitting, and implementation of various FEMA and/or OWEB funded floodplain restoration projects in response to the Holiday Farm Fire impacts to the McKenzie Watershed.

The total fee estimate is \$300,000, which includes Wetland Delineation, Hydraulic Modeling, site recon, cross section surveys, current effective model development, modeling existing and proposed project conditions, permit development for both Finn Rock Reach Phase Two and Quartz Creek, In-Water coordination with ODFW, field work, permits and coordination with FEMA. The total fee also includes conducting similar services for two future floodplain restoration projects in Gate and Ennis creeks.

Prior Contract Activities

None

Purchasing Process

In August 2021, Purchasing initiated a formal Request for Proposals (RFP) using the Qualifications Based Selection (QBS) process for engineering services for Wetland Delineation and Hydraulic Modeling Services. The solicitation was posted publicly on the OregonBuys procurement website for 30 days. One proposal was received. The firm was found to be responsive and responsible.

The proposal was evaluated by an EWEB evaluation team. The number of possible points for the evaluation was 85, using the following criteria: Project Approach (30 points), Team Experience and References (35 points), Time and Resource Management (20 points). Pricing was requested after the initial evaluation and Staff awarded an additional 15 points for 100 points total, consistent with QBS criteria.

Wolf Water Resources was selected after satisfying the evaluation team’s review. Since EWEB has no prior contract history with Wolf Water Resources, references were reviewed. Staff reviewed Wolf Water Resources billing rates and determined they are consistent with competing firms in the Pacific Northwest.

Vendor Name	City, State	Ranking (for Request for Proposals)
Wolf Water Resources	Portland, OR	1

**ACTION REQUESTED:**

Management requests the Board approve a contract with Wolf Water Resources for Wetland Delineation and Hydraulic Modeling services. Approximately \$150,000 was planned for these goods or services in the Holiday Farm Fire Restoration 2021 budget of \$3.9 million. Variances will be managed within the budget process and Board policy.



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky and McRae  
FROM: Frank Lawson, General Manager  
DATE: September 29, 2021  
SUBJECT: Proposed Update to Board Policy GP10 – Public Input  
OBJECTIVE: Approval of Resolution No. 2112

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## **Issue/Discussion**

The Board's Governance Process Policy GP10 highlights the Board's commitment to provide opportunity for members of the public to express their views and opinions.

The policy as written, does not specify a length of time by which each comment period will conclude. The current language states that speakers generally have three minutes to speak, however the policy does not indicate how the presiding officer will address situations that might cause the Board to deviate from its usual protocol.

In the interest of establishing clear expectations while balancing the public's desire to address their elected officials, and the Board's need to manage meetings efficiently and effectively, a proposed policy amendment is presented for your consideration.

## **Recommendation/Requested Board Action**

Approve Resolution No. 2112, Update to Board Policy GP10 Public Input, or provide direction for recommended revisions.

Attachment: Proposed Amendments to Board Policy GP10 – Public Input



Governance Process Policies (GP Policies)

**GP10**                                      **Public Input**  
**Effective Date**                              **Proposed October 5, 2021**

Public Input is a routine feature of every Regular Meeting of the Board of Commissioners, which generally occurs on the first Tuesday of each month. The agenda item customarily appears near the beginning of the agenda, with up to thirty minutes reserved for public comments unless the presiding officers allocate additional time prior to the meeting during agenda planning. Members of the audience wishing to speak complete a Request to Speak form. Individuals are called by the presiding officer in the order forms are received.

Prior to opening Public Input, the presiding officer makes a brief announcement describing the process for comment and Board response, and sets a time limit for individual input. Each speaker usually has up to a maximum of three minutes to share their views. When numerous speakers wish to address the Board, the presiding officer may adjust the time offered to each speaker to correspond with the amount of time scheduled for the agenda item or may extend the time allowed for public testimony with the majority concurrence of the Board. At the officer's discretion, the public comment period may be divided equally among all speakers. Alternatively, the officer may afford a maximum number of minutes to the speakers, in the order forms are received, until the amount of time posted on the meeting agenda has lapsed.

Commissioners do not interact with the speakers during the Public Input period. The presiding officer may ask clarifying questions, but Commissioners refrain from engaging in a dialogue with the speakers while they are addressing the Board.

At the conclusion of the Public Input agenda item, individual Board members have an opportunity to address any point that was made during Public Input. Board member comments may include direction to the General Manager to further investigate a specific issue, clarification from the General Manager regarding a specific issue, or simply a response to a public comment just presented.

In certain instances, particularly at public hearings, the Board may direct staff to respond to specific questions posed by the public, those responses which are for the public good will be posted on EWEB's Internet site.

**Source:** Marty Douglass, Public Affairs, Draft Provided to Board 11/11/04; Board Approved 07/05/05; Modified 11/01/05, Revised 08/06/19, Resolution No. 1920; Proposed Revision 10/05/21.



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Effective Date                      ~~August 6, 2019~~ Proposed August 3, 2021 October 5, 2021

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**RESOLUTION NO. 2112  
OCTOBER 2021**

**EUGENE WATER & ELECTRIC BOARD  
UPDATE TO BOARD POLICY GP10 – PUBLIC INPUT**

**WHEREAS**, the Eugene Water & Electric Board (EWEB) maintains a Board Policy Manual that contains governing policies for the Board of Commissioners; and

**WHEREAS**, the Board of Commissioners periodically reviews said policies and identifies required modifications or amendments to those policies; and

**WHEREAS**, the Board of Commissioners periodically determines that new policy is required to adequately document the work or intention of the Board with regard to governance, Board-staff linkage, strategic direction or executive limitations; and

**WHEREAS**, the Board of Commissioners has reviewed an amendment to Board Policy GP10, Public Input, and has determined that the amendment is appropriate and necessary to properly balance the public’s need to address Commissioners, while also allowing the Board to manage meetings in an efficient manner.

**NOW, THEREFORE, BE IT RESOLVED** the Eugene Water & Electric Board hereby approves the amended Board Policy GP10 – Public Input.

DATED this 5<sup>th</sup> day of October 2021.

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 5, 2021 Regular Board Meeting.

\_\_\_\_\_  
Assistant Secretary



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky, McRae  
FROM: Deborah Hart, Chief Financial Officer; Aaron Balmer, Accounting & Treasury  
Supervisor; Matthew Miller, Sr. Accounting Analyst  
DATE: September 29, 2021  
SUBJECT: Annual Investment Policy Review  
OBJECTIVE: Board Action

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## **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 2020 meeting with Resolution No. 2023.

## **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.

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. Additionally, only minor changes for clarity are proposed to the EWEB Investment Policy at this time. The referenced changes are on pages 7, 9 and 14 of the black lined Investment Policy, attached.

- Page 7 – remove duplicate language
- Page 9 & 14 – clarification on maximum maturity as three years from the settlement date

## **Recommendation and Requested Board Action**

Management recommends approval of Resolution No. 2114 to readopt the Investment Policy.

Attachments: EWEB Investment Policy – 2021  
EWEB Investment Policy – Black lined (Changes from 2020)  
Resolution No. 2114



**Eugene Water & Electric Board  
Investment Policy  
Reviewed September 2021**



**Eugene Water & Electric Board  
Investment Policy**

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## **Eugene Water & Electric Board Investment Policy**

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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 AA, 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&amp;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**

<b>Version</b>	<b>Section Revised/Description</b>	<b>Resolution No.</b>	<b>Approved</b>	<b>Effective</b>
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		



**Eugene Water & Electric Board**  
**Investment Policy**  
Reviewed September ~~2020~~2021



## **Eugene Water & Electric Board Investment Policy**

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## **Eugene Water & Electric Board Investment Policy**

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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 bi-annual) review of all authorized broker/dealers and their respective authorized registered representatives will be conducted by the Investment Committee. Factors to consider would be:
  - ~~**a.** Pending investigations by securities regulators~~
  - ~~**b.** Pending customer arbitration cases~~
  - ~~**c.** Regulatory enforcement actions~~~~
- iv.** 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&amp;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**

<b>Version</b>	<b>Section Revised/Description</b>	<b>Resolution No.</b>	<b>Approved</b>	<b>Effective</b>
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		

**RESOLUTION NO. 2114  
OCTOBER 2021**

**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 5<sup>th</sup> day of October 2021.

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 5, 2021 Board Meeting.

\_\_\_\_\_  
Assistant Secretary





# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky and McRae  
FROM: Frank Lawson, CEO and General Manager  
DATE: September 23, 2021 (Board Meeting October 5, 2021)  
SUBJECT: Strategic Planning  
OBJECTIVE: Consent Calendar Action

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## **Issue**

After several work sessions and discussions, the Board is being asked to consider approval of revisions to the 2018-2028 EWEB Strategic Plan, and Resolution No. 2116 modifying the values as included in Board Policy SD1.

## **Background & Discussion**

In 2021, with two new Board members and a third who had not participated in the original development of the strategic plan, Management and the Board agreed to evaluate and explore strategic updates and/or enhancements and include revising the plan in the annual goals. EWEB's 2021 annual goals, approved in January, include a goal to *revise and update the strategic plan in order to identify and prioritize the most impactful 3-5-year strategic issues, decisions, and projects*". Three work sessions were conducted this year (February, April, September) discussing the proposed amendments.

The background memorandum for the most recent September 21, 2021, work session highlighted the history, potential opportunities, and proposed revisions to the strategic plan. The background memo can be referenced at [Link - 09-21-2021 Memo](#), along with the video of the discussion at [Link - 09-21-2021 Work Session Video](#).

## **Recommendation**

Management recommends approval of the proposed 2021 revision of the 2018-2028 EWEB Strategic Plan, and Resolution No. 2116 modifying Board Policy SD1 consistent with the values and revised in the plan.

## **Requested Board Action**

Approve the proposed 2021 revision of the 2018-2028 EWEB Strategic Plan and Resolution No. 2116.

## **Attachment(s)**

2018-2028 EWEB Strategic Plan, October 5, 2021 Revision (track changes)  
2018-2028 EWEB Strategic Plan, October 5, 2021 Revision (clean copy)  
Board Policy SD1, Mission, Vision, Values & Legacy (track changes)  
Board Policy SD1, Mission, Vision, Values & Legacy (clean copy)  
Resolution No. 2116, Modification of SD1 Values, Consistent with Strategic Plan Revision

*Eugene Water & Electric Board  
2018-2028 Strategic Plan  
(2021 Update)*

*Originally adopted by the EWEB Commissioners on August 1, 2017  
Approved Revision: July 10, 2018  
Approved Revision: [October 5, 2021](#)*

## **1.0 Purpose**

This strategic plan provides guidance to effectively develop and manage policies, establish priorities, and inspire the actions necessary to position the organization to achieve desired outcomes [including the setting of annual operational and strategic goals, milestones, and measurement metrics consistent with Board Policy BL4 and BL5](#).

## **2.0 Introduction**

The Eugene Water & Electric Board (EWEB), founded in 1911, is Oregon's largest customer-owned utility presently serving approximately 200,000 people in Eugene and part of the McKenzie Valley. Each year, EWEB is responsible for delivering approximately 8.5 billion gallons of drinking water and 2.4 billion kilowatt-hours of electricity. EWEB is governed by a five-member Board of Commissioners elected by the citizens of Eugene.

## **3.0 Strategic Priorities**

Drinking water and electricity are essential commodities that are becoming more precious. Managing forecasted volatility and scarcity, climate impacts, and the increasing occurrence and threats of disruptive events will drive EWEB strategy for the next few decades. With the goal of sustaining safe, reliable, affordable, and environmentally responsible drinking water and electricity services, the most immediate challenges facing EWEB ~~involve~~ [is](#) effectively planning and operating in a turbulent environment, including a changing climate, new technology, developing markets, political and regulatory flux, natural and human threats, and evolving diverse community expectations.

## **4.0 Strategy**

Over the next decade, EWEB will need more resilient and sustainable infrastructure, finances, people, and processes, ~~eventually~~ requiring customer participation in new programs designed to mitigate supply volatility and scarcity, improve resiliency to disruptive events, optimize infrastructure investments, and aid in water and electricity supply decisions. Although the community expectations for drinking water and electricity delivery occur in the same dynamic environment, each utility's situation is unique and requires distinct strategic elements.

### Water

For reliability and resiliency, EWEB will need to scope and construct a drinking water treatment plant on the Willamette River, while simultaneously restoring the McKenzie watershed. By taking a comprehensive “source to tap” approach to water quality and reliability and given that significant investments have been made over the past decade at ~~water pumping stations and~~ the Hayden Bridge Treatment Plant, EWEB's priority now shifts to strengthening base-level water storage, in-town transmission infrastructure, and the design and construction of the Willamette drinking water treatment plant.

### Electric

Prior to 2028, EWEB will need to reassemble an electric supply portfolio for the long-term economic, environmental, and social benefit of our community. These electricity supply decisions can be improved by effectively aligning time-of-use consumption, distributed generation, demand response, and efficiency programs with the increasingly dynamic future clean energy resources and evolving storage technologies.

With significant electricity delivery infrastructure commissioned in the 1960s and 1970s, EWEB will need to attenuate and manage the “ballooning” need to replace this concurrently aging equipment while increasing resiliency to potentially disruptive events. Electricity investments will be managed by prioritizing high-customer-impact assets and those systems that increase resiliency to community-critical locations.

It is expected that the strategy will evolve and progress in the following tenants and phases over the next few years.

#### **4.1 The “Opening”: Foster Customer Confidence (Ongoing)**

Our relationship with customer-owners will influence their eventual voluntary participation in future water and electricity programs that optimize consumption levels and timing, impacting resiliency, infrastructure investments, and supply choices. Customer confidence is cultivated by good “performance”, which is the fulfillment of our compulsory obligations in ways consistent with our organizational values. *The objective of this facet of the strategy is to cultivate customer confidence by continuously improving our performance in the following areas:*

- a. Delivery – e.g., *water quality, electric and water reliability standards*
- b. Safety & Security – e.g., *psychological safety; protection of life, assets, property; dam safety, cyber/data security*
- c. Cost/Efficiency (Affordability) – e.g., *rate escalation consistent with societal levels of inflation,*
- d. Service/Responsiveness (Community) – e.g., *ease of interactions, turnaround times, transparent communication, disruptive event response, Board Policy SD3 (Customer Service Policy)*
- e. Environmental Responsibility – e.g. *watershed recovery/protection, Board Policy SD15 (Climate Change Policy)*

#### **4.2 The “Mid-Game”: Positioning for Flexibility (2021-2024)**

Creating operational and consumption flexibility tools, including demand response capabilities, will improve our ability to negotiate and manage supply contracts, integrate clean-energy resources, develop backup and emergency systems, and respond to unanticipated events. *The objective of this phase is to build the foundational pieces that facilitate future consumption and operational flexibility, including the following elements:*

- a. Advanced Metering & Analytics – e.g., *Meter Data Management (MDM) System, Customer Experience Systems*
- b. Information Technology & Systems – e.g. *modernize legacy systems - Financial & Customer Information System (CIS)*
- c. Integrated (Electric) Resource Plan – *informs electricity supply contracts, energy services, and EWEB-owned asset decisions, EWEB electric resource management/trading*
- d. Rate Design – *pricing agnostic to customer/product choices (prerequisite to new services), Board Policy SD9 (Rate Setting Policy) and rate making principles*
- e. Resiliency (Electric) – e.g., *disruptive-event mitigation plans, fortify/automate system controls (including telecommunications), replace aging high-impact underground conductors, prioritize links between local generation and essential services (resilient spine)*
- f. Resiliency (Water) – e.g., *watershed recovery, base-level reservoirs and inter-connecting transmission, Willamette water treatment plant design*

#### **4.3 The “End Game”: Resilient Delivery (2024-2028)**

How effectively EWEB synchronizes customer consumption with the future’s increasingly volatile and scarce water and electric supply resources will determine our success at delivering safe, reliable, affordable, environmentally responsible, and equitable services to our community, including during the occurrence and threat of disruptive events. This synchronization will require the integration of water and electricity supplies (including new and/or distributed sources), fortified links between supplies and critical consumption hubs (“resilient spines”), and customer participation in programs that optimize consumption levels and timing. *The objective of this phase is to effectively integrate new supply resources, resilient delivery systems (i.e., spines), and flexible customer consumption and includes the following elements:*

- a. Launch New Energy Services – *distributed energy resources (DERs), demand response (DR), and efficiency products to optimize cost, reliability, and carbon impact*
- b. Information Technology & Systems – e.g. *modernize legacy systems, continued (work, asset, and human resources)*
- c. Negotiate Electricity Supply Contracts
- d. Determine Investment, Divestment, and/or Disposition of EWEB-Owned Generation Assets
- e. Water Master Plan (2025)
- f. Resiliency (Electric) – e.g., *replace aging high-impact underground conductors, prioritize links between local generation and essential services (resilient spine)*
- g. Resiliency (Water) – e.g., *expand watershed protection to Willamette, base-level reservoirs and inter-connecting transmission, Willamette water treatment plant completion*

## **5.0 Vision, Mission, and Values**

Vision, Mission, and Values statements create the framework to align the organization's efforts in pursuit of its strategy.

***Vision*** - *Our vision is to be a local utility that inspires our customer-owners to invest in and rely on us.* EWEB's vision implies that we will earn our customer-owners' trust, and thereby their investment and participation the programs integral to providing sustainable value.

***Mission*** - *Our mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.* EWEB recognizes that our two primary services are "vital" to the health and welfare of our community, and that our methods are important to our customer-owners.

### ***Organizational Values***

Values drive "how" we do things, and provide the fundamental basis for our policies, actions, behavior, and decisions. These values are sacrosanct; they cannot be compromised for convenience, short-term gain, or strategic progress.

**SAFE:** *We value the physical and psychological health and safety of our workforce and the public, the security and integrity of cyber assets and data, and the protection of our customers' assets.*

**RELIABLE:** *We value the continuous on-demand delivery of drinking water and electricity, and the dependability of our response to our customers.*

**AFFORDABLE:** *We value and respect our customer-owners' financial resources by making wise investments and controlling costs and rates*

**ENVIRONMENTAL:** *We value the prudent and sustainable stewardship of the environment and natural resources, including preserving our watershed, and our role in reducing the greenhouse gases (GHGs) contributing to Climate Change.*

**COMMUNITY:** *We value our local governance and obligation to serve our community transparently and equitably.*

***Eugene Water & Electric Board  
2018-2028 Strategic Plan  
(2021 Update)***

*Originally adopted by the EWEB Commissioners on August 1, 2017  
Approved Revision: July 10, 2018  
Approved Revision: October 5, 2021 (proposed)*

**1.0 Purpose**

This strategic plan provides guidance to effectively develop and manage policies, establish priorities, and inspire the actions necessary to position the organization to achieve desired outcomes including the setting of annual operational and strategic goals, milestones, and measurement metrics consistent with Board Policy BL4 and BL5.

**2.0 Introduction**

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**3.0 Strategic Priorities**

Drinking water and electricity are essential commodities that are becoming more precious. Managing forecasted volatility and scarcity, climate impacts, and the increasing occurrence and threats of disruptive events will drive EWEB strategy for the next few decades. With the goal of sustaining safe, reliable, affordable, and environmentally responsible drinking water and electricity services, the most immediate challenge facing EWEB is effectively planning and operating in a turbulent environment, including a changing climate, new technology, developing markets, political and regulatory flux, natural and human threats, and evolving diverse community expectations.

**4.0 Strategy**

Over the next decade, EWEB will need more resilient and sustainable infrastructure, finances, people, and processes, requiring customer participation in new programs designed to mitigate supply volatility and scarcity, improve resiliency to disruptive events, optimize infrastructure investments, and aid in water and electricity supply decisions. Although the community expectations for drinking water and electricity delivery occur in the same dynamic environment, each utility's situation is unique and requires distinct strategic elements.

**Water**

For reliability and resiliency, EWEB will need to scope and construct a drinking water treatment plant on the Willamette River, while simultaneously restoring the McKenzie watershed. By taking a comprehensive "source to tap" approach to water quality and reliability and given that significant investments have been made over the past decade at the Hayden Bridge Treatment Plant, EWEB's priority now shifts to strengthening base-level water storage, in-town transmission infrastructure, and the design and construction of the Willamette drinking water treatment plant.

**Electric**

Prior to 2028, EWEB will need to reassemble an electric supply portfolio for the long-term economic, environmental, and social benefit of our community. These electricity supply decisions can be improved by effectively aligning time-of-use consumption, distributed generation, demand response, and efficiency programs with the increasingly dynamic future clean energy resources and evolving storage technologies.

With significant electricity delivery infrastructure commissioned in the 1960s and 1970s, EWEB will need to attenuate and manage the "ballooning" need to replace this concurrently aging equipment while increasing resiliency to potentially disruptive events. Electricity investments will be managed by prioritizing high-customer-impact assets and those systems that increase resiliency to community-critical locations.

It is expected that the strategy will evolve and progress in the following tenants and phases over the next few years.

#### **4.1 The “Opening”: Foster Customer Confidence (Ongoing)**

Our relationship with customer-owners will influence their eventual voluntary participation in future water and electricity programs that optimize consumption levels and timing, impacting resiliency, infrastructure investments, and supply choices. Customer confidence is cultivated by good “performance”, which is the fulfillment of our compulsory obligations in ways consistent with our organizational values. *The objective of this facet of the strategy is to cultivate customer confidence by continuously improving our performance in the following areas:*

- a. Delivery – e.g., *water quality, electric and water reliability standards*
- b. Safety & Security – e.g., *psychological safety; protection of life, assets, property; dam safety, cyber/data security*
- c. Cost/Efficiency (Affordability) – e.g., *rate escalation consistent with societal levels of inflation,*
- d. Service/Responsiveness (Community) – e.g., *ease of interactions, turnaround times, transparent communication, disruptive event response, Board Policy SD3 (Customer Service Policy)*
- e. Environmental Responsibility – e.g. *watershed recovery/protection, Board Policy SD15 (Climate Change Policy)*

#### **4.2 The “Mid-Game”: Positioning for Flexibility (2021-2024)**

Creating operational and consumption flexibility tools, including demand response capabilities, will improve our ability to negotiate and manage supply contracts, integrate clean-energy resources, develop backup and emergency systems, and respond to unanticipated events. *The objective of this phase is to build the foundational pieces that facilitate future consumption and operational flexibility, including the following elements:*

- a. Advanced Metering & Analytics – e.g., *Meter Data Management (MDM) System, Customer Experience Systems*
- b. Information Technology & Systems – e.g. *modernize legacy systems - Financial & Customer Information System (CIS)*
- c. Integrated (Electric) Resource Plan – *informs electricity supply contracts, energy services, and EWEB-owned asset decisions, EWEB electric resource management/trading*
- d. Rate Design –*pricing agnostic to customer/product choices (prerequisite to new services), Board Policy SD9 (Rate Setting Policy) and rate making principles*
- e. Resiliency (Electric) – e.g., *disruptive-event mitigation plans, fortify/automate system controls (including telecommunications), replace aging high-impact underground conductors, prioritize links between local generation and essential services (resilient spine)*
- f. Resiliency (Water) – e.g., *watershed recovery, base-level reservoirs and inter-connecting transmission, Willamette water treatment plant design*

#### **4.3 The “End Game”: Resilient Delivery (2024-2028)**

How effectively EWEB synchronizes customer consumption with the future’s increasingly volatile and scarce water and electric supply resources will determine our success at delivering safe, reliable, affordable, environmentally responsible, and equitable services to our community, including during the occurrence and threat of disruptive events. This synchronization will require the integration of water and electricity supplies (including new and/or distributed sources), fortified links between supplies and critical consumption hubs (“resilient spines”), and customer participation in programs that optimize consumption levels and timing. *The objective of this phase is to effectively integrate new supply resources, resilient delivery systems (i.e., spines), and flexible customer consumption and includes the following elements:*

- a. Launch New Energy Services – *distributed energy resources (DERs), demand response (DR), and efficiency products to optimize cost, reliability, and carbon impact*
- b. Information Technology & Systems – e.g. *modernize legacy systems, continued (work, asset, and human resources)*
- c. Negotiate Electricity Supply Contracts
- d. Determine Investment, Divestment, and/or Disposition of EWEB-Owned Generation Assets
- e. Water Master Plan (2025)
- f. Resiliency (Electric) – e.g., *replace aging high-impact underground conductors, prioritize links between local generation and essential services (resilient spine)*
- g. Resiliency (Water) – e.g., *expand watershed protection to Willamette, base-level reservoirs and inter-connecting transmission, Willamette water treatment plant completion*

## **5.0 Vision, Mission, and Values**

Vision, Mission, and Values statements create the framework to align the organization's efforts in pursuit of its strategy.

***Vision*** - *Our vision is to be a local utility that inspires our customer-owners to invest in and rely on us.* EWEB's vision implies that we will earn our customer-owners' trust, and thereby their investment and participation the programs integral to providing sustainable value.

***Mission*** - *Our mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.* EWEB recognizes that our two primary services are "vital" to the health and welfare of our community, and that our methods are important to our customer-owners.

### ***Organizational Values***

Values drive "how" we do things, and provide the fundamental basis for our policies, actions, behavior, and decisions. These values are sacrosanct; they cannot be compromised for convenience, short-term gain, or strategic progress.

**SAFE:** *We value the physical and psychological health and safety of our workforce and the public, the security and integrity of cyber assets and data, and the protection of our customers' assets.*

**RELIABLE:** *We value the continuous on-demand delivery of drinking water and electricity, and the dependability of our response to our customers.*

**AFFORDABLE:** *We value and respect our customer-owners' financial resources by making wise investments and controlling costs and rates*

**ENVIRONMENTAL:** *We value the prudent and sustainable stewardship of the environment and natural resources, including preserving our watershed, and our role in reducing the greenhouse gases (GHGs) contributing to Climate Change.*

**COMMUNITY:** *We value our local governance and obligation to serve our community transparently and equitably.*



## Strategic Direction Policies (SD Policies)

SD1 Mission, Vision, Values & Legacy  
Effective Date ~~July 10, 2018~~ Proposed October 5, 2021

**MISSION:** EWEB's core mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.

**VISION:** EWEB's vision is to be a local utility that inspires our customer-owners to invest in and rely on us.

### ORGANIZATIONAL CORE VALUES:

- **SafetySAFE:** We value the physical and psychological health and safety of our workforce and the public, the security and integrity of cyber assets and data, and the protection of our customers' assets.-
- **ReliabilityRELIABLE:** We value the continuous, on-demand delivery of quality drinking water and electricity, and the dependability of our response to our customers.-
- **ResponsibilityAFFORDABLE:** We value and respect our customer-owners' financial resources by making wise investments and controlling costs and rates. We value the prudent and sustainable stewardship of our customers' financial and natural resources, including our impact on affordability and role in reducing the greenhouse gases (GHGs) contributing to Climate Change.
- **ENVIRONMENTAL:** We value the prudent and sustainable stewardship of the environment and natural resources, including preserving our watershed, and our role in reducing the greenhouse gases (GHGs) contributing to Climate Change.
- **CommunityCOMMUNITY:** We value our local governance and obligation to transparently serve our community transparently and equitably.

**FUNDAMENTAL LEGACY:** Our values are supplemented by a set of principles and behavioral expectations, as follows:

- Providing affordable products and services
- Caring about our community and the environment
- Continuously improving our efficiency and effectiveness
- Emphasizing customer service and defining value through our customers' eyes
- Treating each individual respectfully
- Providing a quality work environment for our employees

### WE MEET OUR CUSTOMERS' NEEDS BY:

- Providing reliable and high-quality utility products and services
- Providing services in a responsive manner
- Providing prices and fees that are reasonable and stable





**THE ORGANIZATION:**

- Uses an integrated planning process based on vision, strategic direction, critical success factors and results management
- Uses innovation and creativity to develop solutions to complex and challenging issues
- Is flexible, adaptive, and learns from prior experiences
- Is financially stable
- Supports excellence in the workforce by providing competitive wages, benefits and development opportunities

**WE MEET THE COMMUNITY’S NEEDS BY:**

- Dealing effectively with tensions between social, economic and environmental factors
- Demonstrating concern and responsiveness to social issues involving the provision of energy and water services
- Supporting a sound economy through fiscally prudent prices
- Demonstrating sensitivity and responsiveness to environmental concerns; recognizing the importance of a healthy ecosystem to its operations

**THE BOARD OF COMMISSIONERS:**

- Effectively governs, resulting in clear leadership at a policy level
- Provides direction and makes decisions anchored in a sound assessment of priorities and strategic risks
- Maintains a strong connection to customers and the community

**Source:** Board Approved 05/04/04; Ratified 04/19/05; Revised 10/6/15, Resolution No. 1527; Revised 09/05/17, Resolution No. 1717; Revised 07/10/18, Resolution No. 1818; Proposed revision 10/05/21, Resolution No. 2116.-



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### **ORGANIZATIONAL CORE VALUES:**

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**RESOLUTION NO. 2116  
OCTOBER 2021**

**EUGENE WATER & ELECTRIC BOARD  
RESOLUTION APPROVING REVISIONS TO BOARD POLICY SD1**

**WHEREAS** the Eugene Water & Electric Board (EWEB) maintains a Board Policy Manual that contains governing policies for the Board of Commissioners; and

**WHEREAS** the Board of Commissioners periodically reviews said policies and identifies required modifications or amendments to those policies; and

**WHEREAS** the Board of Commissioners periodically determines that new policy is required to adequately document the work or intention of the Board with regard to governance, Board-staff linkage, strategic direction, or executive limitations; and

**WHEREAS** the Board of Commissioners has reviewed a modification to Board Policy SD1, Mission, Vision, Values & Legacy and has determined that the modification is appropriate and necessary.

**NOW, THEREFORE, BE IT RESOLVED** the Eugene Water & Electric Board hereby approves the revisions to Board Policy SD1 - Mission, Vision, Values & Legacy.

DATED this 5<sup>th</sup> day of October 2021.

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 5, 2021 Regular Board Meeting.

\_\_\_\_\_  
Assistant Secretary