



This meeting will be held in person, but you may attend virtually; see the instructions on page 2.

AGENDA

11:30 a.m. LUNCH

11:45 a.m. STUDY SESSION – Insurance (Finance Manager Beau Belikoff, Purchasing Specialist Cathrine Ruffer and Marsh McLennan Agency) and Rules & Regulations (Water Resources & Customer Service Manager Julie Smitherman)

12:15 p.m. BOARD MEETING

1. Roll Call

2. Pledge of Allegiance

3. Comments from the Audience

Comments will be limited to 4 minutes per individual, group, or organization; please state your name and organization (if applicable) when prompted.

4. Public Hearings

4.1 Consider Resolution No. 2025, A RESOLUTION Modifying the Charges in Lieu of Assessment, Exhibit A of the Regulations Governing Water Service, for Properties Directly Benefited by the Installation of Water Mains but Not Specifically Assessed for Such Benefit, Effective July 1, 2026

4.2 Consider Resolution No. 2026, A RESOLUTION Modifying the Charges for Special Services, Exhibit D of the Regulations Governing Water Service, Effective July 1, 2026

4.3 Consider Resolution No. 2027, A RESOLUTION Adopting the Budget for Medford Water of the City of Medford, by and through its Board of Water Commissioners, for Fiscal Year 2026-27 Commencing July 1, 2026, and Making Appropriations Thereunder

5. Approval or Correction of the Minutes of the Last Regular Meeting of May 20, 2026

6. Resolution No. 2028, A RESOLUTION Adopting and Authorizing the General Manager to Execute the Investment Policy for the Board of Water Commissioners

7. Leadership Team Reports

Leadership Team staff will be present and may provide information: Engineering Manager Brian Runyen, Finance Manager Beau Belikoff, Water Operations Manager Dan Perkins, Information Technology Manager Kris Stitt, Human Resources Manager Tanya Haakinson, Water Resources & Customer Service Manager Julie Smitherman, and General Manager Brad Taylor.

8. Propositions and Remarks from the Commissioners

9. Adjourn

DATES TO REMEMBER*

DATE	DAY	TYPE OF MEETING	STUDY SESSION TIME & TOPIC	REGULAR MEETING	LOCATION
6/17/26	Wed.	Board Meeting	Demand/ Population Forecasting	12:15 p.m.	Prescott Room, Police Dept
7/1/26	Wed	Project Tour	No Meeting	12:15 p.m.	Medford Water Operation Center, 4677 Industry Dr., CP, Oregon
7/15/26	Wed	Board Meeting	Comprehensive Financial Management Plan	12:15 p.m.	Prescott Room, Police Dept.

**Meeting dates, times, and locations are subject to change.*

INSTRUCTIONS FOR ATTENDING THIS MEETING VIRTUALLY



To join by computer, click the following link:

https://us02web.zoom.us/webinar/register/WN_UU0BPxm1QcejptqNcrTdQ

Meeting passcode: 788192



To join by phone, call:

(669) 900-6833

Meeting ID Number: 858 4027 6791 Meeting passcode: 788192



Memorandum

TO: Commissioners Jason Anderson, John Dailey, Bob Mylenek, Brian Sjothun, and David Wright
FROM: Brian Runyen, PE, Engineering Manager
DATE: Wednesday, June 3, 2026
SUBJECT: Item 4.1 – Resolution 2025, Modifying the Charges in Lieu of Assessment
OBJECTIVE: Board Approval

Issue

Modifications to the Charges in Lieu of Assessment / Refund District costs of reimbursement for FY26-27 were presented to the Board of Water Commissioners in a Study Session on May 6, 2026.

Discussion

CLA amounts have been recalibrated to the amounts below for differing conditions:

8" Water Main

\$47.58 per foot per each side of the street: Unpaved

\$79.28 per foot per each side of the street: Paved

12" Water Main

\$64.49 per foot per each side of the street: Unpaved

\$96.20 per foot per each side of the street: Paved

Financial Impact

The proposed changes adjusted these fees tracked to the Engineering News Record Construction Cost Index (ENR CCI).

Requested Board Action

Staff recommends approval of this Resolution, modifying the Charges in Lieu of Assessment.

RESOLUTION NO. 2025

A RESOLUTION Modifying the Charges in Lieu of Assessment, Exhibit A of the Regulations Governing Water Service, for Properties Directly Benefited by the Installation of Water Mains but Not Specifically Assessed for Such Benefit, Effective July 1, 2026

WHEREAS, in 1989, the Board of Water Commissioners (Board) approved Resolution No. 630, which provided for the increase of Charges in Lieu of Assessment (CLA) and additionally provided that these charges would be revised on an annual basis on July 1st of every year; and

WHEREAS, staff has determined that the CLA should be modified based on updated costs for water main size and street condition, as set forth in the attached Exhibit A; and

WHEREAS, the proposed modifications to the CLAs have been heretofore reviewed by the Board, and published for the time and in the manner prescribed by law, and came for hearing before the Board at the regularly scheduled meeting, at the hour of 12:15p.m., on the 3rd day of June 2026; and

WHEREAS, the public hearing was duly held at said time and place, due notice thereof having been given to the public, and the Board at said time did consider said modifications to the CLAs and the matters discussed at the public hearing;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF THE CITY OF MEDFORD, OREGON, THAT:

The modifications to the CLAs, Exhibit A of the Regulations Governing Water Service, are hereby approved as set forth in attached Exhibit A and by reference made a part hereof, to become effective from and after the 1st day of July 2026; this supersedes modifications last approved June 4, 2025 (Resolution No. 1979).

PASSED by the Board of Water Commissioners and signed by me in authentication of its passage this 3rd day of June 2026.

ATTEST: _____
Amber Furu, Asst. Clerk of the Commission

Jason Anderson, Chair

EXHIBIT A TO REGULATIONS GOVERNING WATER SERVICE

LIST OF STREETS, ALLEYS AND EASEMENTS FOR CHARGES IN LIEU OF ASSESSMENT (CLAs & RDs)

Effective July 1, 2026

In accordance with the "Regulations Governing Water Service", the following in-lieu charges (marked as **CLA**) are to be collected by Medford Water Commission (MWC) from all applicants for new service connections to the water mains installed by MWC if the applicant's property fronts on or is adjacent to the alley, street or easements. Also listed are "Refund Districts" (marked as **RD**) established by Resolution for refunding moneys to developers who installed water lines, which benefit property owners developing property subsequent to installation of the water line.

In-lieu charges are based on water main size and street condition*:

Water Main Size / Street Condition	Charge in Lieu, per foot, per side of street
8" Unpaved	\$47.58
8" Paved	\$79.28
12" Unpaved	\$64.49
12" Paved	\$96.20

NAME OF STREET	CLA OR RD	AMOUNT TO CHARGE PER FT.	SIZE OF MAIN	PORTION SUBJECT TO IN LIEU CHARGES
Airport Rd	CLA	\$47.58	6"/24"	Both sides from Airport to Table Rock Rd
Airport Rd at Biddle Rd Res #1851 (Expires 12/21/2042)	RD	Proportionate share per acre developed per Reso 1851	12"	Southwest corner of Airport Rd and Biddle Rd. Maplot #s 372W12A1102 & 372W12A1151 (Pay: Celtic Services, Inc., P.O. Box 680453, Marietta, GA 30068)
Albert St	CLA	\$47.58	4"	W side from Prune to Dakota
Barnett Rd	CLA	\$47.58	12"	N Phoenix Rd to city limits, N side
Aster Street Res #1863 (Expires 03/15/2043)	RD	\$30.21	8"	Aster St from approx 390 feet west of Cherry St to approx 760 feet west of Cherry St (Pay: RD Properties Oregon LLC, 171 Ehrman Way, Medford, OR 97502)
Biddle Rd	CLA	\$47.58	6"/12"/12"	Both sides Crater Lake Hwy to Airport Rd
Biddle Rd	CLA	\$47.58	6"	Both sides from Morrow to McAndrews
Biddle Rd	CLA	\$47.58	4"	Both sides from McAndrews to 685' S of McAndrews
Blanche Ln Res #1812 (Expires 05/03/2042)	RD	\$28.55	8"	487' of 8", Blanche Ln from Thomas Road to approximately 250 feet east of Thomas Road (Pay: Stella RE Investments LLC, 843 Castro St, Mountain View, CA 94041)
Brookdale Rd	CLA	\$47.58	8"	Both sides from Big Butte Springs Line #2 to McAndrews
Brookdale Rd	CLA	\$47.58	24"	Both sides from Big Butte Springs Line #2 to boundary of the #1 pressure level
Brookdale Rd	CLA	\$47.58	6"	Both sides from McAndrews Rd to Lone Pine Rd
Capital Ave	CLA	\$47.58	8"	N side from Reservoir #3 to E end of street
Cherry Ln	CLA	\$47.58	10"	From Stanford to city limits, S side
Cherry St	CLA	\$47.58	8"	Meadows to Prune - within city limits
Chestnut St	CLA	\$47.58	14"	Both sides from Stewart to Prune
Chestnut St	CLA	\$47.58	6"	Lot 1, B13 Benson Addition, SW corner Chestnut & Meadows Ln

NAME OF STREET	CLA OR RD	AMOUNT TO CHARGE PER FT.	SIZE OF MAIN	PORTION SUBJECT TO IN LIEU CHARGES
S Columbus St	CLA	\$47.58	20"	Both sides from Stewart to city limits
Corona Ave	CLA	\$47.58	6"	Both sides from Grand to 800' N of Hilton
Corona Ave	CLA	\$47.58	8"	Both sides from Grand to McAndrews
Covina Ave	CLA	\$47.58	4"	Both sides from Crater Lake Ave to Grand
Crater Lake Ave	CLA	\$47.58	20"	Both sides from Spring St to McAndrews Rd
Crater Lake Ave	CLA	\$47.58	6"/14"	Both sides from McAndrews to Covina
Crater Lake Ave	CLA	\$47.58	12"	W side from Stevens to Saling
Crater Lake Ave	CLA	\$47.58	6"/14"	Both sides from Roberts W to Delta Waters
Crater Lake Ave	CLA	\$47.58	6"/16"	Both sides from Delta Waters to 700' N of Delta Waters
Crater Lake Hwy	CLA	\$47.58	14"	SE side from Whittle to extension of Corona
Crater Lake Hwy	CLA	\$47.58	6"	SE side from Delta Waters to Whittle
Crater Lake Hwy	CLA	\$47.58	14"	NW side opposite Delta Waters; Whittle to Martin Station
Crews Rd	CLA	\$47.58	24"	NW side from Table Rock to 140' NE of Pepper extension
Dakota Ave	CLA	\$47.58	6"	S side from Columbus to Chestnut
Delta Waters Rd	CLA	\$47.58	6"	Both sides from Crater Lake Ave to Crater Lake Hwy
Delta Waters Rd	CLA	\$47.58	16"	N side, E of Tahitian to city limits; S side, Stonebrook to city limits
Dixie Ln	CLA	\$47.58	8"	From 1457 Dixie Ln S to 1617 Dixie Ln, both sides
Ellendale Dr	CLA	\$47.58	8"	Both sides within city limits from Barnett to Halsey
Foothill Rd	CLA	\$47.58	16"	E side Hillcrest S to Caperna
Foothill Rd	CLA	\$47.58	12"	Hillcrest N to Lone Pine, both sides within city limits
Garfield St	CLA	\$47.58	24"	Both sides from Peach to Columbus
Garfield St	CLA	\$47.58	24"	Tax Lot 2600
Garfield St	CLA	\$47.58	4"/6"/24"	S side from Marsh Ln to city limits and N side from Kenyon to city limits
Grand Ave	CLA	\$47.58	4"	Both sides from Crater Lake Ave to Covina
Grand Ave	CLA	\$47.58	6"	Both sides from Covina to Corona
Grand Ave	CLA	\$47.58	4"	Both sides from Corona to Poplar Dr
Groveland Ave	CLA	\$47.58	6"	Both sides from Oakwood to Woodlawn
Halsey St	CLA	\$47.58	24"	Both sides of entire street
Harrison Ave	CLA	\$47.58	6"	N side from Valley View to Sunrise
Hart Avenue (Expires 7/06/30)	RD	\$28.09	8"	400', on Hart Ave from Agate St to approximately 400 Feet North of Agate Street (Pay: Horton Homes Inc., PO Box 3354, Central Point Oregon 97502)
Highcrest Dr	*	*	*	*Note to File Gary Whittle, Stardust PS/Zone 5
Highland Ave	CLA	\$47.58	16"	W side from 100' S of Keene Way to Greenwood; E side from 100' S of Keene Way to Roxy Ann, and E side from Siskiyou to Greenwood
Hilton Rd	CLA	\$47.58	6"	Both sides from Corona to Crater Lake Hwy
Hilton Rd	CLA	\$47.58	12"	Both sides from Crater Lake Hwy to Biddle
South Holly	CLA	\$47.58	8"	From Stewart to Garfield, E side
Jackson St	CLA	\$47.58	16"	North side from Sunrise to Barneburg
Jeanette St	CLA	\$47.58	14"	Both sides Prune to Meadows Ln
Lewis St	CLA	\$47.58	6"	Entire street within city limits
Lone Pine Rd	CLA	\$47.58	6"/8"	Both sides from Springbrook to Big Butte Springs Line #2
Marsh Lane Res #1667 (Expires 12/06/27)	RD	\$25.74	8"	624', from the intersection of Sparrow Way and Marsh Lane to 580' south of Sparrow Way (Pay: Rue Noblesse LLC, 935 Town Centre Drive, Suite A Medford Oregon 97504)

NAME OF STREET	CLA OR RD	AMOUNT TO CHARGE PER FT.	SIZE OF MAIN	PORTION SUBJECT TO IN LIEU CHARGES
Mason Wy	CLA	\$47.58	6"	Sage Rd to Joseph, S side within city limits (credit Elk City Water District for half)
McAndrews Rd	CLA	\$47.58	14"	Within city limits, NW side from S Pacific RR to Jackson St
McAndrews Rd	CLA	\$47.58	20"	Both sides from Crater Lake Ave to Biddle
McAndrews Rd	CLA	\$47.58	8"	Both sides from Biddle to Riverside
McAndrews Rd	CLA	\$47.58	8"	Both sides from Brookdale to Springbrook
McAndrews Rd	CLA	\$47.58	6"	Both sides from Springbrook to 466' W of Springbrook
Meadows Ln	CLA	\$47.58	8"	Both sides from Jeannette W to city limits
Meadows Ln Res #1977 (Expires 05/21/2045)	RD	\$46.22	8"	460' of 8", Meadows Ln from approximately 245' west of Darlington St to approximately 215' east of Darlington St (Pay: Buntin Construction, LLC, 572 Parsons Drive Suite 100, Medford, OR 97501)
Midway Rd	CLA	\$47.58	10"	Both sides from Table Rock to Merriman Rd
Midway Rd	CLA	\$47.58	24"	Both sides from Biddle to Bear Creek
Modoc	CLA	\$47.58	24"	Both sides from Ridge Wy to McAndrews
Morrow Rd	CLA	\$47.58	4"	Both sides from Corona to Biddle
Murphy Rd	CLA	\$47.58	8"	E side from Country Club Dr to Dellwood Pl
Murphy Rd	CLA	\$47.58	8"	Both sides from Dellwood Pl to Barnett Rd
Oregon Ave	CLA	\$47.58	16"	N side from Sunrise to Oregon Terrace and S side from Sunrise to Berkeley Wy
S Pacific Hwy	CLA	\$47.58	12"	Stewart Avenue S to city limits, W side
N Phoenix Rd	CLA	\$47.58	16"	Both sides, Barnett to Cherry Ln within city limits
Nicholas Lee Way Res #1682 (Expires 03/01/28)	RD	\$26.73	8"	387', from Maple Park Dr to Katie Mae Dr (Pay: R Horton Homes Inc., 1984 Rabun Way, Central Point Oregon 97502)
Nicholas Way Res #1683 (Expires 10/27/27)	RD	\$26.73	8"	170', from Francine Ct to 170' north of Francine Ct (Pay: R Horton Homes Inc., 1984 Rabun Way, Central Point Oregon 97502)
Penn St Ref Powhatan Ave				
Powhatan Ave Res #1718 (Expires 04/16/2029)	RD	\$27.54	8"	1050' of 8" in Powhatan Ave, west side from Garfield St to Prospect St, and east side from Garfield St to 1050' south of Garfield St; 340' of 8" in Prospect St, from Lillian St to Powhatan Ave; and 180' of 8" in Penn St, from Lillian St to 180 east of Lillian St (Pay: Sullivan Development, LLC, Dennis Sullivan, 1985 Rossanley Drive, Medford, Oregon 97501)
Promise Land Way Ref Sunset Drive Promise Land Way				
Prospect St Ref Powhatan Ave				
Prune St	CLA	\$47.58	14"	Both sides from Chestnut to Jeanette
Richmond Ave	CLA	\$47.58	16"	Both sides from Oakwood to Woodlawn
Ridge Way	CLA	\$47.58	6"	Both sides from Modoc to Valley View
Ridge Way	CLA	\$47.58	6"	S side from Wabash to Keene Wy
Ridge Way	CLA	\$47.58	6"	Both sides from Berkeley Way to E end Ridge Way
S Riverside Ave	CLA	\$47.58	8"	E side from Stewart to Boyd
Roberts Rd	CLA	\$47.58	6"	Both sides from Springbrook to Crater Lake Ave
Roberts Rd	CLA	\$47.58	6"	Both sides from Crater Lake Ave to Corona
Ross St	CLA	\$47.58	6"	E side from Humphrey S to city limits

NAME OF STREET	CLA OR RD	AMOUNT TO CHARGE PER FT.	SIZE OF MAIN	PORTION SUBJECT TO IN LIEU CHARGES
Spring St	CLA	\$47.58	20"	Both sides from Valley View Dr to Crater Lake Ave
Springbrook Rd	CLA	\$47.58	6"/8"	Both sides from McAndrews to Delta Waters Rd
Stanford Ave	CLA	\$47.58	12"	E side; High Oaks to Cherry Lane
Steadman Ave Res #1973 (Expires 04/02/2045)	RD	\$62.65	12"	817' of 12", Steadman Ave from Oak Grove Rd to approximately 817' east of Oak Grove Rd (Pay: Buntin Construction, LLC, 572 Parsons Drive Suite 100, Medford, OR 97501)
Stewart Ave	CLA	\$47.58	14"/16"	S side Oakdale to Chestnut Street
Stewart Ave	CLA	\$47.58	16"/30"	Both sides Chestnut to city limits
Stewart Ave	CLA	\$47.58	12"	S Holly E to S Pacific Hwy, S side
Sunrise Ave	CLA	\$47.58	8"	Both sides Spring St to Harrison
Sunrise Ave	CLA	\$47.58	16"	W side from Jackson to Aloha
Sunset Drive Res #1629 (Expires 07/29/2026)	RD	\$40.00/\$23.59	12"/8"	326' of 12", Sunset Drive from Tivoli Dr to Thomas Rd; and 905' of 8", Thomas Rd from Sunset Dr to 905' north of Sunset Dr (Pay: McJoya Properties & Development LLC, 685 Market Street, Medford Oregon 97504)
Sunset Drive Promise Land Way Res #1974 (Expires 04/02/2045)	RD	\$77.03/\$46.22	12"/8"	536' of 12", Sunset Drive from Thomas Rd to approximately 536' east of Thomas Rd; and 164' of 8", Promise Land Way from approximately 350' east of Thomas Rd to approximately 530' east of Thomas Rd (Pay: Olaf & Company, LLC, 3040 Signature Court, Medford, OR 97504)
Sunset Drive Res #2019 (Expires 05/06/2046)	RD	\$46.45	12"	170' of 12", Sunset Drive from Antilles Lane to approximately 170' north of Antilles Lane
Table Rock Rd	CLA	\$47.58	6"	E side from Airport Rd S
Table Rock Rd	CLA	\$47.58	6"	W side from Morningside, N to city limits
Table Rock Rd	CLA	\$47.58	30"	NE side to city limits
Thomas Rd Ref Sunset Drive				
Thomas Rd Res #1812 (Expires 05/03/2042)	RD	\$28.55	8"	487' of 8", Thomas Rd from approximately 160' north of Westwood Drive to approximately 650' north of Westwood Drive (Pay: Stella RE Investments LLC, 843 Castro St, Mountain View, CA 94041)
Valley View	CLA	\$47.58	20"	Both sides Ridge Wy to Spring St
Valley View	CLA	\$47.58	6"	Both sides Harrison to Ridge Wy
Vilas Rd	CLA	\$47.58	20"	Both sides from Table Rock Rd to Crater Lake Hwy
Western Ave	CLA	\$47.58	12"	W side, Humphrey to 2 nd
Western Ave	CLA	\$47.58	12"	W side from Humphrey S to city limits
Woodlawn Drive	CLA	\$47.58	16"	Both sides from Groveland to Barneburg
EASEMENTS:	CLA	\$47.58	16"	Extension of Saling Ave from Crater Lake Ave to Medford Shopping Center

*These rates will apply to new mains subject to CLAs; existing mains will stay at the revised CLA charge for an 8" water main in unpaved condition.



Memorandum

TO: Commissioners Jason Anderson, John Dailey, Bob Mylenek, Brian Sjothun, and David Wright
FROM: Brian Runyen, PE, Engineering Manager
DATE: Wednesday, June 3, 2026
SUBJECT: Item 4.2 – Resolution 2026, Modifying the Charges for Special Services
OBJECTIVE: Board Approval

Issue

Modifications to the Charges for Special Services for FY26-27 were presented to the Board of Water Commissioners in a Study Session on May 6, 2026.

Discussion

Each year the Charges for Special Services are reviewed and modified accordingly based on actual costs for the service being rendered. Updated charges based on current estimated costs are included in the proposed revised Exhibit D of the Regulations Governing Water Service attached to the Resolution included for this Agenda Item.

Financial Impact

The costs charged for Special Services allow the Commission to recover actual costs for the service being provided to the customer, reducing or negating any financial impact.

Requested Board Action

Staff recommends approval of this Resolution, modifying the Charges for Special Services.

RESOLUTION NO. 2026

A RESOLUTION Modifying the Charges for Special Services, Exhibit D of the Regulations Governing Water Service, Effective July 1, 2026

WHEREAS, the Charges for Special Services are periodically reviewed by staff and adjusted based on current material, labor, and equipment costs; and

WHEREAS, the proposed modifications to the Charges for Special Services have been heretofore reviewed by the Board of Water Commissioners (Board), and published for the time and in the manner prescribed by law, and came for hearing before the Board at the regularly scheduled meeting, at the hour of 12:15p.m., on the 3rd day of June 2026; and

WHEREAS, the public hearing was duly held at said time and place, due notice thereof having been given to the public, and the Board at said time did consider said modifications to the Charges for Special Services and the matters discussed at the public hearing;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF THE CITY OF MEDFORD, OREGON, THAT:

The modifications to the Charges for Special Services, Exhibit D of the Regulations Governing Water Service, are hereby approved, as set forth in attached Exhibit A and by reference made a part hereof, to become effective from and after the 1st day of July 2026; this supersedes modifications last approved June 4, 2025 (Resolution No. 1980).

PASSED by the Board of Water Commissioners and signed by me in authentication of its passage this 3rd day of June 2026.

ATTEST: _____
Amber Furu, Asst. Clerk of the Commission Jason Anderson, Chair

**EXHIBIT D TO REGULATIONS GOVERNING WATER SERVICE
CHARGES FOR SPECIAL SERVICES**

Effective July 1, 2026

WATER SERVICE & SPECIAL FEES		
Control Valve Installation - Section 8.2		
(a) 5/8" x 3/4" meter	\$270.00	each
(b) All other meter sizes	At Cost	each
Finance Charge (invoices not paid within 30 days of due date)	1%	month
Fire Hydrant temporary service – Section 10		
(a) Deposit for Fire Hydrant Device	\$1,500.00	each
(b) Installation during working hours (per hour)	\$60.00	hour
(c) Service cost (per day)	\$10.00	day
Public Records Requests		
Labor Costs:		
Minimum hourly rate of \$56 per hour plus copy charge		
Level 1: Up to 30 min. = no labor costs, material costs only		
Level 2: 30 min. to 2 hrs. = \$56 per hour plus cost of materials		
Level 3: Over 2 hrs. = actual cost of employee time plus cost of materials		
Material Costs:		
<u>Printed Materials</u> (Double-sided is considered two pages)		
No charge for the first 10 pages		
\$.25 for 8 1/2 x 11 pages		See fee structure at left
\$.50 for 11 x 17 pages		
\$.75 for color copies		
\$5.00 per page for photograph quality printed pictures		
Preprinted reports, maps, large formatted documents etc. Provided at Commission's actual cost		
<u>Electronic copies</u>		
Hard copies of electronic copies will be charged the printing costs, except for GIS data. Can be emailed or faxed. Copy to DVD or CD:		
\$25 each (\$2 for each additional copy ordered at the same time.		
<u>Audio or Video recordings</u>		
Based on minimum hourly charge; CD of meeting \$25		
Purchase of Regulations Governing Water Service – Section 21	\$10.00	each
Recording of legal documents		
(a) First 3 pages	\$142.00	each
(b) Each additional page	\$5.00	each
Returned item for NSF or ACH transactions - invoice cloud	\$25.00	each
Water Service - Activation of service - Section 2		
(a) Deposit on Customer Account	\$90.00	each
Water Service - Disconnection of service - Section 4		
(a) Shut-off Field Collection fee (due to non-payment)	\$20.00	each
(b) Shut-off Notice processing fee (late fee)	\$15.00	each
(c) Temporary Shut-off After Hours (at customer request)	\$110.00	hour
(d) Tampering with meter (no damages)	\$100.00	each
(e) Tampering with meter (with damages) \$100.00 plus repair costs	At Cost	each
Water Service - Restoration of service – Section 4		
(a) During regular hours	\$20.00	hour
(b) After regular hours (based on overtime hourly rate)	\$110.00	hour

SERVICE CONNECTION AND METER FEES			
Meter Setting Fee / Resetting – Section 5.4 (includes new meter)			
	<u>Meter Size</u>		
(a)	5/8" x 3/4"	\$485.00	each
(b)	1"	\$620.00	each
(c)	1-1/2"	\$915.00	each
(d)	2"	\$1,025.00	each
Installation of Service Connections – Section 5.2 (use in combination with Meter Setting fee)			
	<u>Service Size</u>	<u>Meter Size</u>	
(a)	Medford Water does all work		
	1"	5/8" x 3/4"	\$5,360.00 each
	1"	1"	\$5,280.00 each
	1-1/2"	1-1/2"	\$6,305.00 each
	2"	2"	\$7,130.00 each
<i>Paving, sidewalk repair, traffic control costs are additional and billed at time and materials cost.</i>			
(b)	Contractor provides excavation, backfill, surfacing, etc. Medford Water supplies parts and installs.		
	1"	5/8" x 3/4"	\$1,790.00 each
	1"	1"	\$1,705.00 each
	1-1/2"	1-1/2"	\$2,730.00 each
	2"	2"	\$3,555.00 each
(c)	Multiple services in one trench (credit)*		
	Two services		(\$630.00) each
	Three or four services		(\$950.00) each
(d)	Cost in excess of 30' service length, per foot of extra service length		
	Unpaved street		\$40.00 foot
	Paved street		\$100.00 foot
(e)	1" Wet Tap and Service Installation - contractor provides all material, excavation, backfill, surfacing, etc. (use in combination with Meter Setting fee)		\$780.00 each
Air Valves (Installation and/or Materials)			
(a)	Materials for dry tap 1" air valves installed by prequalified contractor		\$1,950.00 each
(b)	Installation of 1" wet tap air valves with contractor providing excavation/backfill/surfacing		\$2,170.00 each
Abandonment of meters			
(a)	Abandonments of services will be charged on a time and materials basis.		
Enlarge service – Section 5.3 (non-inclusive of SDCs) (use in combination with Meter Setting fee)			
(a)	5/8" x 3/4" to 1" with existing 1" service line		\$595.00 each
(b)	All other – actual costs		At cost each
Fire hydrant painting for new hydrant – Section 10.4		\$60.00	each
Fire service bypass meter (5/8" x 3/4" touch read)		\$660.00	each

ENGINEERING FEES		
Engineering Plan Review Fee*		
(a) Single Service(s)	\$700.00	each
(b) Site Plan* (Base fee)	\$1,350.00	each
(c) Subdivision/Partition (4 or less lots)	\$1,350.00	each
(d) Subdivision (5-25 lots)	\$1,800.00	each
(e) Subdivision (26-50 lots)	\$2,250.00	each
(f) Additional Reviews (over 3 reviews)	\$250.00	each
(g) Resubmittal (over 6 months elapsed from final review to construction)	\$300.00	each
(h) System Extension Analysis	\$500.00	each
* For projects not listed above or that are unique in scope or size, a review fee estimate will be provided with the results of plan completeness check review.		
Fire hydrant flow test		
(a) Flow test performed in field	\$300.00	each
(b) Data provided from model	\$100.00	each



Memorandum

TO: Commissioners Jason Anderson, John Dailey, Bob Mylenek, Brian Sjothun, and David Wright,
FROM: Beau Belikoff, Finance Manager
DATE: Wednesday, June 3, 2026
SUBJECT: Item 4.3 – Resolution 2027, Adopting the Budget for FY26-27
OBJECTIVE: Board Approval

Issue

The Proposed Budget for FY26-27 was presented to the Board of Water Commissioners on May 20th, 2026.

Discussion

Under ORS 294.316, municipal public utilities that operate under separate boards or commissions—as authorized by ORS 225 and city charters—and that do not receive ad valorem support, are exempt from the state’s Local Budget Law and therefore not required to prepare and adopt a budget. However, Medford Water has prepared a budget for operational accountability, transparency, and control purposes.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles with one exception:

1. Capital acquisitions are reported as capital outlay expenditures. No depreciation expense is recognized on this basis.

Financial Impact

\$93.4M in resources and requirements in all funds for the FY26-27 fiscal year.

Requested Board Action

Staff recommends approval of Resolution 2027, adopting the FY26-27 budget.

RESOLUTION NO. 2027

A RESOLUTION Adopting the Budget for Medford Water of the City of Medford, by and through its Board of Water Commissioners, for Fiscal Year 2026-27 Commencing July 1, 2026, and Making Appropriations Thereunder

WHEREAS, the Proposed Budget for Fiscal Year 2026-27, from and after the 1st day of July 2026, was prepared by the General Manager of Medford Water as Budget Officer for the Board of Water Commissioners (Board); and

WHEREAS, the Proposed Budget has been heretofore reviewed by the Board, and published for the time and in the manner prescribed by Local Budget Law; and said Proposed Budget came regularly for the hearing before the Board, at the hour of 12:15 p.m., on the 3rd day of June 2026; and

WHEREAS, the Water Fund, Construction and Infrastructure Replacement Fund, and the Bond Project Fund have been established in the Budget, and all Funds reflect any and all approved changes; and

WHEREAS, a public hearing was duly held at said time and place, due notice thereof having been given to the public, and the Board at said time did consider the Proposed Budget and the matters discussed at the public hearing;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF THE CITY OF MEDFORD, OREGON, THAT:

SECTION 1. Medford Water, of the City of Medford, by and through its Board of Water Commissioners hereby adopts the Budget for FY2026-27, in the sum of \$93,446,742, and now on file in Medford Water's Office.

SECTION 2. The amounts for the Fiscal Year commencing July 1, 2026, totaling \$93,446,742 are hereby appropriated by fund and program as shown on the functional schedule attached hereto, marked Exhibit A, and by this reference incorporated herein. The sum of \$33,181,042 is the estimated total unappropriated ending fund balances to be carried forward.

SECTION 3. The City Recorder is hereby directed to file with the City of Medford, Oregon, a copy of the Budget as finally adopted.

PASSED by the Board of Water Commissioners and signed by me in authentication of its passage this 3rd day of June 2026.

ATTEST: _____
Amber Furu, Asst. Clerk of the Commission Jason Anderson, Chair

WATER FUND	Actual FY25	Budget FY26	Proposed FY27
RESOURCES			
Water Revenue	\$27,614,705	\$29,500,000	\$33,500,000
Work Order and Fee Revenue	\$1,258,259	\$600,000	\$850,000
System Development Charges	\$1,767,967	\$750,000	\$750,000
Miscellaneous Income	\$955,365	\$50,000	\$50,000
Total Operating Resources	\$31,596,296	\$30,900,000	\$35,150,000
Beginning fund balance available for appropriation (7/1)	\$12,094,950	\$18,206,714	\$25,324,046
Transfer from other funds	\$0	\$4,328,126	\$8,267,009
Investment Income	\$529,325	\$250,000	\$750,000
Forest Product Revenue	\$407,870	\$400,000	\$500,000
Grant Revenue	\$2,592,007	\$25,000	\$18,000
Debt Proceeds	\$19,748,935	\$0	\$0
Total Non-Operating Resources	\$35,373,087	\$23,209,840	\$34,859,055
Total resources	\$66,969,383	\$54,109,840	\$70,009,055
REQUIREMENTS			
Distribution	\$4,013,205	\$5,101,207	\$5,194,707
Purification	\$3,487,024	\$4,251,746	\$4,309,010
Customer Service, Collection & Meter Reading	\$2,875,061	\$2,895,670	\$2,953,049
Source of Supply	\$1,247,492	\$1,627,676	\$1,660,772
Administration & General	\$831,417	\$1,230,069	\$1,281,863
Supply Pumping	\$877,993	\$1,136,545	\$1,142,212
Work Order and Fee Expense	\$1,166,701	\$600,000	\$815,000
Distribution Pumping	\$521,896	\$786,017	\$787,468
Transmission	\$381,202	\$491,958	\$495,360
Total Operating Requirements	\$15,401,991	\$18,120,888	\$18,639,441
Capital Expenditures	\$5,221,313	\$20,721,987	\$30,633,000
Debt Service	\$868,062	\$1,838,250	\$1,838,250
Transfers Out	\$23,589,306	\$588,000	\$600,000
Operating Contingency Reserve	\$0	\$250,000	\$250,000
Subsidy - Affordability Support	\$14,975	\$20,000	\$20,000
Grants	\$222,380	\$15,000	\$18,000
Investment Expense	\$49,770	\$0	\$0
Special - One Time Payment (CAWD Dissolution)	\$0	\$0	\$0
Total Non-Operating Requirements	\$29,965,806	\$23,433,238	\$33,359,250
Total before ending fund balance	\$45,367,797	\$41,554,126	\$51,998,691
Unappropriated ending fund balance (6/30)	\$21,601,586	\$12,555,715	\$18,010,364
Total requirements	\$66,969,383	\$54,109,840	\$70,009,055
CONSTRUCTION AND INFRASTRUCTURE REPLACEMENT FUND	Actual FY25	Budget FY26	Proposed FY27
RESOURCES			
Beginning fund balance available for appropriation (7/1)	\$13,434,464	\$21,016,464	\$22,472,687
Transfer from Water Fund	\$6,807,000	\$588,000	\$600,000
Investment Income	\$883,223	\$280,000	\$365,000
Total Non-Operating Resources	\$21,124,687	\$21,884,464	\$23,437,687
REQUIREMENTS			
Transfer to Water Fund	\$0	\$4,328,126	\$8,267,009
Unappropriated ending fund balance (6/30)	\$21,124,687	\$17,556,338	\$15,170,678
Total Non-Operating Requirements	\$21,124,687	\$21,884,464	\$23,437,687
BOND PROJECT FUND	Actual FY25	Budget FY26	Proposed FY27
RESOURCES			
Beginning fund balance available for appropriation (7/1)	\$0	\$13,059,713	\$0
Debt Proceeds	\$40,260,856	\$0	\$0
Investment Income	\$1,221,103	\$125,500	\$0
Transfer from Water Fund	\$16,782,306	\$0	\$0
Total Non-Operating Resources	\$58,264,265	\$13,185,213	\$0
REQUIREMENTS			
Capital Expenditures	\$44,422,848	\$13,182,013	\$0
Administration & General	\$274,394	\$3,200	\$0
Contingency Reserve	\$3,212,269	\$0	\$0
Unappropriated ending fund balance (6/30)	\$10,354,754	\$0	\$0
Total Non-Operating Requirements	\$58,264,265	\$13,185,213	\$0



Memorandum

TO: Commissioners Jason Anderson, John Dailey, Bob Mylenek, Brian Sjothun and David Wright
FROM: Beau Belikoff, Finance Manager
DATE: Wednesday, June 3, 2026
SUBJECT: Item 6.0 – Resolution 2028, Adopting an Investment Policy for the Board of Water Commissioners
OBJECTIVE: Board Approval

Issue

ORS 294.135 (a) requires local governments investing in securities with maturities longer than 18 months to annually adopt their investment policies.

Discussion

Medford Water last updated the investment policy on June 4th, 2025. In preparation for the annual renewal, Government Portfolio Advisors (GPA) has reviewed the policy for further updates in correlation with the Oregon State Treasurer's sample policy. This ensures that the policy is meeting the requirements established by the State Treasurer oversight committee.

GPA's attached memo dated March 25th, 2026, relays no recommended changes to the investment policy.

Financial Impact

None.

Requested Board Action

Staff recommends approval of Resolution 2028, adopting and authorizing the General Manager to execute the Investment Policy.

MEMO

To: Brad Taylor and Beau Belikoff, Medford Water Commission
From: Frank McDonnell and Amphaphone Mar, Government Portfolio Advisors
Date: March 25, 2026
Re: Investment Policy Review and Update 2026

ORS 294.135(a) requires local governments investing in securities with maturities longer than 18 months to annually adopt their investment policies. The Commission adopted the policy in June 2025. After review, the policy is being presented for re-adoption for 2026 with no recommended changes.

RESOLUTION NO. 2028

A RESOLUTION Adopting and Authorizing the General Manager to Execute the Investment Policy for the Board of Water Commissioners

WHEREAS, the Board of Water Commissioners in compliance with ORS 294.135 adopts its Investment Policy (Policy) annually; and

WHEREAS, in 2018, the Board of Water Commissioners approved Resolution No. 1676, which adopted the original Policy and provided that it would be revised on an annual basis; and

WHEREAS, the current policy has been reviewed in correlation with the Oregon State Treasurer's sample policy, and found to meet the established requirements; and

WHEREAS, the Policy provides guidance on investment decisions and operating principles for the effective management of financial risk, portfolio diversification, and internal controls, and allows for the purchase of investments having a maturity longer than 18 months as allowed by ORS 294.135; and

WHEREAS, the Policy remains in compliance with ORS 294.035, which regulates the investment of public funds by municipal subdivisions, and policy guidelines established by the State of Oregon Short Term Fund Board; and

WHEREAS, the Policy is attached hereto as Exhibit A and incorporated herein by reference; and being fully advised;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF THE CITY OF MEDFORD, OREGON, AS FOLLOWS, THAT:

SECTION 1. The Investment Policy, attached hereto as Exhibit A and by reference made a part hereof, is hereby adopted, and supersedes the Policy adopted by Resolution 1982.

SECTION 2. The General Manager, acting by and on behalf of the Board of Water Commissioners, is authorized and directed to execute said Investment Policy, and to sign any other related documents, required in the ordinary course of Commission business, is hereby approved.

PASSED at a regular meeting of the Board of Water Commissioners and signed by me in authentication thereof this 3rd day of June 2026.

ATTEST: _____
Amber Furu, Asst. Clerk of the Commission

Jason Anderson, Chair

Medford Water Commission Investment Policy



June 2026

Resolution 2028

TABLE OF CONTENTS

- 1. INTRODUCTION 3
- 2. GOVERNING AUTHORITY 3
- 3. SCOPE 3
- 4. OBJECTIVES 3
- 5. STANDARDS OF CARE..... 4
- 6. TRANSACTION COUNTERPARTIES 5
- 7. ADMINISTRATION AND OPERATIONS 7
- 8. AUTHORIZED AND SUITABLE INVESTMENTS..... 8
- 9. INVESTMENT PARAMETERS 10
- 10. INVESTMENT OF PROCEEDS FROM DEBT ISSUANCE..... 12
- 11. INVESTMENT OF RESERVE OR CAPITAL IMPROVEMENT FUNDS 13
- 12. GUIDELINE MEASUREMENT AND ADHERENCE 13
- 13. REPORTING AND DISCLOSURE..... 14
- 14. POLICY MAINTENANCE AND CONSIDERATIONS 15

1. INTRODUCTION

This Investment Policy defines the parameters within which funds are to be invested by the Medford Water Commission (The Commission). The Commission is an autonomous agency of the City of Medford whose purpose is to furnish water for the City of Medford. This policy also formalizes the framework, pursuant to ORS 294.135, for the Commission'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 and investment advisor to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

2. GOVERNING AUTHORITY

The Commission'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; 294.040; 294.052, 294.135; 294.145; and 294.810. 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.

3. SCOPE

This policy applies to activities of the Commission with regard to investing the financial assets of operating funds and capital funds. Investments of employees' retirement funds, deferred compensation plans and other funds are not covered by this policy. The amount of funds falling within the scope of this policy over the next three years is expected to range between \$5 million and \$60 million.

4. OBJECTIVES

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

4.1 Preservation of Capital:

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal is to mitigate credit risk and interest rate risk.

4.2 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 Short Term Fund which offers next-day liquidity. Where possible and prudent, the portfolio should be structured so that investments mature concurrent with anticipated demands.

4.3 Return:

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into consideration the safety and liquidity needs of the portfolio. 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.

5. STANDARDS OF CARE

5.1 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. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability 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."

5.2 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 Board of Water Commissioners (Board). They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Commission. Officers and employees shall, at all times, comply with the State of Oregon Government Standards and Practices code of ethics set forth in ORS Chapter 244.

5.3 Delegation of Authority and Responsibilities:

Governing Body:

The Medford Water Commission Board of Water Commissioners will retain ultimate fiduciary responsibility for invested funds. The Board will receive reports pursuant to and with sufficient detail to comply with ORS 294.085 and 294.155.

Delegation of Authority:

Authority to manage investments within the scope of this policy and operate the investment program in accordance with established written procedures and internal controls is granted to the General Manager or designee, hereinafter referred to as Investment Officer and derived from the following: ORS 294.035 to 294.053, 294.125 to 294.145, and 294.810.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

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.

Investment Committee:

The Board will function as the investment committee to provide guidance to the Investment Officer and monitor investment policy compliance.

Investment Advisor:

The Commission may engage the services of an external investment manager to assist in the management of the investment portfolio in a manner consistent with this policy. The Investment Advisor may only be granted non-discretionary authority, requiring approval to purchase and sell securities. The advisor may be authorized to transact directly with approved dealer relationships on behalf of the Commission.

6. TRANSACTION COUNTERPARTIES

6.1 Broker/Dealers:

The Investment Officer shall determine which broker/dealer firms and registered representatives are authorized for the purposes of investing funds within the scope of this investment policy. A list will be maintained of approved broker/dealer firms and affiliated registered representatives.

The following minimum criteria must be met prior to authorizing investment transactions. The Investment Officer may impose more stringent criteria:

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

Approved broker/dealer employees who execute transactions with the Commission must meet the following minimum criteria:

- a) Be a registered representative with FINRA
- b) Be licensed by the State of Oregon
- c) Certify in writing having read, understood, and agreed to comply with the most current version of this investment policy
- d) Have notified the Commission within 30 days of the initiation of any formal investigation or disciplinary action initiated by the federal or state regulators.

The Investment Officer will conduct at least annual reviews of all listed broker/dealers and their respective authorized registered representatives.

Factors considered would include but not be limited to:

- Pending investigations by securities regulators.
- Significant changes in net capital.
- Pending customer arbitration cases.
- Regulatory enforcement actions.

The Investment Officer or designee may utilize the investment advisor's approved broker/dealer list in lieu of the Commission's own approved list. The advisor shall submit the approved list to the Commission annually and provide updates throughout the year as they occur. The advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The annual investment advisor broker/dealer review procedures should include:

- i. FINRA Certification check
 - Firm Profile
 - Firm History
 - Firm Operations
 - Disclosures of Arbitration Awards, Disciplinary and Regulatory Events
 - State Registration Verification
- ii. Financial review of acceptable FINRA capital requirements or letter of credit for clearing settlements.

The advisors must provide the Commission with any changes to the list prior to transacting on behalf of the Commission.

The advisor may be authorized through the contracted agreement to open brokerage accounts on behalf of the Commission with the broker/dealers on the approved list. The Commission will receive documentation directly from the brokers for account verification and regulatory requirements.

6.2 Investment Advisors:

An Investment Advisor may be selected by conducting a process of due diligence. The following items are required for the approved Investment Advisors:

- a) The Investment Advisor firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon.
- b) All Investment Advisor firm representatives conducting investment transactions on behalf of the Commission must be registered representatives with FINRA.
- c) All Investment Advisor firm representatives conducting investment transactions on behalf of the Commission must be licensed by the state of Oregon.
- d) Contract terms will include that the Investment Advisor comply with the Commission's Investment Policy.
- e) All engaged Investment Advisors must provide notification within 30 days of any formal investigation or disciplinary action initiated by federal or state regulators.

The Investment Officer will conduct at least annual reviews of engaged Investment Advisors to determine their continued eligibility within the guidelines of this policy. The Investment Advisor must notify the Commission immediately if any of the following issues arise while serving under a Medford Water Commission contract:

- a) Pending investigations by securities regulators
- b) Significant changes in net capital
- c) Pending customer arbitration cases
- d) Regulatory enforcement actions

The Commission may seek investment advisory services through an RFP process.

6.3 Depositories:

All financial institutions who desire to become depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.

6.4 Competitive Transactions:

- a) 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.
- b) In the instance of a security for which there is no readily available competitive bid or offering on the same specific issue, then the Investment Officer shall document quotations for comparable or alternative securities.
- c) When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price. However, the Investment Officer shall document quotations on comparable securities.
- d) If an Investment Advisor provides investment management services, the Advisor must retain documentation of competitive pricing execution on each transaction and provide upon request.

7. ADMINISTRATION AND OPERATIONS

7.1 Delivery vs. Payment:

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

7.2 Third party Safekeeping:

Securities will be held by an independent third-party safekeeping institution selected by the Commission. Upon request, the safekeeping institution shall make available a copy of its Statement on Standards for Attestation Engagements (SSAE) No. 16. The Commission will have online access through the safekeeping bank for verification of the account holdings and transactions. The City may hold bank deposits or certificates of deposits at banks qualified under ORS 295.

7.3 Internal Controls:

The Investment Officer and the Commission are responsible for establishing and maintaining an adequate internal control structure designed to reasonably assure that invested 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 periodically by the Investment Officer.

The internal controls shall address, at a minimum, the following:

- a) Compliance with Investment Policy
- b) Control Collusion
- c) Separation of transaction authority from accounting and record keeping
- d) Custodial safekeeping
- e) Avoidance of physical delivery of securities whenever possible and address control requirements for physical delivery when necessary
- f) Clear delegation of authority to subordinate staff members
- g) Confirmation of transaction for investment and wire transfers in written or digitally verifiable electronic form.
- h) Dual authorization of wire transfers and ACH's
- i) Staff training
- j) Review, maintenance, and monitoring of security procedures both manual and automated

7.4 Annual Independent Review:

An external auditor shall provide an annual independent review to assure compliance with Oregon state law and the Commission policies and procedures.

8. AUTHORIZED AND SUITABLE INVESTMENTS

8.1 Investment Types and Credit Guidelines:

All investments of the Commission shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for Treasurer including not committing to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement), ORS 294.805 to 294.895 (State Investment Pool). Bond proceeds may be invested under guidance of ORS 294.052. 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 adopted by the Board.

The following investments are permitted pursuant to ORS 294.035, 294.040, and ORS 294.810. Minimum credit ratings and percentages apply at the time of purchase.

US Treasury Obligations: U.S. Treasury and other government obligations that carry the full faith and credit guarantee of the United States for the timely payment of principal and interest [ORS Section 294.035(3)(a)].

US Agency Obligations: Federal agency and instrumentalities of the United States or enterprises sponsored by the United States government (GSEs) and obligations whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government [ORS Section 294.035(3)(a)].

Municipal Debt: Lawfully issued debt obligations of the States of Oregon, California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating on the settlement date of AA- or better by S&P or Aa3 or better by Moody's or equivalent rating by any nationally recognized statistical rating organization, or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization. [ORS Section 294.035(3)(b)(c)].

Corporate Indebtedness: Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Corporate indebtedness must be rated on the settlement date AA- or better by S&P or Aa3 or better by Moody's or equivalent rating by any nationally recognized statistical rating organization [ORS 294.035(3)(i)].

Commercial Paper: Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Commercial Paper must be rated A1 by S&P or P1 by Moody's or equivalent rating by any nationally recognized statistical rating organization. Issuer constraints for commercial paper combined with corporate notes will be limited by statute to 5% of market value per issuer [ORS 294.035(3)(i)].

Certificates of Deposit: Certificates of deposit in insured institutions as defined in ORS Section 706.008, in credit unions as defined in ORS Section 723.006, or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)].

Bank Time Deposits/Savings Accounts: Bank Time Deposits and savings accounts in insured institutions as defined in ORS Section 706.008, in credit unions as defined in ORS Section 723.006, or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)].

Banker's Acceptance: A short-term credit investment created by a non-financial firm and guaranteed by a qualified financial institution whose short-term letter of credit rating is rated in the highest category without any refinement or gradation by one or more nationally recognized statistical rating organizations. For the purposes of this paragraph, "qualified financial institution" means: (i) A financial institution that is located and licensed to do banking business in the State of Oregon; or (ii) S financial institution that is wholly owned by a financial holding company or a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon. [ORS Section 294.035(3)(h)].

Oregon Short Term Fund: State Treasurer's local short-term investment fund up to the statutory limit per ORS Section 294.810.

8.2 Collateralization:

All demand deposits and time deposit accounts, certificates of deposit and savings accounts shall be collateralized through the state collateral pool for any excess over the amount insured by an agency of the United States government in accordance with ORS chapter 295. All depositories must be on the State of Oregon's qualified list. Additional collateral requirements may be required if the Investment Officer deems increased collateral is beneficial to the protection of the monies under the Commission's management.

8.3 Prohibited Investments:

- a) **US Agency Mortgage-backed Securities:**
US agency mortgage-backed securities such as those securities by FNMA and FHLMC are not allowed.
- b) **Private Placement or "144A" Securities:**
Private placement or "144A" securities are not allowed. This includes commercial paper issued under section 4(2)144A (also known as "4(2)A") of the Securities Act of 1933.
- c) **Securities Lending and Reverse Repurchase Agreements:**
The Commission shall not lend securities nor directly participate in a securities lending or reverse repurchase program.

9. INVESTMENT PARAMETERS

9.1 Credit Risk:

Credit risk is the risk that 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:

- a) **Diversification:** It is the policy of the Commission to diversify its investments. Where appropriate, exposures will be limited by security type, maturity, issuance, issuer and security type. Allowed security types and investment exposure limitations are detailed in the table below.
- b) **Investment Credit Ratings:** Investments must have a rating from at least one nationally recognized statistical rating organization, such as: Moody's Investors Service, Standard & Poor's or Fitch Ratings Service. Ratings used to apply the guidelines below should be investment level ratings and not issuer level ratings.
- c) **Restriction on Municipal Issuers with Prior Default History:**
Per ORS 294.040, the bonds of issuers listed in ORS 294.035 (3)(a) to (c) may be purchased only if there has been no default in payment of either the principal or the interest on the obligations of the issuing Commission, port, school district or city, for a period of twenty years next preceding the date of the investment.

Total Portfolio Diversification Constraints:

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P, Moody's, or Equivalent NRSRO	Maximum Maturity
US Treasury Obligations	100%	None	N/A	5.25 years
US Agency Obligations	100%	35%	N/A	5.25 years
Municipal Bonds (OR, CA, ID, WA)	25%	10%	AA- / Aa3 Short Term*	5.25 years
Corporate Bonds	35%**	5%***	AA- / Aa3	5.25 years
Commercial Paper			A1 / P1	270 days
Certificates of Deposit	20%	5%	Oregon Public Depository	5.25 years
Bank Time Deposits/Savings Accounts	50%	25%	Oregon Public Depository	n/a
Banker's Acceptance	25%	5%	A1 / P1 AA- / Aa3 Underlying	180 days
Oregon Short Term Fund	Maximum allowed per ORS 294.810	None	N/A	N/A

*Short Term Ratings: Moody's - P1/MIG1/VMIG1. S&P - A-1/SP-1, Fitch F1

**35% maximum combined corporate and commercial paper per ORS.

***Issuer constraints apply to the combined issues in corporate and commercial paper holdings.

9.2 Liquidity Risk:

Liquidity risk is the risk that there that there may not be enough cash balances available to provide for demand payments. The following strategies will be employed to mitigate liquidity risks:

- a. The amount of at least 10% 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 30 days to provide sufficient liquidity for expected disbursements.
- b. 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.
- c. Operating funds in excess of liquidity requirements will be invested subject to the Total Portfolio Maturity Constraints following. Portfolio investment maturities will be limited as follows:

Total Portfolio Maturity Constraints:

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5.25 years	100%
Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	2.50
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

9.3 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. Interest rate risk will be mitigated by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. 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:

- a) Where feasible and prudent, investment maturities should be matched with expected cash outflows to mitigate market risk.
- b) Investment policy is to invest in securities that are held to maturity. Securities may be sold before maturity in furtherance of the General Objectives of this policy.
- c) 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.
- d) No commitments to buy or sell securities may be made more than 14 days prior to the anticipated settlement date or receive a fee other than interest for future deliveries.
- e) The maximum percent of callable securities in the portfolio shall be 25%;
- f) The maximum stated final maturity of individual securities in the portfolio shall be five and one quarter (5.25) years, except as otherwise stated in this policy.
- g) The maximum weighted average maturity (measured with stated final maturity) shall be 2.5 years.

10. 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. Investments of bond proceeds are typically not invested for resale and are maturity matched with outflows. Consequently, funds within the scope of ORS 294.052 are not subject to this policy's liquidity risk constraints within section 9.2.

Information will be maintained for arbitrage rebate calculations.

11. INVESTMENT OF RESERVE OR CAPITAL IMPROVEMENT FUNDS

Pursuant to ORS 294.135(1)(b), Reserve or Capital Improvement project monies may be invested in securities exceeding five and a quarter (5.25) years when the funds in question are being accumulated for an anticipated use that will occur more than 18 months after the funds are invested. With approval of the Board, the maturity of the investment or investments made with the funds may occur when the funds are expected to be used.

12. GUIDELINE MEASUREMENT AND ADHERENCE

12.1 Guideline Measurements:

Guideline measurements will use market value investments.

12.2 Guideline compliance:

- a) If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this policy, the Investment Officer shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible. All violations and recommended actions to bring back into compliance will be reported to the Board at the next scheduled meeting.
- b) Due to fluctuations in the aggregate surplus funds balance, maximum or minimum percentages for a particular issuer, investment type or minimum maturity constraint may be surpassed 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 that appropriate diversification is maintained. Any violations due to aggregate balances will be reported to the Board at the next scheduled meeting.
- c) If the credit rating of a properly acquired security is downgraded below the minimum rating level for a new investment in that security, the Investment Officer and Advisor shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Investment Officer and Advisor will notify the Board of the downgrade and their recommended action at the next scheduled meeting.

13. REPORTING AND DISCLOSURE

13.1 Compliance:

The Investment Officer shall prepare a report at least quarterly that allows the Board to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will include, at a minimum, the following:

- a) 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, yield to maturity.
- b) Average maturity of the portfolio at period-end.
- c) Maturity distribution of the portfolio at period-end.
- d) Average weighted yield to maturity and yield to worst if callable of portfolio.
- e) Distribution by type of investment.
- f) Transactions since last report.
- g) Distribution of transactions among financial counterparties such as broker/dealers.
- h) 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.

13.2 Performance Standards and Evaluation:

- a) The liquidity portfolio yields will be compared to the OST Pool rates.
- b) The investment core portfolio will be invested into a predetermined structure that will be measured against a selected benchmark portfolio. The structure will be based upon a chosen minimum and maximum effective duration and will have the objective to achieve market rates of returns over long investment horizons. The purpose of the benchmark is to appropriately manage the risk in the portfolio given interest rate cycles. The core portfolio is expected to provide similar returns to the benchmark over interest rate cycles but may underperform or outperform in certain periods. The portfolio will be positioned to first protect principal and then achieve market rates of return. The benchmark used will be a 0-1 year, 0-2 year, 0-3 year or 0-5 year standard market index and comparisons will be calculated monthly and reported quarterly.
- c) When comparing the performance of The Commission's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio's rate of return.
- d) The mark to market pricing will be calculated monthly and be provided in a monthly report.

13.3 Audits:

Management shall establish an annual process of independent review by the external auditor to assure compliance with internal controls. Such audit will include tests deemed appropriate by the auditor.

14. POLICY MAINTENANCE AND CONSIDERATIONS

14.1 Review:

The investment policy shall be reviewed at least annually to ensure its consistency and effectiveness with the overall objectives of preservation of principal, liquidity and return and its compliance with current law. The annual review should also serve as a venue to suggest policies and improvements to the investment program and shall include an investment plan for the coming year.

14.2 Policy Adoption and Amendments:

This investment policy and any modifications to this policy must be adopted by resolution of the Medford Water Commission Board of Water Commissioners.

Regardless of whether this policy is submitted to the OSTF Board for comment, this policy shall be re-submitted not less than annually to the Board Water Commissioners for approval.

15. GLOSSARY OF KEY INVESTMENT TERMS

Accrued Interest. Interest earned but which has not yet been paid or received.

Agency. See "Federal Agency Securities."

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Points. A basis point is a unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form. In most cases, it refers to changes in interest rates and bond yields.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance and duration of the actual portfolio's investments.

Broker/Dealer. A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers and receives a commission for these services. A "dealer" buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

Certificate of Deposit (CD). Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity).

Collateral. Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more NRSROs

Corporate Note. A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

Counterparty. The other party in a two-party financial transaction. "Counterparty risk" refers to the risk that the other party to a transaction will fail in its related obligations. For example, the bank or broker/dealer in a repurchase agreement.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price), but does not accurately reflect a bond's true yield level.

Custody. Safekeeping services offered by a bank, financial institution or trust company, referred to as the "custodian." Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement and market values.

Delivery Versus Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC). A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs and BAs clear through DTC.

Discount Notes. Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. Discount Notes typically have very large primary (new issue) and secondary markets.

Diversification. Dividing investment funds among a variety of security types, maturities, industries and issuers offering potentially independent returns.

Federal Agency Security. A debt instrument issued by one of the federal agencies. Federal agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Federal Agency. Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets.

Federal Farm Credit Banks Funding Corporation (FFCB). A Government Sponsored Enterprise (GSE) system that is a network of cooperatively owned lending institutions that provide credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its "designated note" program.

Federal Home Loan Bank System (FHLB). A Government Sponsored Enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its "global note" and "TAP" programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "reference note" program.

Federal National Mortgage Association (FNMA or "Fannie Mae"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "benchmark note" program.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Federal Reserve System (the Fed). The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is

headed by the seven member Board of Governors known as the “Federal Reserve Board” and headed by its Chairman.

Government Sponsored Enterprise (GSE). Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries. Some consider GSEs to be stealth recipients of corporate welfare. Examples of GSEs include: FHLB, FHLMC, FNMA and SLMA.

Government Sponsored Enterprise Security. A security issued by a Government Sponsored Enterprise. Considered Federal Agency Securities.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Investment Advisor. A company that provides professional advice managing portfolios, investment recommendations and/or research in exchange for a management fee.

Liquidity. Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Also, a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

Market Value. The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

Maturity Date. Date on which principal payment of a financial obligation is to be paid.

Municipal Obligations. A debt instrument issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

NRSRO. A “Nationally Recognized Statistical Rating Organization.” A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating such as Moody’s, S&P, Fitch and Duff & Phelps.

Oregon Short Term Fund. The Oregon Short Term Fund (OSTF), also named the Local Government Investment Pool (LGIP), is an open-ended, no-load diversified portfolio offered to eligible participants that includes, but is not limited to, any municipality, political subdivision or public corporation of the State of Oregon that by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State of Oregon’s short-term funds. Oregon’s LGIP was created by ORS Chapter 748. The OSTF is allowed to invest up to 50% of the funds in Corporate securities down to a single A rating. The maximum maturity is 3 years, and 50% of the pool must mature or reset within 93 days. The portfolio is managed by Treasury professionals at the State of Oregon. The fund is expected to maintain \$1.00 per every dollar put into the fund, but \$1.00 Net Asset Value is not guaranteed. The Commission’s total fund balance held in the pool is limited by statute.

Par Value. Face value, stated value or maturity value of a security.

Principal. Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

Prudent Person Standard. Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee will act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the “prudent person” standard as it implies a level of knowledge commensurate with the responsibility at hand.

Rate of Return. Amount of income received from an investment, expressed as a percentage of the amount invested.

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor’s custodial bank, or “tri-party” where the securities are delivered to a third party intermediary. Any type of security can be used as “collateral,” but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate approved master repurchase agreement is in place.

State of Oregon Local Government Investment Pool. The LGIP is organized pursuant to ORS 294.805 through 294.895. Participation in the Pool will not exceed the maximum limit annually set by ORS 294.810.

Safekeeping. Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Total Return. Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

Treasuries. Collective term used to describe debt instruments backed by the U.S. Government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Treasury Bills (T-Bills). Short-term direct obligations of the United States Government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week and 26-week T-Bills.

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. Government and issued with maturities of ten years and longer by the U.S. Department of the Treasury. The Treasury stopped issuing Treasury Bonds in August 2001.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. Government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 5-year and 10-year Treasury Notes.

Yield to Maturity (YTM). Calculated return on an investment, assuming all cash flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.

Ratings Table – Long-Term

	S&P	Moody’s	Fitch	Definition
Three Highest Rating Categories	AAA	Aaa	AAA	Highest credit quality
	AA+, AA, AA-	Aa1, Aa2, Aa3	AA+, AA, AA-	Very high credit quality
	A+, A, A-	A1, A2, A3	A+, A, A-	High credit quality
	BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-	Good credit quality
	BB+, BB, BB-	Ba1, Ba2, Ba3	BB+, BB, BB-	Non-investment grade

Ratings Table – Short-Term

Highest Rating Category	S&P	Moody's	Fitch	Definition
	A1+, A1	P1+, P1	F1+, F1	Highest credit quality
	Municipal Commercial Paper			
	A-1, A-1+, SP-1+, SP-1	P1, MIG1, VMIG1	F1+, F1	Highest credit quality