January 15, 2020

**Resolution 01-20** – A resolution approving the Intergovernmental Agreement Between Washington County and Tualatin Valley Water District for Construction of Waterline Work on SW Tualatin Valley Highway from SW 211th Avenue to SW 209th Avenue

**Resolution 02-20** – A resolution approving the Intergovernmental Agreement Between Washington County and Tualatin Valley Water District for the Construction of Waterline Work on NW Cornell Road from NW 102nd Avenue to NW 113th Avenue

**Resolution 03-20** – A resolution adopting the investment policy for the Tualatin Valley Water District

**Resolution 04-20** – A resolution amending system development charges for the Tualatin Valley Water District and declaring an effective date
RESOLUTION NO. 01-20

A RESOLUTION APPROVING THE INTERGOVERNMENTAL AGREEMENT BETWEEN WASHINGTON COUNTY AND TUALATIN VALLEY WATER DISTRICT FOR CONSTRUCTION OF WATERLINE WORK ON SW TUALATIN VALLEY HIGHWAY FROM SW 211TH AVENUE TO SW 209TH AVENUE.

WHEREAS, Washington County has approved and funded a project under the Major Streets Transportation Improvement Program to construct road improvements to SW Tualatin Valley Highway from SW 211th Avenue to SW 209th Avenue (“Road Project”); and

WHEREAS, Tualatin Valley Water District (TVWD) has existing waterlines located in the existing roadway which need to be relocated and replaced within the Road Project (“Waterline Work”); and

WHEREAS, TVWD desires to perform the Waterline Work and related improvements in association with the Road Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TUALATIN VALLEY WATER DISTRICT THAT:

Section 1: The Intergovernmental Agreement Between Washington County and Tualatin Valley Water District for Construction of Waterline Work on SW Tualatin Valley Highway from SW 211th Avenue to SW 209th Avenue, attached hereto as Exhibit 1 and expressly incorporated by reference, is hereby approved.

Section 2: The Chief Executive Officer is authorized to execute the agreement on behalf of the District. The Board recognizes that there may be edits or other corrections to the final agreement, and the Chief Executive Officer is authorized to sign on behalf of the District so long as the amendments are not substantial in nature, and the District’s Legal Counsel approves.

Approved and adopted at a regular meeting held on the 15th day of January 2020.

Bernice Bagnall, President

Todd Sanders, Secretary
INTERGOVERNMENTAL AGREEMENT BETWEEN

WASHINGTON COUNTY AND TUALATIN VALLEY WATER DISTRICT
FOR CONSTRUCTION OF:

WATERLINE WORK ON SW TUALATIN VALLEY HIGHWAY FROM SW 211TH AVENUE TO SW 209TH AVENUE

This Agreement is made and entered into by and between Washington County, acting by and through its Elected Officials, hereinafter referred to as “County”, and the Tualatin Valley Water District, acting by and through its Board of Commissioners, hereinafter referred to as “TVWD”.

W I T N E S S E T H

ARTICLE 1 RECITALS

WHEREAS, ORS 190.003 - 190.010 authorizes County and TVWD to enter into intergovernmental agreements for the performance of any or all functions and activities that a party to the agreement has the authority to perform; and,

WHEREAS, County has an approved and funded project for the construction of improvements to SW 209th Avenue, an urban roadway, from SW Alexander to SW Kinnaman, as well as improvements to the SW 209th Avenue Intersection with SW Tualatin Valley (TV) Highway, which is subject to Oregon Department Of Transportation (ODOT) jurisdiction, hereinafter referred to as the “Road Project” as shown generally on the attached Exhibit A; and,

WHEREAS, the TVWD desires to replace approximately 1,610 feet of existing and corroded 10” and 12” water mains and appurtenances on SW Tualatin Valley Highway from approximately Station 100+45 to Station 116+55, all within the limits of the County’s Road Project, and said new waterline and associated improvements are hereinafter referred to as “Waterline Work”; and,

WHEREAS, the TVWD has requested that the Waterline Work be incorporated into the County’s Road Project, and TVWD agrees to pay for such requested work; and,

WHEREAS, under the cited authority, it is the mutual desire of County and TVWD to enter into such an Agreement to cooperate in the construction and inspection of Waterline Work as part of the County’s Road Project. The Road Project and Waterline Work are hereinafter referred to as the “Project”;

NOW, THEREFORE, the premises being in general as stated in the foregoing recitals and in consideration of the terms, conditions and covenants set forth below, the parties hereto agree as follows:
ARTICLE 2 COUNTY OBLIGATIONS

2.1 County shall enter into and execute this Agreement during a duly authorized session of its Board of County Commissioners.

2.2 County shall assign a liaison person (Project Manager) to be responsible for coordination of the Project with TVWD. The liaison for the County shall be Matt Meier. County’s Project Manager shall have authority to accept and act upon the directions of TVWD’s Project Manager relating to the Waterline Work during construction, and to instruct the contractor and incur costs based on those decisions.

2.3 County shall perform, or cause to be performed, all actions necessary for the construction of Project, including contract administration, construction, engineering and surveying, and project management. County shall administer the construction contract for the Project.

2.4 County shall incorporate the Waterline Work design plans, bid items, quantities and technical specifications, into the bid documents for the Project. The County reserves the right to require alignment, realignment or other design modifications to Waterline Work plans as necessary to minimize impacts to the Project. Plans shall be prepared by engineering design consultant hired by the County and approved by TVWD.

2.5 County shall require all contractors to include TVWD as an additional insured on insurance coverage required for construction work performed in completing Waterline Work.

2.6 County shall, following the opening of bids, notify TVWD of the amount of the proposed construction cost of the Waterline Work as contained in the bid and provide TVWD with the opportunity for review of the contract bid proposal prior to contract award.

2.7 County shall provide the following project management, contract administration and construction management elements for the Waterline Work:

   a. Bidding the TVWD waterline plans, specifications, and bid schedule
   b. Contract award
   c. Construction and contract administration
   d. Tracking costs and invoicing TVWD
   e. Inspection assistance and quantity documentation used for monthly estimates. Coordination between County and TVWD Inspection services shall be as set forth under Article 3.

2.8 County shall perform all actions regarding compensation as set forth in Article 4 – Compensation.
ARTICLE 3 TVWD OBLIGATIONS

3.1 TVWD shall, upon execution of this Agreement, assign a liaison person (Project Manager) to be responsible for coordination of Waterline Work with County. The liaison for TVWD shall be Eric George.

3.2 TVWD shall prepare or cause to be prepared, and provide a complete design for the Waterline Work, including design drawings, construction specifications, and an itemized bid schedule. TVWD will coordinate design of the Waterline Work with the overall design of the Project. TVWD will provide a complete design package for construction of the Waterline Work that will be incorporated into the County’s Project bid package. The design will be performed by County’s design consultant.

3.3 TVWD shall provide timely responses to bidder’s questions about TVWD’s Waterline Work during advertisement of the Project. If necessary, TVWD shall provide County with addendum no later than four (4) calendar days prior to the Project bid opening.

3.4 TVWD shall provide construction engineering, construction inspection, and construction survey verification of the Waterline Work. This work includes review and approval of shop drawings and submittals, responding to contractor requests for information, onsite inspection to determine compliance with the contract documents, documenting and approving field changes made to construction drawings, and scheduling and coordinating all necessary verification testing for water line work. TVWD’s onsite inspections of the Waterline Work shall be coordinated through County’s lead Project inspector. TVWD’s onsite inspector shall make routine visual inspections and be responsible for enforcing all applicable standards and specifications during all Waterline Work. TVWD will also be responsible for operation of all existing TVWD valves and will provide notification and coordination with property owners directly affected by the Waterline Work.

3.5 TVWD shall coordinate and participate with County on any contract disagreements, disputes, delays or claims related to or as a result of the Waterline Work.

3.6 TVWD shall prepare and deliver as-constructed drawings to County for incorporation into the final as-constructed plan set for the Project. The format of the as-constructed drawings shall meet the requirements of ODOT and Washington County.

3.7 TVWD shall perform all actions regarding compensation as set forth in Article 4 – Compensation.
ARTICLE 4  COMPENSATION

4.1 TVWD shall pay County for all County costs to: (i) prepare contract and bidding documents, (ii) select a construction contractor, (iii) administer and manage the construction contract, (iv) construct the Waterline Work, (v) manage and provide inspection assistance for the Waterline Work, and (vi) obtain approvals and permits from ODOT. Specific TVWD costs are estimated as follows:

a. Pay to the County, the cost of the Waterline Design Work and construction of the Waterline Work. The estimated Waterline Work Design cost is $40,000 and the estimated Waterline Work construction cost is $600,000.

b. Pay to the County, a flat fee for traffic control design cost and permitting cost for work in TV Highway. The fee for traffic control design costs is $10,000 and the fee for ODOT permitting is $5,000.

c. Pay to the County, the road restoration costs associated with the Waterline Work construction in TV Highway. The estimated road restoration cost is $90,000.

d. Pay to the County a flat rate of 15% of the actual Waterline Work construction cost and road restoration construction cost for County contract administration and construction services. These services include project management, inspection assistance and contract administration.

e. Pay to the County a lump sum contribution for mobilization, erosion control, pollution control, construction survey and traffic control (Section 00200 of the bid schedule). The lump sum contribution amount for these items will be proportional to the value of the Waterline Work and road restoration bid items relative to the value of the County Project bid items.

County and TVWD agree the costs outlined in 4.1.a and 4.1.c above are estimates and are used to determined project budgets and estimated payments amounts used within this Agreement. Final payments for item 4.1.a and 4.1.c shall be paid to County based on actual invoices submitted by the engineering firm and the construction contractor. Item 4.1.b shall be a set fee. Items 4.1.d and 4.1.e shall be calculated after County makes final Waterline Work payment to the construction contractor for the Project and final payment by TVWD to County will be made a lump sum based on actual bid prices, construction quantities and non-construction costs.

4.2 Within thirty (30) days of execution of the County’s construction contract agreement with the selected contractor, TVWD shall pay to the County, 15% of
the estimated cost of the Waterline Work, plus the actual cost of the Waterline Work design, and the set fee for the traffic control design and ODOT permitting costs. County shall invoice TVWD at the end of each fiscal year for the amount of work completed from the contractor’s bid. County shall send TVWD a statement upon completion of the Waterline Work that shall include the final amount due from TVWD for Waterline Work. TVWD shall pay the County the amount due within thirty (30) days of its receipt of the billing, if applicable.

4.3 TVWD and County understand that the estimated costs are used to determine project budget and deposit amounts used within this Agreement. Final costs will be based on the actual contract amount of the schedule of prices and quantities used and installed, including field change orders. Final payments made by TVWD to the County related to this Project shall be based on actual bids and construction and non-construction (15% of construction) costs.

4.4 County shall provide TVWD with a final statement of Waterline Work expenses within ninety (90) days of the completion of the Waterline Work, and bill TVWD for any remaining costs to be paid by TVWD in excess of deposits made or refund any excess to TVWD.

ARTICLE 5 GENERAL PROVISIONS

5.1 Laws of Oregon

The parties agree to abide by all applicable laws and regulations regarding the handling and expenditure of public funds. This Agreement shall be governed by the laws of the State of Oregon. All provisions required by ORS Chapter 279A and 279C to be included in public contracts are hereby incorporated by reference and made a part of this Agreement as if fully set forth herein.

5.2 Default

Either party shall be deemed to be in default if it fails to comply with any provision of this Agreement. TVWD and County agree time is of the essence in the performance of any of the obligations within this Agreement. The complaining party shall provide the other party with written notice of default and allow thirty (30) days within which to cure the defect. TVWD shall pay the County for costs incurred for satisfactorily completed and authorized work up to the time of default. Each party shall be liable for all costs and damages arising from default by the other party.

5.3 Indemnification

This Agreement is for the benefit of the parties only. Each party agrees to indemnify and hold the other harmless, to include their respective officers, employees, agents and representatives, from and against all claims, demands and causes of actions and suits of any kind or nature for personal injury, death or damage to property on account of or
arising out of services performed, the omission of services or in any way resulting from
the acts or omissions of the parties so indemnifying and/or its officers, employees,
agents or representatives. Indemnification is subject to and shall not exceed the limits
of liability of the Oregon Tort Claims Act (ORS 30.260 through 30.300). In addition,
each party shall be responsible for any contract claims, delay damages or similar items
caused by the action or inaction of the party.

5.4 Documents are Public Records

All records, reports, data, documents, systems, and concepts, whether in the form of
writings, figures, graphs, or models which are prepared or developed in connection with
this Project shall become public records pursuant to Oregon Law.

5.5 Modification of Agreement

No waiver, consent, modification or change of terms of this Agreement shall bind a party
unless in writing, signed by all parties. Such waiver, consent, modification or change, if
made, shall be effective only in specific instances and for the specific purpose given.

5.6 Dispute Resolution

The parties shall attempt to informally resolve any dispute concerning any party’s
performance or decision under this Agreement, or regarding the terms, conditions or
meaning of this Agreement. A neutral third party may be used if the parties agree to
facilitate these negotiations. In the event of an impasse in the resolution of any dispute,
the issue shall be submitted to the governing bodies of both parties for a
recommendation or resolution.

5.7 Remedies

Subject to the provision in paragraph 5.6, any party may institute legal action to cure,
correct, or remedy any default, to enforce any covenant or agreement herein, or to
enjoin any threatened or attempted violation of this Agreement. All legal actions shall be
initiated in Washington County Circuit Court. The parties, by signature of their
authorized representatives below, consent to the personal jurisdiction of that court.

5.8 Severability

If any term or provision of this Agreement or the application thereof to any person or
circumstance shall, to any extent, be determined by a court of valid jurisdiction to be
invalid or unenforceable, the remainder of this Agreement and the application of the
remaining terms and provisions shall not be affected thereby and shall be valid and
enforceable to the fullest extent permitted by law.

5.9 Nondiscrimination
No person shall be denied or subjected to discrimination in receipt of the benefits of any services or activities made possible by or resulting from this Agreement on the grounds of race, color, religion, gender, sexual orientation, national origin, disability, age or marital status. Any violation of this provision shall be considered a material defect and shall be grounds for cancellation, termination or suspension in whole or in part by the County.

5.10 Integration

This Agreement includes the entire agreement of the parties and supersedes any prior discussions or agreements regarding the same subject. There are not understandings, agreements, or representations, oral or written, not specified herein regarding this contract.

5.11 Standards

TVWD standards shall apply to Waterline Work. County standards apply to all other work. In case of conflict as to which standards apply, County standards shall prevail.

ARTICLE 6  TERM OF AGREEMENT

6.1 The term of this Agreement shall be from the date of execution for three (3) years or until completion of all obligations, whichever is sooner.

6.2 This Agreement may be amended or extended for periods of up to one year by consent of the parties, subject to provisions of this Agreement. The parties may mutually agree to cancel or terminate this Agreement of any reason beyond the control of the parties.

IN WITNESS WHEREOF, the parties hereto have set their hands and affixed their seals as of the day and year hereinafter written.

DONE AND DATED this _____ day of ____________________, 2019.
RESOLUTION NO. 02-20

A RESOLUTION APPROVING THE INTERGOVERNMENTAL AGREEMENT BETWEEN WASHINGTON COUNTY AND TUALATIN VALLEY WATER DISTRICT FOR THE CONSTRUCTION OF WATERLINE WORK ON NW CORNELL ROAD FROM NW 102ND AVENUE TO NW 113TH AVENUE.

WHEREAS, Washington County has approved and funded a project under its Major Streets Transportation Improvement Program to construct road improvements to NW Cornell Road from NW 102nd Avenue to NW 113th Avenue (“Road Project”); and

WHEREAS, Tualatin Valley Water District (TVWD) has existing waterlines located in the existing roadway which need to be relocated or replaced within the area of the Road Project (“Waterline Work”); and

WHEREAS, TVWD desires to perform the Waterline Work and related improvements in association with the Road Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TUALATIN VALLEY WATER DISTRICT THAT:

Section 1: The Intergovernmental Agreement Between Washington County and Tualatin Valley Water District for Construction of Waterline Work on NW Cornell Road from NW 102nd Avenue to NW 113th Avenue, attached hereto as Exhibit 1 and expressly incorporated by reference, is hereby approved.

Section 2: The Chief Executive Officer is authorized to execute the agreement on behalf of the District. The Board recognizes that there may be edits or other corrections to the final agreement, and the Chief Executive Officer is authorized to sign on behalf of the District so long as the amendments are not substantial in nature, and the District’s Legal Counsel approves.

Approved and adopted at a regular meeting held on the 15th day of January 2020.

Bernice Bagnall, President

Todd Sanders, Secretary
INTERGOVERNMENTAL AGREEMENT
BETWEEN
WASHINGTON COUNTY AND TUALATIN VALLEY WATER DISTRICT
FOR CONSTRUCTION OF:
WATERLINE WORK ON NW CORNELL ROAD
FROM NW 102nd AVENUE TO NW 113th AVENUE

This Agreement is made and entered into by and between Washington County, acting by and through its Elected Officials, hereinafter referred to as “County”, and the Tualatin Valley Water District, acting by and through its Board of Commissioners, hereinafter referred to as “TVWD”.

W I T N E S S E T H

ARTICLE 1  RECITALS

WHEREAS, ORS 190.003 - 190.010 authorizes County and TVWD to enter into intergovernmental agreements for the performance of any or all functions and activities that a party to the agreement has the authority to perform; and,

WHEREAS, County has an approved and funded project for the construction of improvements to NW Cornell Road, a County arterial road. The road project includes construction of a continuous center turn lane on NW Cornell Road from NW 112th Avenue to NW 102nd Avenue, installation of a signal and turn lanes at the intersection of NW Cornell Road and NW 107th Avenue, signal modifications at the intersection of NW 102nd Avenue, and installation of curb and gutter, sidewalks, bike lanes, illumination, and water quality, hereinafter referred to as the “Road Project,” as shown generally on the attached Exhibit A; and,

WHEREAS, TVWD desires to replace an existing 6 inch waterline with a new 8 inch water line and related improvements from NW 107th Avenue (Sta 24+80) to NW 102nd Avenue (Sta 38+50), along the north side of NW Cornell Road within the limits of the County’s NW Cornell Road Project, a total distance of approximately 1,540 lineal feet. Additionally, TVWD desires to replace approximately 650 lineal feet of 4 inch, 8 inch, and 12 inch waterlines that are in conflict with proposed stormwater improvements from NW 113th Avenue (Sta 13+10) and NW 107th Avenue (Sta 24+80); said new waterlines and related improvements are hereinafter referred to as “Waterline Work”, and,

WHEREAS, TVWD has requested that the Waterline Work be added to the County’s Road Project, and agrees to pay for such requested work; and,

WHEREAS, under the cited authority, it is the mutual desire of County and TVWD to enter into such an Agreement to cooperate in the construction and inspection of
Waterline Work and Road Work, which are hereinafter collectively referred to as the “Project” with the allocation of responsibilities as described below.

NOW, THEREFORE, the premises being in general as stated in the foregoing recitals, and in consideration of the terms, conditions and covenants set forth below, the parties hereto agree as follows:

**ARTICLE 2 COUNTY OBLIGATIONS**

2.1 County shall enter into and execute this Agreement during a duly authorized session of its Board of County Commissioners.

2.2 County shall assign a liaison person (Project Manager) to be responsible for coordination of the Project with TVWD. The liaison for the County shall be Ben Lively. County’s Project Manager shall have authority to accept and act upon the directions and decisions of TVWD’s Project Manager relating to Waterline Work during construction, and to instruct the contractor and incur costs based on those decisions.

2.3 County shall perform or cause to be performed all actions necessary for the construction of the Project, including contract administration, construction engineering and surveying, and project management. County shall administer the construction contract for the Project.

2.4 County shall incorporate Waterline Work plans and technical specifications provided by TVWD, into the construction plans for the Project. The County reserves the right to require alignment or other design modifications to Waterline Work plans as necessary to minimize impacts to the Project.

2.5 County shall require all contractors to include TVWD as an additional insured on insurance coverage required for construction work performed in completing the Waterline Work.

2.6 County shall, following the opening of bids, notify TVWD of the amount of the proposed construction cost of the Waterline Work as contained in the bid and provide TVWD with the opportunity for review of the contract bid proposal prior to contract award.

2.7 County shall provide the following project management, contract administration and construction management elements for the Waterline Work:
a. Bidding the TVWD prepared plans, specifications, and bid schedule
b. Contract award
c. Construction and contract administration
d. Tracking costs and invoicing TVWD
e. Inspection assistance and quantity documentation used for monthly estimates. Coordination between County and TVWD inspection services shall be as set forth under Article 3.

2.8 County shall perform action regarding compensation as set forth in Article 4 – Compensation.

ARTICLE 3 TVWD OBLIGATIONS

3.1 TVWD shall, upon execution of this Agreement, assign a liaison person (Project Manager) to be responsible for coordination of Waterline Work with County. The liaison for TVWD shall be Eric George.

3.2 TVWD shall provide timely responses to bidder’s questions about TVWD’s Waterline Work during advertisement of the Project. If necessary, TVWD shall provide County with addendum no later than four (4) calendar days prior to the Project bid opening.

3.3 TVWD shall prepare or cause to be prepared a complete design for the Waterline Work, including design drawings, construction specifications, and an itemized bid schedule. TVWD will coordinate design of the Waterline Work with the County’s overall design of the project. TVWD will provide a complete bid package for construction of the Waterline Work to be included in the County’s Project bid package by February 28, 2020.

3.4 TVWD shall provide construction engineering, construction inspection, and construction survey verification of the Waterline Work. This work includes review and approval of shop drawings and submittals, responding to contractor requests for information, onsite inspection to determine compliance with the contract documents, documenting and approving field changes made to construction drawings, and scheduling and coordinating all necessary verification testing for water line work. TVWD’s onsite inspections of the Waterline Work shall be coordinated through County’s lead Project inspector. TVWD’s onsite inspector shall make routine visual inspections and be responsible for enforcing all applicable standards and specifications during all Waterline Work. TVWD will also be responsible for operation of all existing TVWD valves and will provide notification and coordination with property owners directly affected by the Waterline Work.

3.5 TVWD shall coordinate and participate with County on any disagreements, disputes, delays or claims related to or as a result of the Waterline Work.
3.6 TVWD shall perform action regarding compensation as set forth in Article 4-Compensation.

**ARTICLE 4 COMPENSATION**

4.1 TVWD shall pay County for County costs incurred to include the Waterline Work in the Project including costs to: (i) prepare contract and bidding documents, (ii) select a construction contractor, (iii) administer and manage the construction contract, (iv) construct the Waterline Work, (v) manage and provide inspection assistance for the Waterline Work. Specific TVWD costs are estimated as follows:

NW Cornell Road Waterline Work:

a. Pay to the County, the cost for the County’s construction of the Waterline, including, but not limited to, costs from consultants and contractors hired by the County for construction of the Waterline. The estimated Waterline Work construction cost is $612,000.

b. Pay to the County, the road restoration costs associated with the Waterline Work construction in NW Cornell Road. The estimated road restoration cost is $17,000.

c. Pay to the County a flat rate of 15% of the actual Waterline Work construction cost for County contract administration and construction services. These services include project management, bidding services, inspection assistance, and contract administration.

d. Pay to the County a lump sum contribution for mobilization, erosion control, pollution control, construction survey and traffic control. The lump sum contribution amount for these items will be proportional to the value of the Waterline Work and road restoration bid items relative to the value of the County Project bid items.

Items 4.1.a and 4.1.b shall be paid to County based on actual invoices submitted by the construction contractor. Items 4.1.c and 4.1.d shall be calculated and final payment will be paid to County as a lump sum after County makes final Waterline Work payment to the construction contractor for the Project.

4.2 Within thirty (30) days of execution of the County’s construction contract agreement, TVWD shall pay to the County, 15% of the estimated cost of the Waterline Work. County shall invoice TVWD for the remainder of the Waterline Work based on actual invoices submitted by the contractor. County shall send TVWD a statement upon completion of the Waterline Work that shall include the
final amount due from TVWD for Waterline Work. TVWD shall pay the County the amount due within thirty (30) days of its receipt of the billing.

4.3 TVWD and County understand that the estimated costs are used to determine project budget and deposit amounts used within this Agreement. Final costs will be based on the actual contract amount of the schedule of prices and quantities used and installed. Final payments made by TVWD to the County related to this Project shall be based on actual construction and non-construction (15% of construction) costs.

4.4 County shall provide TVWD with a final statement of remaining amount due of Waterline Work expenses within ninety (90) days of the completion of the construction contract.

ARTICLE 5 GENERAL PROVISIONS

5.1 Laws of Oregon

The parties agree to abide by all applicable laws and regulations regarding the handling and expenditure of public funds. This Agreement shall be governed by the laws of the State of Oregon. All provisions required by ORS Chapters 279A, 279B and 279C to be included in public contracts are hereby incorporated by reference and made a part of this Agreement as if fully set forth herein.

5.2 Default

Either party shall be deemed to be in default if it fails to comply with any provision of this Agreement. TVWD and County agree time is of the essence in the performance of any of the obligations within this Agreement. Complaining party shall provide the other party with written notice of default and allow thirty (30) days within which to cure the defect. TVWD shall pay the County for costs incurred for satisfactorily completed and authorized work up to the time of default.

5.3 Indemnification

This Agreement is for the benefit of the parties only. Each party agrees to indemnify and hold the other harmless, to include their respective officers, employees, agents and representatives, from and against all claims, demands and causes of actions and suits of any kind or nature for personal injury, death or damage to property on account of or arising out of services performed, the omission of services or in any way resulting from the acts or omissions of the parties so indemnifying and/or its officers, employees, agents or representatives. Indemnification is subject to and shall not exceed the limits of liability of the Oregon Tort Claims Act (ORS 30.260 through 30.300). In addition, each party shall be responsible for any contract claims, delay damages or similar items caused by the action or inaction of the party.
5.4 Documents are Public Property

All records, reports, data, documents, systems, and concepts, whether in the form of writings, figures, graphs, or models which are prepared or developed in connection with this Project shall become public property.

5.5 Modification of Agreement

No waiver, consent, modification or change of terms of this Agreement shall bind a party unless in writing, signed by all parties. Such waiver, consent, modification or change, if made, shall be effective only in specific instances and for the specific purpose given.

5.6 Dispute Resolution

The parties agree to use their best efforts to resolve any dispute arising out of this Agreement by mediation. If mediation is not successful within thirty (30) days, the parties are free to utilize any legal remedy they may have.

5.7 Severability

If any terms or provisions of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined by a court to be invalid or unenforceable, the remainder of this Agreement and the application of those terms and provisions shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

5.8 Nondiscrimination

No person shall be denied or subjected to discrimination in receipt of the benefits of any services or activities made possible by or resulting from this Agreement on the grounds of race, color, religion, gender, sexual orientation, national origin, disability, age or marital status. Any violation of this provision shall be considered a material defect and shall be grounds for cancellation, termination or suspension in whole or in part by the County.

5.9 Integration

This Agreement includes the entire agreement of the parties and supersedes any prior discussions or agreements regarding the same subject. There are not understandings, agreements, or representations, oral or written, not specified herein regarding this contract.

5.10 Standards

TVWD standards shall apply to Waterline Work. County standards apply to all other work. In case of conflict as to which standards apply, County standards shall prevail.
ARTICLE 6 - TERM OF AGREEMENT

6.1 The term of this Agreement shall be from the date of execution for three years or until completion of all obligations, whichever is sooner.

6.2 This Agreement may be amended or extended for periods of up to one year by consent of the parties, subject to provisions of this Agreement. The parties may mutually agree to cancel or terminate this Agreement for any reason beyond the control of the parties. Termination or cancellation shall be effective thirty (30) days after written notice to the other party, or at such time as the parties may otherwise agree. The parties shall, in good faith, agree to such reasonable provision for winding up the Project and paying any additional costs as necessary.

IN WITNESS WHEREOF, the parties hereto have set their hands and affixed their seals as of the day and year hereinafter written.

DONE AND DATED this _____ day of _____________________, 2019.

TUALATIN VALLEY WATER DISTRICT WASHINGTON COUNTY, OREGON

________________________________________ ____________________________
CEO Kathryn Harrington
Date: __________________________ Chair, Board of Commissioners

________________________________________ ____________________________
Recording Secretary Date: __________________________

APPROVED AS TO FORM APPROVED AS TO FORM

TVWD General Counsel Senior Assistant County Counsel
DISCLAIMER: This product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.
RESOLUTION NO. 03-20

A RESOLUTION ADOPTING THE INVESTMENT POLICY FOR THE TUALATIN VALLEY WATER DISTRICT.

WHEREAS, the Board of Commissioners (Board), in compliance with ORS 294.135, adopts the District’s Investment Policy annually; and

WHEREAS, the Investment Policy was last adopted by the Board through its approval of Resolution 01-19 on January 16, 2019; and

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

WHEREAS, the OSTF Board approved the District’s Investment Policy in April 2009, and subsequent amendments to the Investment Policy since that time have conformed with OSTF guidance; and

WHEREAS, the District desires to make minor wording changes to improve the consistency of the text in the Investment Policy; and

WHEREAS, there are no other recommended changes for the Investment Policy other than the requirement of its annual adoption by the Board, and being fully advised.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TUALATIN VALLEY WATER DISTRICT THAT:

Section 1: The Investment Policy attached hereto as Exhibit A and incorporated by reference is hereby adopted, and staff is directed to implement in the ordinary course of the District business.

Approved and adopted at a regular meeting held on the 15th day of January 2020.

_______________________________   ________________________________
Bernice Bagnall, President   Todd Sanders, Secretary
Exhibit A

INVESTMENT POLICY

Tualatin Valley Water District

Adopted January 15, 2020
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1. **Scope**

This policy applies to activities of Tualatin Valley Water District (District) with regard to investing the financial assets of all funds as defined by the District in its Chart of Accounts except that funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the State of Oregon.

The purpose of this Investment Policy is to establish the investment objectives, delegation of authority, standards of prudence, eligible investments and transactions, internal controls, reporting requirements, and safekeeping and custodial procedures necessary for the prudent management and investment of the funds of the District.

This policy has been adopted by Resolution No. 03-20 by the District’s Board of Commissioners on January 15, 2020 and replaces the District’s previous Investment Policy.

Other than bond proceeds or other unusual situations, the total of all funds ranges from $40,000,000 to $130,000,000. The Chart of Accounts currently defines the following funds that are not held by trustee or fiscal agent:

1.) Cash Pool  
2.) General Fund  
3.) Capital Improvement Fund  
4.) Capital Reserve Fund  
5.) Debt Proceeds Fund  
6.) Revenue Bond Debt Service Fund  
7.) Willamette River Water Coalition  
8.) Customer Emergency Assistance Fund  
9.) Willamette Intake Facilities  
10.) Willamette Water Supply System

If, in the course of its activities, the District should define further funds (not held by trustee or fiscal agent), these rules shall also apply to the investment of the financial assets of those new funds. These funds will be invested in compliance with the provisions of, but not necessarily limited to, ORS 294.035 through ORS 294.048; and ORS 294.125 through ORS 294.155. Investment of any tax-exempt borrowing proceeds and any related debt service funds will comply with the arbitrage restrictions on all applicable Internal Revenue Codes.

The District acts as collection agent for several other utilities. These funds are to be transferred to the respective agency in compliance with the intergovernmental agreements. Currently the agreements vary from two business days from receipt, the second business day following the week of collection, and twice a month following the 15th and end of month. The method of transfer is by requesting a Pool-to-Pool account transfer at the Local Government Investment Pool (LGIP), a check, or an automated clearing house (ACH) deposit if the agency requests it.

2. **Governing Authority**

The investment program shall be operated in conformance with federal, state, and other legal requirements. 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. Objectives

The District’s investment objectives are as follows:

3.1: Safety
   ▪ Preservation of capital and the protection of principal.
   ▪ Diversification to avoid incurring unreasonable risks regarding specific security types or individual issuers.

3.2: Liquidity
   ▪ Maintenance of sufficient liquidity to meet operating requirements.

3.3: Limit Risk
   ▪ Avoidance of imprudent credit, market, or speculative risk.

3.4: Legality
   ▪ Conformance with federal, state, and other legal requirements.

3.5: Return
   ▪ Attainment of a market rate of return throughout all economic and fiscal cycles.

4. Standards of Care

4.1: Delegation of Authority
   ▪ The Chief Financial Officer is the designated Investment Officer of the District and is responsible for investment decisions, under the review of the Board of Commissioners. The Chief Financial Officer may delegate authority to another member of the Finance and Information Technology Department to perform all or some of the duties of the Investment Officer.

   ▪ The Investment Officer is responsible for setting investment policy and guidelines subject to review and adoption by the Board of Commissioners and, if required, review and comment by the Oregon Short Term Fund Board. Further, the Investment Officer will be responsible for the day-to-day operations of the investment process which include, but are not limited to, choosing what to buy or sell, from whom investments will be purchased, executing the buy/sell orders, producing necessary reports, and supervising staff. In addition to the active management of the investment portfolio, the Investment Officer is responsible for the maintenance of other written administrative procedures consistent with this policy and the requisite compliance.

   ▪ To further manage the risk and return of the investment portfolio, the Investment Officer will administer an active cash management program that maintains historical cash flow information (e.g., debt service, payroll, revenue receipts, and any extraordinary expenditures).

   ▪ Subject to required procurement procedures, the District may engage the support services of outside professionals and services as necessary for the efficient management of the investment program. External service providers shall be subject to Oregon Revised Statutes and the provisions of this Investment Policy. The Advisor shall provide non-discretionary advisory services, which requires prior approval from the Investment Officer. If the District hires an Investment Advisor to provide investment advisory services, the Advisor is authorized to transact with its direct dealer relationships on behalf of the District.
4.2: Prudence

- The standard of prudence to be used by the Investment Officer in the context of managing the financial resources shall be the “prudent person” standard, which 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.”

- The Investment Officer and staff, acting in accordance with the Investment Policy and exercising due diligence, shall not be held personally responsible for a specific security’s credit risk, market price changes, or loss of principal if securities are liquidated prior to maturity provided these deviations and losses are reported as soon as practical and action is taken to control adverse developments.

4.3: Ethics and Conflict of Interest

- District officers and employees involved in the investment process shall refrain from personal business 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 to the Chief Executive Officer any material interests in financial institutions with which they conduct business. They shall further disclose any person financial/investment positions that could be related to the performance of the investment portfolio. Employees, officers and their families shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District. Officers and employees shall, at all times, comply with the State of Oregon’s Government Ethics requirements set forth in ORS 244.

5. SAFEKEEPING, ACCOUNTING, AND CONTROLS

5.1: Safekeeping and Collateralization

- All trades of marketable securities will be executed on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the District’s safekeeping institution prior to the release of funds. The trust department of a bank may be designated as custodian for safekeeping securities purchased from that bank. The custodian shall provide monthly statements and accrual basis reports to Tualatin Valley Water District listing security holdings, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, accrued interest, and other pertinent information. The custodian shall also provide daily access regarding pending investment transactions, future call notices, and any other important information. Upon request, the safekeeping institution shall make available a copy of its Statement on Standards for Attestation Engagements (SSAE) No. 16.

- Demand and time deposits shall be collateralized through the State collateral pool as required by ORS 295 for any excess over the amount insured by an agency of the US Government. Additional collateral requirements may be required if the Chief Financial Officer or the Investment Officer deems increased collateral is beneficial to the protection of the monies under the District’s management.

5.2: Accounting Method

- The District shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of the authoritative bodies including, but not necessarily limited to, the American Institute of Certified Public Accountants (AICPA); the Financial Accounting Standards Board (FASB); and the Government Accounting Standards Board (GASB).
5.3: Internal Controls

- The Investment Officer shall maintain a system of written internal controls which shall be reviewed and tested by the independent auditor at least annually or upon any extraordinary event, e.g., turnover of key personnel, the discovery of any inappropriate activity. 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

6. QUALIFIED INSTITUTIONS, INVESTMENT ADVISORY SERVICES, AND COMPETITIVE TRANSACTIONS

6.1: Qualified Financial Institutions – Broker/Dealers

- The Investment Officer, and if applicable, the investment advisory firm as described in Section 6.3, shall maintain a list of all authorized broker/dealers and financial institutions which are approved for investing funds within the scope of this investment policy. Any firm is eligible to make an application to the District, and on due consideration and approval, may be added to the list. Additions or deletions to the list will be made at the Investment Officer’s discretion. The following minimum criteria must be met prior to authorizing investment transactions. The Investment Officer may impose more stringent criteria.

  a. Broker/Dealer firms must meet the following minimum criteria:
     i. Be registered with the Securities and Exchange Commission (SEC);
     ii. Be registered with the Financial Industry Regulatory Authority (FINRA).
     iii. Provide most recent audited financials.
     iv. Provide FINRA Focus Report filings.

  b. Approved broker/dealer employees who execute transactions with the District must meet the following minimum criteria:
     i. Be a registered representative with the Financial Industry Regulatory Authority (FINRA);
     ii. Be licensed by the state of Oregon;
     iii. Provide certification (in writing) of having read; understood; and agreed to comply with the most current version of this investment policy.

- At the request of the District, the firms performing investment services shall provide their most recent financial statements for review. Further, there should be in place, proof as to all the necessary credentials and licenses held by employees of the broker/dealers who will have contact with the District as specified by, but not necessarily limited to, the Financial Industry Regulatory Authority (FINRA), Securities and Exchange Commission (SEC), etc. The District, or District’s Investment Advisory Firm, shall conduct an annual evaluation of each firm’s creditworthiness to determine if it should remain on the list. Securities broker/dealers not affiliated with a bank shall be required to be registered in the state of Oregon or be classified as reporting dealers affiliated with the Federal Reserve as primary dealers.
If an investment advisory firm is retained by the District to execute transactions on the District’s behalf, it will have authority to execute investment trades and transactions from its list of authorized broker/dealers and financial institutions. The advisor’s broker/dealer list will be provided to the Investment Officer for approval. The Investment Officer can assign the responsibility of the broker/dealer due diligence process to the advisor, and all licensing information on the counterparties will be maintained by the advisor and available upon request.

The advisor broker/dealer review should include:

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

The advisor must provide the District with any changes to the list prior to transacting on behalf of the District.

6.2: Qualified Financial Institutions – Banks

- All bank financial institutions that provide deposits, certificates or any other deposit of the District must be either fully covered by the Federal Deposit Insurance Corporation (FDIC) or the bank must be a participant of the State of Oregon – Public Funds Collateralization Program (PFCP). ORS Chapter 295 governs the collateralization program for banks at the State level. Bank depositories are required to pledge collateral against any public fund deposits in excess of the FDIC insurance amounts. This provides additional protection for public funds in the event of a bank loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected.

6.3: Investment Advisory Services

- The District may enter into contracts with external investment advisory firms as it applies to the investment of its short-term operating funds and capital funds including bond proceeds and bond reserve funds. The investment advisory firm must work on a non-discretionary basis, which requires that the Investment Officer approves all transactions prior to execution.

- If an investment advisor is hired, the advisor will serve as fiduciary for the District and comply with all requirements of this Investment Policy. The Investment Officer remains the person ultimately responsible for the prudent management of the portfolio.

- Factors to be considered when hiring an investment advisory firm may include, but are not limited to:
  i. The firm’s major business
  ii. Ownership and organization of the firm
  iii. The background and experience of key members of the firm, including portfolio manager expected to be responsible for the District’s account
  iv. The size of the firm’s asset base, and the portion of that base which would be made up by Tualatin Valley Water District’s portfolio if the firm were hired
  v. Management fees
  vi. Cost analysis by Investment Officer
- A periodic (at least annual) review of all authorized investment advisors under contract will be conducted by the Investment Officer to determine their continued eligibility within the portfolio guidelines.

- Requirements of Investment Advisors
  
  i. The investment advisor firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon; (Note: Investment advisor firms with assets under management exceeding $100 million must be registered with the SEC, otherwise the firm must be licensed by the State of Oregon).
  
  ii. All investment advisor firm representatives conducting investment transactions on behalf of the District must be registered representatives with FINRA.
  
  iii. All investment advisor firm representatives conducting investment transactions on behalf of District must be licensed by the State of Oregon.
  
  iv. Contract terms will include that the Investment advisor will comply with the District’s Investment Policy.

- The Investment Advisor must notify the District immediately if any of the following issues arise while serving under a District Contract:
  
  i. Pending investigations by securities regulators
  
  ii. Significant changes in net capital
  
  iii. Pending customer arbitration cases
  
  iv. Regulatory enforcement actions

6.4: Competitive Selection of Bids or Offers

- Each investment transaction shall be competitively transacted with broker/dealers who have been authorized by the District or investment advisory firm. At least two broker/dealers shall be contacted for each transaction and their bids and offering prices shall be recorded. A record, subject to District archiving policy, shall be maintained by the District of all bids and offerings for security transactions in order to ensure that the District receives competitive pricing.

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

7. AUTHORIZED AND SUITABLE INVESTMENTS

7.1: Authorized Investments

- All investments of the District 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 Investment Officer 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 (Local Government Investment Pool). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately on being enacted.

- This policy recognizes S&P, Moody’s, and Fitch Ratings as the major Nationally Recognized Statistical Ratings Organizations (NRSRO).

- In the case of split ratings, where the major NRSROs issue different ratings, the lower rating shall be used to determine compliance with this investment policy. Minimum credit ratings and percentage limitations apply to the time of purchase.
7.2: Suitable Investments

**US Treasury Obligations:** Direct obligations of the United States Treasury whose payment is guaranteed by the United States. [ORS 294.035(3)(a)]

**US Agency Obligations Primary:** Senior debenture obligations of US federal agencies and instrumentalities or U.S. government sponsored enterprises (GSE) that have actively traded markets and provide a higher level of liquidity. These include: Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), and the Federal Farm Credit Bureau (FFCB).

**US Agency Obligations Secondary:** Other US government sponsored enterprises that are less marketable are considered secondary GSEs. They include but are not limited to: Private Export Funding Corporation (PEFCO), Tennessee Valley Authority (TVA), Financing Corporation (FICO) and Federal Agricultural Mortgage Corporation, (Farmer Mac).

**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 of AA- or better by S&P, Aa3 or better by Moody’s, or AA- or better by Fitch.

**Corporate Notes:** Corporate Notes must be rated AA- or better by S&P, Aa3 or better by Moody’s, or AA- or better by Fitch [ORS 294.035(3)(b)].

**Commercial Paper:** Commercial Paper must be rated A1 or better by Standard and Poor’s, P1 or better by Moody’s Services, or F1 or better by Fitch [ORS 294.035(3)(b)] and has long-term bonds which have a minimum rating of AA- by Standard and Poor’s and Aa3 by Moody’s. Issuer constraints for commercial paper combined with corporate notes will be limited by statute to 5% of market value per issuer.

**Bank Deposit/ Savings Accounts:** Time deposit open accounts or 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 Oregon [ORS Section 294.035(3)(d)].

**Certificates of Deposit:** Certificates of deposit in insured institutions as defined in ORS 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 Oregon [ORS Section 294.035(3)(d)].

**Bankers’ Acceptances:** Bankers’ acceptances, if the bankers’ acceptances are: (i) Guaranteed by, and carried on the books of, a qualified financial institution; (ii) Eligible for discount by the Federal Reserve System; and (iii) Issued by a qualified financial institution whose short-term letter of credit rating is rated AAA by S&P, Aaa by Moody’s, or AAA by Fitch. 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) A 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 294.035(3)(h)]

**Local Government Investment Pool:** State treasurer's local short-term investment fund up to the statutory limit per ORS 294.810.

8. **Investment Parameters**

8.1: Investment Maturity

- The Investment Officer may invest funds that are related to cash flows for future construction projects or that are being accumulated for future renewal and replacement of infrastructure, by purchasing
securities that will be held for a maximum of 5 years. Except for the aforesaid funds and funds requiring special handling (bond proceeds subject to arbitrage, etc.), investments beyond 5 years require the express approval of the Board of Commissioners. The first priority will be to invest in maturities that match liquidity needs of the District. Thereafter, the District shall target to maintain maturities within the following parameters for the total portfolio:

<table>
<thead>
<tr>
<th>Maturity Constraints</th>
<th>Minimum % of Total Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30 days</td>
<td>10%</td>
</tr>
<tr>
<td>Under 1 year</td>
<td>25%</td>
</tr>
<tr>
<td>Under 5 years</td>
<td>100%</td>
</tr>
</tbody>
</table>

- Five-years maximum maturity of any single issue.
- Further, the District shall target the weighted average maturity (WAM) of the total fund to one year which includes both liquidity funds and core investments.
- Cash flow projections will be reviewed and updated at least monthly and will be the controlling guide to establishing maturities. Maturities will be selected to ensure that sufficient cash is available to meet requirements. At least one month’s estimated cash operating requirements will be maintained in the Local Government Investment Pool (LGIP) at all times.

8.2: Portfolio Diversification

**Diversification Constraints on Total Holdings:**

<table>
<thead>
<tr>
<th>Issue Type</th>
<th>Maximum % Holdings</th>
<th>Maximum % per Issuer</th>
<th>Ratings S&amp;P</th>
<th>Ratings Moody's</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Treasury Obligations</td>
<td>100%</td>
<td>None</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>US Agency Primary Securities FHLB, FNMA, FHLMC, FFCB</td>
<td>100%</td>
<td>40%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>US Agency Secondary Securities FICO, FARMER MAC etc.</td>
<td>10%</td>
<td>5%</td>
<td>Security must be rated</td>
<td>Security must be rated</td>
</tr>
<tr>
<td>Municipal Bonds (OR, CA, ID, WA)</td>
<td>10%</td>
<td>5%</td>
<td>AA-</td>
<td>Aa3</td>
</tr>
<tr>
<td>Corporate Notes</td>
<td>35%*</td>
<td>5%**</td>
<td>AA-</td>
<td>Aa3</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td></td>
<td></td>
<td>A1</td>
<td>P1</td>
</tr>
<tr>
<td>Bank Time Deposits/Savings Accounts</td>
<td>20%</td>
<td>10%</td>
<td>Oregon Public Depository</td>
<td>Oregon Public Depository</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>10%</td>
<td>5%</td>
<td>Oregon Public Depository</td>
<td>Oregon Public Depository</td>
</tr>
<tr>
<td>Banker's Acceptance</td>
<td>25%</td>
<td>5%</td>
<td>AAA Underlying</td>
<td>Aaa Underlying</td>
</tr>
<tr>
<td>Oregon Short Term Fund</td>
<td>Maximum allowed per ORS 294.810</td>
<td>None</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*35% maximum combined corporate and commercial paper per ORS.
**Issuer constraints apply to the combined issues in corporate and commercial paper holdings.
8.3: Prohibited Investments

- The District shall not invest in “144A” private placement securities, this includes commercial paper privately placed under section 4(a)(2) of the Securities Act of 1933.
- The District shall not lend securities nor directly participate in a securities lending or reverse repurchase program.
- The District shall not purchase mortgage backed securities.
- The District will not purchase, per ORS 294.040, any bonds of issuers listed in ORS 294.035(3)(a) to (c) that have a prior default history.

8.4: 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, surplus funds within the scope of ORS 294.052 are not subject to this policy’s liquidity risk constraints within Section 8.1.

8.5: Investment of Reserve or Capital Improvements

- Pursuant to ORS 294.135(1)(b), 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 that will occur 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.

9. INVESTMENT POLICY COMPLIANCE

9.1: Compliance Report

- A compliance report shall be maintained quarterly to document the portfolio versus the investment policy.

9.2: Compliance Measurement and Adherence

- Compliance Measurement
  
  i. Guideline measurements will use market value of investments based in investment parameters.
  
  ii. Rating and distribution criteria will be based on the settlement date of each purchase.

- Compliance Procedures
  
  i. 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.

  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 Board of Commissioners.
iii. Due to fluctuations in the aggregate surplus 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 that appropriate diversification is maintained.

iv. As determined on any date that the security is held within the portfolio. If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Investment Officer 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 will apply the general objectives of safety, liquidity and legality to make the decision.

10. Reporting Requirements and Performance Measurement

10.1: Reporting Requirements

- The Investment Officer shall generate monthly reports for management purposes. The Board of Commissioners will be provided with reports which will include but not necessarily be limited to; portfolio activity, instruments held by type, investment allocations by maturity, estimated market valuations, as well as any narrative necessary for adequate clarification.

10.2: Performance Evaluation

- The 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 0-3 year or 0-5 year standard market index and comparisons will be calculated monthly and reported quarterly.

- When comparing the performance of the District’s portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio’s rate of return.

- The mark to market pricing will be calculated monthly and be provided in a monthly report.

- The Investment Advisor shall make available quarterly and annual reports to the District that contains sufficient information to permit an informed outside reader to evaluate the performance of the investment program.

10.3: Monitoring and Adjusting the Portfolio

- The Investment Officer will routinely monitor the contents of the portfolio comparing the holdings to the markets, relative values of competing instruments, changes in credit quality, and benchmarks. If there are advantageous transactions, the portfolio may be adjusted accordingly.

- The policies set forth in this document will be adhered to and monitored on a monthly basis.

11. Investment Policy Adoption

This Investment Policy will be formally adopted by the Board of Commissioners; and thereafter, this policy will be readopted annually, even if there are no changes. Prior to adoption by the Board of Commissioners, if changes to the Investment Policy require review and comment by the Oregon Short Term Fund Board, such review will be sought prior to formal adoption.
12. GLOSSARY OF INVESTMENT TERMS

Accrued Interest: The interest accumulated on a security since the issue date or since the last coupon payment. The buyer of the security pays the market price plus accrued interest.


Basis Point: One-hundredth of 1 percent. One hundred basis points equal 1 percent.

Bond: An interest-bearing security issued by a corporation, government, governmental agency, or other body. It is a form of debt with an interest rate, maturity, and face value, and it is usually secured by specific assets. Most bonds have a maturity of greater than one year and generally pay interest semiannually.

Bond Discount: The difference between a bond’s face value and a selling price, when the selling price is lower than the face value.

Broker: An intermediary who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

Callable: A bond that may be redeemed by the issuer before maturity for a call price specified at the time of issuance.

Call Date: The date before maturity on which a bond may be redeemed at the option of the issuer.

Collateral: Securities or other property that a borrower pledges as security for the repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper: Short-term, unsecured, negotiable promissory notes issued by businesses.

Commission: Broker’s or agent’s fee for purchasing or selling securities for a client.

Core Fund: Core funds are defined as operating fund balance which exceeds the District’s daily liquidity needs.

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

Coupon Rate: The annual rate of interest that the issuer of a bond promises to pay to the holder of the bond.

Coupon Yield: The annual interest rate of a bond, divided by the bond’s face value and stated as a percentage. This usually is not equal to the bond’s current yield or its yield to maturity.

Current Maturity: The amount of time left until an obligation matures. For example, a one-year bill issued nine months ago has a current maturity of three months.

Current Yield: The remaining or final interest due on a security as a percentage of a security’s market price.

CUSIP: The Committee on Uniform Security Identification Procedures, which was established under the auspices of the American Bankers Association to develop a uniform method of identifying municipal, U.S. government, and corporate securities.

Dealer: An individual or firm that ordinarily acts as a principal in security transactions. Typically, dealers buy for their own account and sell to a customer from their inventory. The dealer’s profit is determined by the difference between the price paid and the price received.
**Delivery:** Either of two methods of delivering securities: delivery vs. payment and delivery vs. receipt (also called “free”). Delivery vs. payment is delivery of securities with an exchange of money for the securities. Delivery vs. receipt is delivery of securities with an exchange of a signed receipt for the securities.

**Discount:** The reduction in the price of a security; the difference between its selling price and its face value at maturity. A security may sell below face value in return of such things as prompt payment and quantity purchase. “At a discount” refers to a security selling at less than the face value, as opposed to “at a premium”, when it sells for more than the face value.

**Full Faith and Credit:** Indicator that the unconditional guarantee of the issuer (e.g., the United States government, State of Oregon) backs the repayment of a debt.

**Government Bonds:** Securities issued by the federal government; they are obligations of the U.S. Treasury. Also known as “governments.”

**Government Sponsored Enterprise (GSE):** Financial services corporations created by the United States government. Their function is to enhance the flow of credit to targeted sectors of the economy, make those segments of the capital market more efficient, and reduce the risk to investors. The desired effect of the GSEs is to enhance the availability and reduce the cost of credit to the targets. Examples include Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Farm Credit Banks (FFCB).

**Interest:** Compensation paid, or to be paid, for the use of money. The rate of interest is generally expressed as an annual percentage.

**Interest Rate:** The interest payable each year on borrowed funds, expressed as a percentage of the principal.

**Investment Advisor or Manager:** An investment advisor that acts on a non-discretionary basis to provide investment and risk strategies. The advisor must act in a fiduciary capacity.

**Investment Portfolio:** A collection of securities owned by the District and held by a custodian.

**Investment Securities:** Securities purchased for an investment portfolio, as opposed to those purchased for resale to customers.

**Liquidity:** The ease at which a security can be bought or sold (converted to cash) in the market. A large number of buyers and sellers and a high volume of trading activity are important components of liquidity.

**Liquidity Component:** A percentage of the total portfolio dedicated to providing liquidity needs for the District.

**Local Government Investment Pool:** Oregon’s Local Government Investment Pool (LGIP) created by Oregon Laws in 1973, Chapter 748. It is a diversified portfolio offered to eligible participants of the State of Oregon. The Local Government Investment Pool is an alternate investment vehicle offered to participants that includes, but is not limited to, any municipality, political subdivision or public corporation of Oregon that by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State’s short-term funds.

**Mark to Market:** Adjustment of an account or portfolio to reflect actual market price rather than book price, purchase price, or some other valuation.

**Mortgage-Backed Securities:** Mortgage-backed securities are debt obligations that represent claims to the cash flows from pools of mortgage loans, most commonly on residential property. Mortgage loans are purchased from banks, mortgage companies, and other originators and then assembled into pools by a
governmental, quasi-governmental, or private entity. The entity then issues securities that represent claims on the principal and interest payments made by borrowers on the loans in the pool, a process known as securitization. Senior debentures of GSE's Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) are not considered mortgage-backed securities.

**Municipals (Munis):** Securities, usually bonds, issued by a state or its agencies. The interest on munis is generally exempt from federal income taxes and state and local income taxes in the state of issuance. Municipal securities may or may not be backed by the issuing agency’s taxation powers.

**Par Value:** The value of a security expressed as a specific dollar amount marked on the face of the security, or the amount of money due at maturity. Par value should not be confused with market value.

**Portfolio:** A collection of securities held by an individual or institution.

**Prudent Person Rule:** A long-standing common-law rule that requires a trustee who is investing for another to behave in the same way as a prudent individual of reasonable discretion and intelligence who is seeking a reasonable income and preservation of capital.

**Quotation, or Quote:** The highest bid to buy or the lowest offer to sell a security at a particular time.

**Settlement Date:** The actual date when a security is purchased and comes under the ownership of the buyer.

**Spread:** The difference between two figures or percentages. E.g. the difference between the bid and ask prices of a quote or between the amount paid when a security is bought and an amount received when sold.

**Trade Date:** The date when a security transaction is executed.

**Treasury Bill (T-Bill):** An obligation of the U.S. government with a maturity of one year or less. T-bills bear no interest but are sold at a discount.

**Treasury Bonds and Notes:** Obligations of the U.S. government that bear interest. Notes have maturities of one to ten years; bonds have longer maturities.

**Weighted Average Maturity:** The weighted sum of the average years to maturity of the investments held by the District.

**Yield:** The annual rate of return on an investment, expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security. Net yield, or yield to maturity, is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**Yield to Maturity:** The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase price of the bond.
RESOLUTION NO. 04-20

A RESOLUTION AMENDING SYSTEM DEVELOPMENT CHARGES FOR THE TUALATIN VALLEY WATER DISTRICT AND DECLARING AN EFFECTIVE DATE.

WHEREAS, on July 18, 2012, the Board of Commissioners adopted Ordinance 01-12 “System Development Charge Ordinance” to impose system development charges (SDCs) and other related procedures to comply with ORS 223.297 to ORS 223.314, inclusive, to provide revenues necessary for capital improvements constructed and to be constructed; and

WHEREAS, in accordance with the methodology identified in Section 4 of Ordinance 01-12, the administrative staff of the District calculated the amount of the SDC to be imposed by the Board of Commissioners to collect the statutorily authorized, necessary revenues; and

WHEREAS, Section 9B of Ordinance 01-12 requires the District to review its SDCs annually in relation to the Engineering News Record (ENR) Construction Cost Index (CCI) (Seattle); and

WHEREAS, construction costs increased 4.98% between December 2018 and December 2019 as evidenced by the ENR CCI (Seattle); and

WHEREAS, pursuant to Section 9 of Ordinance 01-12, the Board of Commissioners by this resolution amends the SDC for the District as set forth below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TUALATIN VALLEY WATER DISTRICT THAT:

Section 1: Resolution 05-19 is hereby repealed and superseded by this resolution effective at 7:00 A.M., Pacific Standard Time on March 1, 2020.

Section 2: Prior to making a connection of non-District water facilities to the District’s water system, the applicant for such a connection shall pay in full the SDC to the District, except that there shall be no SDC for a fireline.

Section 3: Further, the Board directs staff, for any calendar year, during which the Board has not adjusted SDCs based on a revised capital improvements or facilities plan, to adjust SDCs March 1 for each the ensuing year thereafter, as calculated by staff based on the change, from December of the prior year to December of the current year, in the Engineering News Record (ENR) Construction Cost Index (CCI) (Seattle).

Section 4 (a): Pursuant to Section 3 above, the SDC is calculated for a 5/8 x 3/4-inch meter by a weighting factor. The weighting factors adopted by the Board are based on the American Water Works Association safe operating capacities for displacement type meters.
The SDCs for meter sizes up to 1-1/2 inches are:

<table>
<thead>
<tr>
<th>Reimbursement Fee</th>
<th>$ 1,364/ERU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement Fee</td>
<td>6,296/ERU</td>
</tr>
<tr>
<td>Administration</td>
<td>128/ERU</td>
</tr>
<tr>
<td><strong>Total SDC</strong></td>
<td><strong>$ 7,788/ERU</strong></td>
</tr>
</tbody>
</table>

**Section 4 (b):** Pursuant to Section 4(a) above, for meters over 1.5-inch, the SDC shall be determined based on the customer’s anticipated water usage. Anticipated peak-day water usage will be divided by the peak-day system design flow of 844 gallons per day per equivalent residential unit (ERU) to determine peak-day ERUs. Anticipated average daily water usage will be divided by 358 gallons per day per ERU to determine average-day ERUs (storage ERUs).

**Peak-Day SDC cost is:**

- Reimbursement Fee: $895 per peak-day ERU
- Improvement Fee: $5,509 per peak-day ERU
- **Peak-Day SDC cost:** $6,404 per peak-day ERU

**Storage SDC cost is:**

- Reimbursement Fee: $597 per storage ERU
- Improvement Fee: $787 per storage ERU
- **Storage SDC cost:** $1,384 per storage ERU

The SDC shall be the sum of the peak-day SDC cost per ERU multiplied by the peak-day ERUs and the storage SDC cost per ERU multiplied by the storage ERUs.

**Section 4 (c):** The SDC paid for meters larger than 1-1/2 inches as of the effective date of this resolution may be adjusted upward based on actual usage pursuant to an SDC agreement to be executed with the District. If during the term of the SDC agreement, the usage is greater than 110% of anticipated volume during a 12-month period, an additional SDC may be charged, using the same techniques for calculating peak-day and storage ERUs and multiplying the peak-day SDC cost per ERU and the storage cost per ERU then in effect.

**Section 4 (d):** The SDC paid for a residential ¾-inch or 1-inch water meter, in the circumstance where a larger meter is required only for the purpose of meeting a residential multipurpose fire sprinkler system requirement, will consist of the SDC for the appropriate size meter that would be required without the multipurpose fire sprinkler system plus 18% of the difference between the price of the SDC for the meter size meeting the domestic water requirements and the SDC for the meter size meeting the fire sprinkler requirement. The 18% factor represents the approximate storage cost component of the SDC. Should the customer regularly use the capacity of the ¾-inch or 1-inch meter to...
meet its domestic needs, the customer will be required to pay the remainder of the SDC at the current rate then in effect.

Section 4 (e): If the customer has been charged by the District for an illegal connection and requests a contract for payment of the SDC, the District may withhold the option of providing a contract for said payment of SDC.

Section 4 (f): If the SDC is financed as permitted by ORS 223.208, the financing charge established by the District is 9.0% as authorized in ORS 82.010 Legal Rate of Interest and for a maximum term of 10 years.

Approved and adopted at a regular meeting held on the 15th day of January 2020.

__________________________________________  ____________________________
Bernice Bagnall, President                      Todd Sanders, Secretary