

MEMORANDUM

December 16th, 2024

TO: Richard Wallen, General Manager/Chief Executive Officer

VIA: Bonnie Overfield, Chief Financial Officer/Treasurer
Angelina Johnson, Senior Manager of Treasury and FP/Deputy Treasurer *Angelina Johnson*

FROM: Mark Buchta, Senior Financial Analyst

SUBJECT: 2024 Investment Policy Update

Purpose: To review and provide reference to any updates that were done to the Investment policy while seeking approval of the GCPUD Investment Policy for 2024.

Discussion: The Investment Policy is updated annually, in 2022 there were several changes to the language of the policy; The Investment Policy was re-certified by WPTA in 2023 and all updates were approved and adopted by management. The review in 2023 resulted in no additional updates

In 2024 we made one change in language in the Investment Policy. The update process consisted of updating the policy in Policytech with tracked changes. The edited changes were reviewed and approved by the Senior manager of Treasury, The Treasurer, and the GM.

Justification: The edit that was made in August 2024 of adding “The Deputy Treasurer” to the Investment Policy to go along with “The Treasurer” for approval of the Districts Broker list. This change was to create alignment and consistency in the language between the “Approved Broker dealer” portion of the document and the existing procedure approved by the IOC. (please see document below)

Final Consideration: Treasury is seeking approval of the verbiage change in 2024.

PROCEDURE TO MAINTAIN CURRENT INVESTMENT BROKER/DEALER RELATIONSHIPS, AND APPROVE NEW RELATIONSHIPS

Per the District's Investment Policy (Section VII) updated August 1st, 2024:

Authorized Financial Dealers and Institutions

The Treasurer will maintain a list of financial institutions authorized to provide investment services to the District. The list will include broker/dealers to provide investment services in the State of Washington and to the District. The selection process for inclusion in this list is determined by the Investment Oversight Committee in separate written procedures, but includes such items as proof of Washington registration and acceptable financial condition. Standard credit monitoring processes of the District shall be applied to counterparties and Broker/Dealers in the investment program. The Investment Lead will manage business (trades) with GCPUD's approved brokers, and the Investment Lead will annually check FINRA to make sure Grant PUD's Broker Counterparties are in good standing with the Agency. The Senior Manager of Treasury will annually review and approve GCPUD's active list of Brokers as well as approve any new additions to the District's broker list. Any broker name changes due to mergers of Broker counterparties will also be updated in the Investment Permanent Files.

Employees of any firm or financial institutions offering securities or investments to the District are expected to be trained in the precautions appropriate to the public sector, be knowledgeable of permissible investments and other State of Washington regulations, and be familiar with the District's investment objectives, policies and constraints. Dealers providing investments services to the District are expected to make reasonable efforts to preclude imprudent transactions involving the District's funds. They may be periodically asked to re-comply with selection requirements, including recent financial statements.

The Investment Oversight Committee's process to approve an investment broker/dealer consists of delegating to the Districts' Treasurer, or Deputy Treasurer, that verification be made that all the requirements below have been successfully met and provided by each prospective broker/ dealer.

Upon approval by the Treasurer, or Deputy Treasurer, notification of such addition will be made to the Investment Oversight Committee in the monthly IOC meeting. The Treasurer will also inform the Commission as part of the quarterly Treasurer's Report, as provided in resolution 8712.

There minimum requirements for a broker/dealer are listed on page 2 – Approval Form. All requirements must be met.

Authorized Financial Dealers and Institutions

The Treasurer will maintain a list of financial institutions authorized to provide investment services to the District. The list will include broker/dealers to provide investment services in the State of Washington and to the District. The selection process for inclusion in this list is determined by the Investment Oversight Committee in separate written procedures that require: 1) Annual audited financial statements. 2) Proof of FINRA (Financial Industry Regulatory Authority) certification and licenses 3) Proof of registration with the State of Washington. 4) Completed Broker/Dealer questionnaire and certification of having read the Grant County PUD's investment policy. The Treasurer, Deputy Treasurer or designee, will conduct an annual review of the Washington registration of the broker/dealer firm and designated representatives of the District's account as well as the financial condition of the broker dealer firm. The current list and any changes will be approved by either the Treasurer or the Deputy Treasurer annually.

~~The Treasurer, or designee, will conduct an annual review of the Washington registration of the broker/dealer firm and designated representatives of the District's account as well as the financial condition of the broker dealer firm.~~



Grant County
PUBLIC UTILITY DISTRICT
Excellence in Service and Leadership

INVESTMENT POLICY

November 23, 2024



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Policy Statement

It is the policy of the Public Utility District No. 2 of Grant County (the District, herein) to invest public funds in a manner which will provide the highest investment return after ensuring safety thresholds are satisfied while meeting the daily cash flow demands of the District. The priority of investment criteria for the District is legality first, followed by safety, then liquidity and lastly investment return.

The investment guidelines and practices of the District must conform to all applicable Federal and State of Washington laws and regulations, bond covenants, bond insurance policies, and prudent money management philosophy. The overall program shall be designed and managed with a degree of professionalism that is worthy of public trust.

Scope

These investment guidelines apply to all financial assets of the District except:

The policy for the Washington State Public Employees' Retirement System will be as determined by the appropriate Board of Administration and is not covered by this guideline statement.

District employees' deferred compensation assets will be invested as directed by the individual employee within the allowable options defined by the administrator and programs as approved by the District.

Monies set aside for advance and current refundings of District bond obligations will be invested in accordance with the appropriate bond documents and Federal and State law and not necessarily in compliance with this guideline statement.

Financial instruments used to hedge commodity risk covered under the Energy Risk Management Policy.

If applicable, investments of the District shall be in compliance with bond resolutions and other debt constraints, Federal and State of Washington law, and related legal interpretations. Should such requirements be more restrictive than this policy, the financial assets will be invested in accordance with the more restrictive regulations. Monies subject to the 1986 Tax Reform Act, and subsequent arbitration regulations, shall be invested in compliance with the appropriate regulations.

Delegation of Authority

Authority to manage the District's investment program is derived from the Revised Code of the State of Washington, as well as various District resolutions. The Treasurer and Deputy Treasurer of the District have direct management responsibility for implementing and approving changes to the investment program. The investment program shall be developed, strategized, and monitored by an Investment Oversight Committee comprised of District staff as designated by the Chief Finance Officer. The Investment Oversight Committee shall oversee the establishment of

procedures for the operation of the investment program consistent with this investment policy and portfolio strategy. Procedures will include specific investment tasks and explicit delegation of authority to persons responsible for activities necessary to carry out the investment program.

No person shall engage in an investment transaction except for those staff as approved by the Treasurer and in accordance to the terms of this policy and the procedures as established by the Investment Oversight Committee. The Treasurer shall be responsible for all transactions undertaken and shall implement a system of controls to regulate the activities of subordinate officials and District employees.

Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which a person of prudence, discretion and intelligence would exercise in the management of their own affairs. Securities shall not be purchased or sold for speculation (i.e. market timing), but for investment, considering the probable safety of capital as well as the probable income to be derived. Purchases and sales in accordance with the Policy Statement priorities of legality first, followed by safety, then liquidity and lastly investment return.

The standard of prudence to be used by investment decision makers shall be the "prudent person" standard and be applied in the context of managing an overall portfolio. Investment decision makers acting in accordance with written procedures and the investment policy and exercising due diligence, in so far as allowed by State Law, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

All participants in the investment program shall seek to act responsibly as custodians of the public trust. The investment portfolio is subject to public scrutiny and evaluation. The investment program shall be designed and administered with a degree of professionalism worthy of the public trust. Investment decision makers shall refrain from knowingly entering into transactions which might impair public confidence in the District.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Annually, such employees and investment decision makers shall disclose to the Treasurer any material financial interest in financial institutions that conduct business within the county, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the District's portfolio.

Investment decision makers and employees will at all times comply with the District's Code of Ethics as it pertains to the investment process

Objectives

The primary objectives, in order of priority, of the District investment activities are:

Legality The District's investments will be in accordance with all statutes governing the investment of public funds as well as applicable provisions of bond resolutions.

Safety Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is an important cornerstone. The District seeks to optimize protection afforded by the FDIC and Public Deposit Protection Commission on its demand depository accounts.

Liquidity The District's portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated. Investment maturities shall be matched to anticipated cash flow requirements whenever possible.

Return on Investment The District's investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the District's investment risk constraints, arbitrage limitations and the cash flow characteristics of the portfolio.

Authorized Financial Dealers and Institutions

The Treasurer will maintain a list of financial institutions authorized to provide investment services to the District. The list will include broker/dealers to provide investment services in the State of Washington and to the District. The selection process for inclusion in this list is determined by the Investment Oversight Committee in separate written procedures that require: 1) Annual audited financial statements. 2) Proof of FINRA (Financial Industry Regulatory Authority) certification and licenses 3) Proof of registration with the State of Washington. 4) Completed Broker/Dealer questionnaire and certification of having read the Grant County PUD's investment policy. The Treasurer, Deputy Treasurer or designee, will conduct an annual review of the Washington registration of the broker/dealer firm and designated representatives of the District's account as well as the financial condition of the broker dealer firm. The current list and any changes will be approved by either the Treasurer or the Deputy Treasurer annually.

Employees of any firm or financial institutions offering securities or investments to the District are expected to be trained in the precautions appropriate to the public sector, be knowledgeable of permissible investments and other State of Washington regulations, and be familiar with the District's investment objectives, policies and constraints. Dealers providing investments services to the District are expected to make reasonable efforts to preclude imprudent transactions involving the District's funds.

No public deposit shall be made except in a qualified public depository as established by Revised Code of the State of Washington, except for bond funds which have been authorized by bond resolution to be deposited in out-of-state financial institutions.

Authorized Investments

The District is currently empowered by the Revised Code of the State of Washington to invest in the following types of authorized investments:

Investment deposits with qualified public depositories.

Obligations of the US Government and its agencies as specified in RCW 39.59.040.

Commercial Paper pursuant with RCW 39.59.040 and with the Washington State Investment board policy on Commercial Paper.

Corporate Notes in accordance with RCW 39.59.040 and with the Washington State Investment Board policy on Corporate Notes. GCPUD maintains an “approved” list of acceptable Corporate credits for investment. GCPUD’s minimum (AA3/AA-) rating requirement by 2 of the 3 major rating agencies (Moody’s, Fitch, S&P) standard is higher than required by WSIB minimum standards regarding acceptable investment ratings. GCPUD constantly monitors our approved list of corporate credits for changes and reports corporate bond exposure and ratings monthly to the Investment Oversight Committee. All Corporate bond investments are executed in the secondary market.

Supranational Institutions with the United States government must be the largest shareholder at the time of investment in accordance with RCW 39.59.040.

Bonds of the State of Washington, or local governments within the State of Washington, which have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.

General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.

State of Washington Local Government Investment Pool.

Repurchase Agreements (Repo), must be collateralized by US Government Treasury obligations only, collateral must be held in safekeeping and executed on a delivery-versus-payment basis utilizing a signed Master Repurchase Agreement with an approved primary dealer. A single REPO transaction may not be longer than 5 days in length.

Non-negotiable Certificates of Deposit of financial institutions which are qualified public depositories as defined by RCW 39.58.010 and in accordance with the restrictions therein.



Collateralization

Collateralization is required on all repurchase agreements. Collateralization level, measured by market value of principal and accrued interest, must be at least 102 percent of the repurchase amount.

Securities purchased in the repurchase agreement must be direct obligations of the U.S. Government.

If the term of the repurchase exceeds 5 calendar days, the terms of the specific transaction must be approved by the Treasurer and collateralization level may be set higher than 102 percent. The Treasurer may also approve specific transactions wherein repurchase agreement securities purchased are other than direct government obligation; however, the securities purchased must be of a type eligible as authorized investments.

Securities purchased must be held by a trust department of a third-party custodian chosen by the District and acting as the District's safekeeping agent. For each financial institution the District negotiates a repurchase agreement, there must be a signed Master Repurchase Agreement and District monies are to be released on a delivery-versus-payment basis only. A clearly marked evidence of ownership (safekeeping receipt) must be supplied in the District's name. The right of securities substitution is granted subject to District approval of each individual substitution transaction.

Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the District shall be conducted on a delivery-versus-payment basis. Securities will be held by a third-party custodian designated by the District and evidenced by safekeeping receipts.

Diversification

The District will diversify its investments by security type, institution and maturity.

The District's investment portfolio will be restricted by investment type. It is expected that diversification levels are as follows:

With the exception of direct US Government obligations, repurchase agreements collateralized by the same, and the state investment pool; the investment portfolio shall not be more than:

- Fifty percent (50%) invested in Supranational Institutions.
- Fifty percent (50%) invested in Government Sponsored Agencies.
- Fifty percent (50%) invested in Municipal Bonds.
- Twenty-five percent (25%) invested in Commercial Paper and Corporate Notes (combined).



No more than fifty percent (50%) of the PUD's trading volume may be purchased from a single financial institution or dealer over the course of a calendar year.

Maturities

The District's expects to hold most investments to maturity. To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements for certain funds such as operating, construction, habitat and current year debt service set aside accounts. Other funds such as reserve and contingency, debt service reserves, and long-term sinking fund accounts are invested within targeted effective duration parameters as determined by the Investment Oversight Committee. Investment sales are expected to occur only if cash flow needs change from as originally anticipated. However, the District may sell investments early to meet unexpected cash flow needs, mitigate risk associated with a security type or issuer, or to capture increased yield or income when appropriate.

To further mitigate risk of selling investments early to meet unexpected cash flow needs, a minimum of twenty percent (20%) of the total portfolio will be comprised of investments maturing within a year.

With the exception of debt service reserve funds, long-term principal sinking funds, and reserve and contingency funds, the District will not invest in securities with an effective duration of more than six years from the date of purchase unless authorized by the Investment Oversight Committee for specific transactions.

The District may collateralize repurchase agreements with investments not to exceed thirty years to maturity.

Reserve funds must be invested in securities where the effective maturity does not exceed the maximum due date of the bond issue. Bond resolutions may specify maximum final maturities for certain funds. Refunded debt monies will be invested in maturities as required to comply with the refunding parameters and agreements.

Investment strategy updates that fall within the overall policy limits should be included in the most current monthly IOC report.

Internal Controls

The District shall obtain an annual financial statement audit by an independent party. The audit will be conducted by either the State Auditor or an external, nationally recognized audit firm. Periodic internal reviews may also be made by District employees. These reviews will provide internal control by assuring compliance with policies, procedures and prudent industry practices.



Day-to-day procedures concerning investment management and accounting are a management function outside the scope of this policy. Investment Strategy will be reviewed separately and documented. The Treasurer will be responsible for implementing controls designed to prevent loss of public funds due to fraud, error, misrepresentation or imprudent actions by employees or officers.

Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into consideration the District's investment risk constraints, arbitrage requirements, and cash flow needs. A series of appropriate benchmarks reflective of the actual securities being purchased, the risks undertaken, and which have a similar weighted average maturity as the portfolio will be used as a composite benchmark to evaluate overall performance. Yield considerations are secondary to legality, safety and liquidity concerns. The investment program does seek to obtain the best possible return consistent with prudent investment principles and the risk limitations identified herein. Overall portfolio strategy is actively reviewed and discussed by the Investment Oversight Committee.

Reporting

The Treasurer or his/her designee is charged with the responsibility to prepare monthly reports for the District's Investment Oversight Committee, on the investment activity and positions of the District. At a minimum, such reporting shall include month end asset allocation by issuer type, purchases by broker/dealer, effective durations, yields, and par amounts at a summarized level within the portfolio. In addition, realized and unrealized portfolio income (total return), and benchmark performance shall be reported. The Investment Oversight Committee targets to meet monthly.

Investment Policy Adoption and Modification

Per District Resolution 8745, the Board of Commissioners approves the Investment Policy, and delegates authority to update future policies as needed and approved by the General Manager and Investment Oversight Committee with corresponding updates provided to the Financial Advisory Committee (FAC) and the Board of Commissioners.

In the event any State of Washington, Federal legislation, bond resolution, contract or regulation sets forth restrictions more severe than contained herein, such restrictions shall be deemed to be immediately incorporated into this policy.



Appendix: Glossary

ACCRUED INTEREST – The interest accumulated on a bond since issue date or the last coupon payment. The buyer of the bond pays the market price and accrued interest, which is payable to the seller.

AMORTIZATION – In portfolio accounting, periodic charges made against interest income on premium bonds in anticipation of receipt of the call price at call or of par value at maturity.

ASSET – Available property, as for payment of debts.

AVERAGE MATURITY – A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

BASIS POINT – A measure of an interest rate, i.e., 1/100 of 1 percent, or .0001.

BENCHMARK – A standard against which the performance of a security, fund or investment manager can be measured. Generally, broad market and market-segment indexes are used for this purpose.

BID – The indicated price at which a buyer is willing to purchase a security or commodity. When selling a security a bid is obtained. (See Offer)

BOND – A long-term debt security, or IOU, issued by a government or corporation that generally pays a stated rate of interest and returns the face value on the maturity date.

BOOK ENTRY SECURITIES – U.S. government and federal agency securities that do not exist in definitive (paper) form; they exist only in computerized files maintained by the Federal Reserve Bank.

BOOK VALUE – The amount at which an asset is carried on the books of the owner. The book value of an asset does not necessarily have a significant relationship to market value.

BROKER – A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides.

CALLABLE SECURITY – A security with an embedded call provision that allows the issuer to repurchase or redeem the security by a specified date. Since the holder of a callable security is exposed to the risk of the security being repurchased, the callable security is generally less expensive than comparable securities that do not have a call provision.



CERTIFICATES OF DEPOSIT (CDs) – Certificates issued against funds deposited in a bank for a definite period of time and earning a specified rate of return. CDs bear rates of interest in line with money market rates current at the time of issuance.

COLLATERAL – Property (as securities) pledged by a borrower to protect the interest of the lender.

COMMERCIAL PAPER – An unsecured, short-term debt instrument issued by a corporation. Maturities on commercial paper rarely range longer than 270 days.

COMPETITIVE BID PROCESS – A process by which three or more institutions are contacted to obtain prices/yields for specific securities.

CORPORATE NOTES – Debt obligations issued by corporations. Investors would consider this type of investment as they are designed to provide higher interest rates than many other alternatives like FDIC-insured savings accounts, short term certificates of deposit, and money market funds.

CREDIT QUALITY – The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer’s ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

CREDIT RISK – The risk that another party to an investment transaction will not fulfill its obligations. Credit risk can be associated with the issuer of a security, a financial institution holding the entity's deposit, or a third party holding securities or collateral. Credit risk exposure can be affected by a concentration of deposits or investments in any one investment type or with any one party.

CUSTODIAN – An independent third party (usually bank or trust company) that holds securities in safekeeping as an agent for the county.

DEALER – A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY – The providing of a security in an acceptable form to the District or to an agent acting on behalf of the District and independent of the seller. Acceptable forms can be physical securities or the transfer of book entry securities. The important distinction is that the transfer accomplishes absolute ownership control by the District.

DELIVERY VS PAYMENT – There are two methods of delivery of 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 price of a bond that is lower than par. The discount equals the difference between the price paid for a security and the security’s par value.



DIVERSIFICATION – Distribution of available funds among a variety of securities and institutions so as to minimize market risk.

DURATION – A measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices. The greater the duration, the greater the interest-rate risk or reward for bond prices.

EFFECTIVE DURATION – The duration for a bond with an embedded option when the value is calculated to include the expected change in cash flow caused by the option as interest rates change. This measures the responsiveness of a bond's price to interest rate changes, and illustrates the fact that the embedded option will also affect the bond's price.

FACE VALUE – The value of a bond stated on the bond certificate; thus, the redemption value at maturity. Most bonds have a face value, or par, of \$1,000.

FEDERAL FUNDS RATE – The rate of interest at which Fed Funds are traded between banks. Fed Funds are excess reserves held by banks that desire to invest or lend them to banks needing reserves. The particular rate is heavily influenced through the open market operations of the Federal Reserve Board. Also referred to as the "Fed Funds rate."

FEDERAL RESERVE SYSTEM – The central bank of the United States which has regulated credit in the economy since its inception in 1913. Includes the Federal Reserve Bank, 14 district banks and the member banks of the Federal Reserve, and is governed by the Federal Board.

GOVERNMENT SPONSORED ENTERPRISE (AGENCIES) – A privately held corporation with public purposes created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy. GSE's carry the implicit backing of the U.S. government but are not direct obligations of the U.S. government. Examples of GSEs include: Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank and Federal National Mortgage Association. Securities issued by GSEs are known as agency securities.


LIQUIDATION – Conversion into cash.

LIQUIDITY – Refers to the ease and speed with which an asset can be converted into cash without a substantial loss in value.

LOSS – The excess of the cost or book value of an asset over selling price.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP) – The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARK-TO-MARKET – An adjustment in the valuation of a securities portfolio to reflect the current market values of the respective securities in the portfolio.



MARKETABILITY – Ability to sell large blocks of money market instruments quickly and at competitive prices.

MARKET RISK – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. The risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline.

MARKET VALUE – The price at which a security is trading and could presumably be sold.

MASTER REPURCHASE AGREEMENT – An agreement between the investor and the dealer or financial institute. This agreement defines the nature of the transactions, identifies the relationship between the parties, establishes normal practices regarding ownership and custody of the collateral securities during the term of the investment, provides for remedies in the event of a default by either party and otherwise clarifies issues of ownership.

MATURITY – The time when a security becomes due and at which time the principal and interest or final coupon payment is paid to the investor.

OFFER – The indicated price at which a seller is willing to sell a security or commodity. (See BID) When buying a security an offer is obtained.

PAR VALUE – The nominal or face value of a debt security; that is, the value at maturity.

PORTFOLIO – Collection of securities held by an investor.

PREMIUM – The amount by which a bond sells above its par value.

PRIMARY DEALERS – Primary government dealers are a group of banks and investment dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in the executing of Federal Open Market Operations. Such dealers must be qualified in terms of reputation, capacity and adequacy of staff and facilities.

PRUDENCE – The ability to govern and discipline oneself by the use of reason; shrewdness in the management of affairs; able to use skill and good judgment in the use of resources. Also refers to the suitability of investments for the risk and return profile and the time horizon of a given investor.

REPURCHASE AGREEMENT (REPO) – The Repo is a contractual transaction between an investor and an issuing financial institution (not a secured loan). The investor exchanges cash for temporary ownership of specific securities, with an agreement between the parties that on a future date, the financial institution will repurchase the securities at a prearranged price.

SAFEKEEPING – A service to customers rendered by banks for a fee whereby all securities and valuables of all types and descriptions are held in the bank's vaults for protection, or in the case of book entry securities, are held and recorded in the customer's name and are inaccessible to anyone else.



SECURITIES – Bonds, notes, mortgages, or other forms of negotiable or non-negotiable instruments.

SETTLEMENT DATES – The day on which payment is due for a securities purchase.

SHARPE RATIO – A measure that indicates the average return minus the risk-free return divided by the standard deviation of return on an investment.

SPREAD – (a) Difference between the best buying price and the best-selling price for any given security. (b) Difference between yields on or prices of two securities of differing quality or differing maturities. (c) In underwriting, difference between price realized by the issuer and price paid by the investor.

SUPRANATIONAL INSTITUTIONS – International development institutions that provide financial, advisory services, and/or other financial services to their member countries to achieve overall goal of improving living standards through sustainable economic growth.

THIRD-PARTY SAFEKEEPING – A safekeeping arrangement whereby the investor has full control over the securities being held and the dealer or bank investment department has no access to the securities being held.

TREASURY BILLS – Treasury bills are short-term debt obligations of the U.S. government. They offer maximum safety of principal since they are backed by the full faith and credit of the U.S. government. Treasury bills, commonly called "T-Bills," account for the bulk of government financing, and are the major vehicle used by the Federal Reserve System in the money market to implement national monetary policy. T-Bills are sold in three, six, nine, and twelve-month bills. Because treasury bills are considered to be very low risk, these instruments generally yield the lowest returns in the major money market instruments.

TREASURY NOTES – A marketable U.S. government debt security with a fixed interest rate and a maturity between one and ten years. Treasury notes are considered low-risk, since they are backed by the full faith and credit of the U.S. government. Because they are lower risk and highly liquid they are generally deliver a lower return than other securities having comparable maturities.

UNDERLYING SECURITIES – Securities transferred in accordance with a repurchase agreement.

WEIGHTED AVERAGE MATURITY (WAM) – A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

YIELD – The rate at which an investment pays out interest or dividend income, expressed in percentage terms and calculated by dividing the amount paid by the price of the security and annualizing the result.

Annual Independent Disclosure for Investment Program

2024

By signing below, I certify that I have read and understand the Grant County Treasury Investment Policy

CONFLICT OF INTEREST STATEMENT GRANT COUNTY PUD

Directors, officers, and employees are expected to use good judgment, to adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between the personal interests of a director or employee and those of Grant County PUD. A conflict of interest exists when the loyalties or actions of a director, officer, or employee are divided between the interests of Grant County PUD and the interest of the director, officer, or employee. Both the fact and the appearance of a conflict of interest should be avoided.

I certify under penalty of perjury under laws of the state of Washington that during the period of January 1, 2024 through December 31, 2024, that I held **no** material ownership in, or received material remuneration from financial institutions that conduct business with the Grant County PUD Treasury office. I also certify that I have read and understand the current Investment Policy.

Signature of Investment Officer or Staff

Date

-----OR-----
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I certify under penalty of perjury under laws of the state of Washington that during the period of January 1, 2024 through December 31, 2024, that I held **the following** material financial interest in financial institutions that conduct business with the Grant County PUD Treasury office. I also certify that I have read and understand the current Investment Policy.

Name & address of the business:

Description of Personal Investment:

Value of Financial Interest and/or Investment interest in outside companies that conduct business with the Grant PUD.: \$

Signature of Investment Officer or Staff

Date

To ensure that Grant County PUD employees operate in a manner consistent with its values, the Treasurer shall oversee a periodic review of the administration of this Conflict of Interest Policy. The review shall consider the level of compliance with the Policy, the continuing suitability of the Policy, and whether the Policy should be modified and improved.

MEMORANDUM

January 6, 2025

TO: Richard Wallen, General Manager
VIA: Fallon Long, Chief ESS Officer *Fallon Long*
Fallon Long (Jan 6, 2025 11:09 PST)
FROM: Patrick Bishop, Sr. Manager Supply Chain/Procurement *PB*
PB (Jan 6, 2025 11:08 PST)
SUBJECT: Report of Surplus over \$10,000.00

Purpose: To inform the Commission of dispositions of surplus personal property with an estimated fair market value over \$10,000.00.

Discussion: A variety of competitive methods are used to dispose of Grant PUD’s surplus material including on-line auctions, purchase orders, and contracts. Additionally, with the proper approvals, other methods such as trade-ins, intergovernmental transactions, and direct sales are used.

Resolution No. 8643 requires that a report of all surplus transactions with an estimated fair market value over \$10,000.00 be provided to the Commission. Below is a table listing the surplus items over \$10,000 from July 2024 through December 2024.

Date	Vendor	Description	Amount Received
9/03/2024	Ephrata School District	2009 Dodge Ram 5500	\$30,000.00









Commission Memo - Surplus Over 10K - January 2025

Final Audit Report

2025-01-06

Created:	2025-01-06
By:	PB (pbishop@gcpud.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAr5eDsprJKIq2JZpzA9oChh2w1_fGgkhh

"Commission Memo - Surplus Over 10K - January 2025" History

-  Document created by Patrick Bishop (pbishop@gcpud.org)
2025-01-06 - 7:06:45 PM GMT
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