

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
NOVEMBER 15, 2005
7:30 P.M.

Commissioners present: Ron Farmer, Sandra Bishop, John Simpson, Mel Menegat, and Patrick Lanning.

Others present: Randy Berggren, Dick Varner, Dick Helgeson, Debra Smith, Jim Wiley, Marty Douglass, Jean Meyers, Ken Beeson, Terry Bequette, Suzanne Pearce, Patty Boyle, and Krista Hince of the EWEB staff; and Ruth Atcherson, Minutes Recorder for the City of Eugene.

President Farmer convened the Regular Board Meeting of the Eugene Water & Electric Board (EWEB).

AGENDA CHECK

There were no changes to the agenda.

PUBLIC INPUT

There were no members of the public who wished to provide input at this time.

APPROVAL OF CONSENT CALENDAR

Minutes

1. Minutes of the September 20, 2005, Regular Board Meeting, the October 4, 2005, Work Session and Regular Board meeting, and the October 14, 2005, Special Board Meeting.

Business Service Agreements

2. Santec Consultant, OBEC Consulting Engineering and Black & Veatch – Backwash System Upgrade & Finish Water Pumps Abandonment at Hayden Bridge – Water & Steam Divisions.
3. McKenzie Watershed Council – FERC Article 413 – Habitat Enhancement Funds – Electric Division.
4. McKenzie Watershed Council – FERC Article 412 – Fish Enhancement Funds.
5. TEREX Utilities – MOU for TEREX Equipment Purchases – Shop – Corporate Services.

Trojan Annual Operating Budget

6. Trojan Budget Approval – 2006 – Power Resource Division – Provides for Board approval of the 2006 Trojan Operating Budget.

Vice President Bishop pulled items 3, 4, and 6 from the Consent Calendar.

Commissioner Simpson, seconded by Commissioner Menegat, moved to approve the Consent Calendar, with the exception of items 3, 4, and 6. The motion passed unanimously, 5:0.

Vice President Bishop noted she had not read the minutes, but she did not wish to pull them.

ITEMS FROM BOARD MEMBERS

Commissioner Lanning announced that he would attend the Lane Council of Governments (LCOG) Executive Committee meeting on the same Thursday as the Public Power Social and he would attend the latter as time permitted.

Commissioner Lanning looked forward to the EWEB holiday party. He wanted to personally thank staff for their great work.

Commissioner Lanning also asked if the General Manager goal approval could be moved to the first meeting in January in order to have a Board majority present.

Commissioner Simpson related that he had met with Assistant Secretary to the Board Krista Hince and Information Services Manager Terry Bequette to discuss details on “specing” up lap top computers for Board members. He also met with Electric Division Director Jim Wiley to gain a better understanding of the reorganization of the electric division and the workflow systems he had developed. He conveyed his appreciation to Mr. Wiley for taking the time for him.

Commissioner Simpson said he attended the all-staff breakfast that happened on Friday, November 11. He found it an excellent opportunity to speak with Property Manager Mark Oberle regarding the property and a representative of the electric division about the reconfiguration of the electric system to support the change at the Willamette Substation.

Commissioner Simpson also looked forward to attending the EWEB holiday party. He echoed Commissioner Lanning’s gratitude toward staff.

President Farmer noted that he sent a memorandum along with copies to Commissioners regarding the struggle to determine whether to raise rates four percent in the coming year to fund the relicensing work at Carmen-Smith. He commented that EWEB was not a cheap source of electricity anymore.

Continuing, President Farmer announced that he would be speaking to the Harlow Neighborhood Association on November 16.

President Farmer reminded Commissioners of the meeting with State Legislators on Thursday, November 17. He recommended that they consider what sorts of questions and comments they wished to bring to that meeting.

Vice President Bishop asked Commissioners Menegat and Simpson how the meeting with the Jefferson/Westside Neighbors had gone. Commissioner Simpson said it went well, with attendance at approximately 16 people. He related that a number of topics had been covered, primarily EWEB's potential move.

CORRESPONDENCE

General Manager Randy Berggren reported the following:

- The holiday party was scheduled and it was hoped that all commissioners would attend.
- The legislative delegation was scheduled to meet on November 17, as previously mentioned, and it was planned that lobbyist, Libby Henry, would be recognized for her work.
- A backgrounder that contained a comparison of residential customer bills was included in Board packets.
- A memorandum on how EWEB used its System Development Charges (SDCs) was also included in Board packets.

BOARD AGENDAS

Mr. Berggren reviewed the *Eugene Water & Electric Board Agenda Report for November 15, 2005*. He pointed out that meetings were scheduled for November 21 and 22 to receive a presentation on the 30 percent design work and to discuss it.

DRAFT 2006 BUDGET AND WORK PLAN

Fiscal Services Supervisor Dick Varner reviewed the *Draft 2006 Budget and Work Plan* with power points. He noted that Senior Analyst Patti Boyle would review the water utility budget. He said he was looking for any direction on possible changes that should be made to the budget prior to revisiting them in December.

Regarding the ramp-up for Full Time Equivalent (FTE) employees in the electric utility, Mr. Varner said the assumption, as reflected in the budget, was that recruiting for employment would be successful in the first part of the year.

Mr. Varner stated that the draft budget contained the full year affect of the increase in Public Employees Retirement System (PERS) that had been realized as of July 1, with employer rates currently at 23.5 percent for EWEB. He said EWEB did not opt for the payment plan.

Mr. Varner underscored that a 5.7 percent rate increase in the electric utility had been included in the budget. Staff would know more about Bonneville Power Administration (BPA) increases in January 2006.

Mr. Varner said there were approximately \$4.5 million in bond authorization out of the Carmen-Smith authorization and the general system authorization. He stated that a small amount of authorization was left for resource acquisition. He indicated that the bond money would finish paying for the land at Roosevelt Boulevard and the base improvements on it, but it would not assume beyond that how the Board would decide to use the land.

Commissioner Simpson asked if the \$2.6 million carryover from capital expenditures was for things that were planned but not completed. Mr. Varner affirmed that any money that was unspent wound up in the capital reserve fund, and then the Board had to reauthorize that money in the next year.

President Farmer advised Mr. Varner to consider contingency planning as though Hynix was not a major customer. He recalled how enamored people were with Sony five years earlier, noting that Sony was more financially stable than Hynix. He pointed out that Hynix had been teetering on the brink of bankruptcy only two and a half years earlier. Mr. Varner responded that at present, should Hynix pull out, the customers given the wholesale prices might be a little better off. He added that it was a larger issue for the water utility.

In response to a question from President Farmer, Mr. Varner affirmed that embedded in this budget was a plan to “sock away” \$22 million for the Carmen-Smith project, but there was no specific rate action dedicated to this. He said part of the earlier rate increase was dedicated to build basic reserves. He recalled that at the time EWEB was looking at putting away \$3.5 to \$5 million per year from that rate action. Since then, he said, there had been a better wholesale power market and staff had determined that the surplus would go into the reserve as well.

President Farmer wanted to ensure that the reserve did “get there.” He also wanted the public to be made aware that the increase would also help complete the work at the Carmen-Smith facility.

Vice President Bishop observed that there was an increased use of credit cards to pay bills. She wanted a discussion to be queued up for a future agenda. Mr. Berggren responded that there would not be time to do so until after the first of the year.

In response to a question from Vice President Bishop, Mr. Varner stated that the entire combined budget for all three utilities was \$280 million.

Vice President Bishop commended the work that staff had done on the draft budget.

Mr. Varner reviewed the draft budget for the steam utility.

Commissioner Simpson commented that he did not think EWEB was charging enough for steam.

Commissioner Menegat asked how the 2005 deficit would be rolled into the 2006 budget. Mr. Varner replied that it would have to be rolled into a payment plan for the steam utility, to be put in place for the 2007 and 2008 budgets.

Ms. Boyle reviewed the draft budget for the water utility. She recommended that the budget assumption for water usage be changed based on the changing consumption patterns due to rainfall. She said the budget had been built on 9.7 million kilo-gallons (Kgal), which was approximately .75 percent higher consumption in 2006 as compared to actual consumption in 2005. She stated that the recommended rate increase for May would be 9.3 percent.

Commissioner Simpson asked what the total for funding allocated to the College Hill Reservoir study was. Ms. Boyle replied that it was \$60,000, including staff time.

Commissioner Menegat asked how a requirement that EWEB fence that property would be handled. Ms. Boyle explained that staff would bring a budget amendment back to the Board.

Ms. Boyle stressed that the rate action would not rebuild reserve funds. Mr. Buckhouse said the only way the reserves would be built would be if there was a hot and dry summer and the budget sales level would be exceeded.

In response to a question from Commissioner Simpson, Water & Steam Division Director Tom Buckhouse stated that the permit fee increase was from the City and that any time EWEB impacted the City in "any way, shape, or form" a fee was exacted.

Commissioner Simpson asked why costs for water quality testing were increasing. Mr. Buckhouse replied that there was an ongoing increase over time in the requirements for safe drinking water. Mr. Berggren clarified that these were federal regulatory requirements.

President Farmer remarked that when going through the last budget discussion, there had been a lot of "heartburn" regarding the potential rate increase for the water utility. He thought it had been an unresolved issue. Mr. Berggren had extrapolated from the meeting that staff should do what it could to get the rate of the increase below "double digits."

Vice President Bishop felt this was backwards as the Board had not made a decision about the rate increase, but the budget was predicated on it.

Mr. Buckhouse shared his perspective, which was that the water utility was beginning the year with no reserves. He felt there was a strong potential that this budget could be met, but no reserves would be re-funded.

Mr. Varner observed that there would not be enough cash in the working cash and the operating reserve of the water utility to make it to the summer. He said the water utility would be borrowing operating funds either from its own capital reserve or from the electric utility to pay bills in its second quarter.

Mr. Berggren quipped that everyone should pray for a hot summer.

President Farmer averred that staff needed to make a contingency plan if it was proposing to pass a budget based on a rate action that the Board may not follow through with. He stressed the importance of commissioners providing their feedback on this issue so that staff had a strong sense of how the rate action would fare.

Mr. Varner said there was a difference between calling the rate action "DOA" (dead on arrival) and expressing some level of comfort with it as it stood but with the option reserved to change it. He asked the Board to let him know if this planned rate action was DOA as soon as possible.

Commissioner Simpson said he was comfortable with the future rate action as an assumption in the budget.

Commissioner Menegat expressed concern about running "so close to the edge." He recalled the discussion on the water rate increase and how the increase should not be in two digits to be "politically sensitive." He thought having the depletion of the reserves and the budget was running so close to the edge was more politically sensitive. He said his basic position was that a rate increase was needed to remain healthy and that he would support a greater than 9.3 percent increase if that was needed to do the job of bringing the water utility back to health.

Commissioner Lanning conveyed his comfort with the 9.3 percent increase as a budget assumption.

Commissioner Menegat expressed concern about the money that was being spent to study the College Hill Reservoir. He said if EWEB decided to keep the reservoir open to the public, it would have to spend a lot of money to make it a park. He thought the utility should place a gate on the reservoir and then open it when the study was completed.

Commissioner Simpson agreed with Commissioner Menegat regarding the rate increase. He recognized that there could be a political impact in a double-digit percentage increase. He wanted there to be some type of plan or goal so that at the end of 2006 the utility would not be in the same position it was in today and if that could be done with a 9.3 percent increase, he would endorse it. If it went higher than that, he would endorse that as well.

Mr. Berggren agreed that reserve funding needed to be replenished, but he felt it was dwarfed by the lack of capital funding. He said once the information was in, the Board could determine what the rate increase should be. He wanted the Board to get the real numbers from staff and begin to develop a multi-year strategy.

FIRST PUBLIC HEARING ON THE 2006 DRAFT BUDGET

President Farmer opened the public hearing. Seeing no one wishing to testify, he closed the public hearing.

DRAFT GENERAL MANAGER'S 2006-2008 EMPLOYMENT CONTRACT

Human Resources Jean Meyers noted that the contract had been put into a comparative document format, with the old contract in red, as had been requested by the Board. She ascertained from the Board that they had also received the attachments on *Setting the GM's 55th Percentile for Base Pay*, an *Overview of Survey Respondents (2005 APPA Data from the Survey of Management Salaries in Public Utilities)*, and the *EWEB Pay Structure: General Manager*.

Commissioner Lanning asked if there was intent, in Section F (3), to increase the amount of severance pay by changing the length of time from six months to 180 days. Commissioner Menegat responded that this change had been an attempt to make the contract consistent, as other lengths of time were specific to numbers of days and not months.

Commissioner Lanning said he was somewhat uncomfortable with the change as in contract language it indicated that the General Manager would receive 180 working days of pay, which was more than six months of pay.

Commissioner Menegat stated that this had been unintended. Commissioner Simpson concurred.

President Farmer asked if it would be problematic to revert the language to the 'six months' wording. Commissioners Simpson and Menegat indicated they supported the change.

Mr. Berggren was amenable to the change.

Vice President Bishop objected to changing the wording.

The majority of the Board wanted to change the language from '180 days' to 'six months.'

Regarding Section H, Commissioner Lanning wished to ensure that the first sentence was not in disagreement with the definition of just cause, as delineated in Section F (2). He did not understand why 'discipline' was included as a claim or controversy that could arise out of the agreement. Ms. Meyers responded that 'discipline' was included because the General Manager might not agree with the remedy to a discipline issue. She said it would provide the means for the General Manager and the Board to go to a neutral party to hear the facts. She noted that presently there was no clear means to address discipline with the General Manager. She thought the Board would be well served by being able to access arbitration in a dispute over discipline.

In response to a question from President Farmer, Mr. Berggren said the arbitration solution would take the place of reinitiating litigation in such a circumstance.

Commissioner Lanning averred that having the language would open the door for arbitration. Mr. Berggren added that it would close the door for litigation by providing an alternate means for dispute resolution.

Commissioner Menegat pointed out that EWEB's legal counsel had prepared the two sections under scrutiny.

Commissioner Simpson felt that any just cause action taken by the Board to terminate the General Manager would be considered a controversy. As such, he thought Section H did not specifically state that arbitration should be restricted to whether or not there would be severance pay. He said Section H would allow Mr. Berggren to go to arbitration if he thought his discharge involved a controversy.

Mr. Berggren countered that the only reason he would go into arbitration would be that the Board decided to fire him for just cause and decided that it was not obligated to provide the severance pay.

President Farmer averred that the main purpose of this clause was to "stop people from suing each other." He said the only question, from his perspective, was whether the arbitration should be binding or not.

Commissioner Menegat underscored that in arbitration the parties were "not trying to work it out."

President Farmer said when making contracts he did not make the arbitration binding.

Mr. Berggren indicated he was comfortable either way.

Citing Section B, Commissioner Lanning averred that the subcommittee had not modified the pay formula based on local market. Ms. Meyers responded that the local market had never set the General Manager's salary. She said the Board had looked at it but had not used it as a metric. She stressed that staff and the sub-committee was trying to develop a structure to use to calibrate performance, recruitment, and retention to a real and understandable metric.

Commissioner Lanning remarked that it seemed that she was advocating for this position as the Director of Human Resources.

Mr. Berggren asked for clarification. Commissioner Lanning replied that when the Board set the percentile, they did not take into consideration salaries over \$100,000.

Mr. Berggren asked if Commissioner Lanning thought the salary should be based on a lower percentile. Commissioner Lanning responded that a lower percentile had not even been considered.

Ms. Meyers averred that when the salary survey had been changed, EWEB had positions that made over \$100,000. Commissioner Lanning reiterated his disagreement with having a 60th percentile or a 55th percentile that he considered delineation between different salary incomes. He said the whole system should be reviewed, including the community context for it.

Commissioner Menegat said the subcommittee sought something it could defend and this was why the American Public Power Association (APPA) data had been used. He related that the subcommittee felt that it was looking at a classification that was appropriate to consider on a nation-wide basis.

President Farmer asked if the language referring to the 55th percentile had been included in past contracts. Ms. Meyers affirmed that it had not. She said it was an attempt to codify past and present Board policy.

President Farmer asked Commissioner Lanning if he took issue with the inclusion of the percentile in the contract. He recalled that previously the Board had reviewed data and picked a number for the contract. Commissioner Lanning affirmed that he was uneasy with that.

President Farmer asked if Commissioner Lanning wished to remove the percentile and revert to "picking a number." Commissioner Lanning responded that the issue lay in what separated EWEB, as a public board was that there had to be a public process. He disagreed with how the data was used in this contract. He thought placing the language in the contract was to the benefit of the Human Resources Director and the General Manager but was not in the best interest of the public process and the Board. He reiterated that the Board had to be able to publicly defend its decisions, but did not think this should not be a piece of the contract.

Commissioner Simpson assured the Board that the language did not automatically adjust the salary.

Vice President Bishop thought there might be a way to clarify the language so that it could not be misinterpreted.

In response to a question from President Farmer, Ms. Meyers explained that base salary was the salary without any of the perquisites.

President Farmer said if the base salary was set to the 55th percentile, how could it not go up. Mr. Berggren replied that this was not his salary until the Board set the salary according to the merit process.

Commissioner Lanning believed that the language provided the General Manager with a salient argument that it set the base salary.

Commissioner Simpson disagreed. He said the language referred to the base salary range.

Mr. Berggren pointed to the last three sentences of Section E, which specified that the Board would have the discretion to approve or disapprove of the merit increase. He thought the language sought to clarify the mechanics of how the Board had established its comparative references and how it would update the salary schedule.

Commissioner Menegat suggested asking legal counsel for clarifying language.

President Farmer observed that if the issue was being debated to this extent in the meeting, then some clarifying language was necessary to indicate that a base salary was being set but that it did not drive an automatic increase.

Mr. Berggren suggested that the two sections cross-reference one another.

Commissioner Lanning felt that without the cross-reference the language could be confusing. He reiterated his discomfort at leaving the local factor out of the salary equation.

Mr. Berggren said after eight years of working without defined standards, he did not wish to include a local factor unless it was clearly defined. He wanted to attain more certainty through the contract.

Commissioner Simpson reminded the Board that the document was also intended to be a recruiting and marketing tool and the same predictability that Mr. Berggren was alluding to would serve this purpose.

Commissioner Simpson acknowledged that the local economy was not healthy. He was uncertain whether it should come into play and how it could be expressed in numbers.

Commissioner Lanning stressed that there was an inherent difference between the values of public and privately owned power. Ms. Meyers clarified that the comparators were in public power only.

Commissioner Simpson recommended that APPA be clearly spelled out in the contract, i.e. American Public Power Association.

Vice President Bishop expressed concern that the next to the last sentence of Section E, which dictated the effective date of any earned merit, would preclude retroactivity. Commissioner Simpson said the Board could vote on a retroactive raise and approve it.

Commissioner Menegat noted that in Board governance discussions, the Board was looking toward completing its tasks when they were supposed to be done. He said the subcommittee was looking to making the salary effective date April 1 of the year.

Vice President Bishop commented that the last sentence of Section E, which indicated that the Board should give its reasons if it would not award a merit increase, was "throwaway language." She wanted it stricken.

President Farmer commented that the annual review would provide that information.

Mr. Berggren said this would apply to a situation wherein he received a good evaluation but no merit increase. He thought it would be good to hear why in this situation.

Commissioner Menegat concurred. He said it would be appropriate to give reasons if no merit increase was given under those circumstances.

Commissioner Simpson indicated that he was amenable to striking the sentence, but he would prefer to retain it.

Ms. Smith pointed out that if this was not retained in the contract it could be part of Board policies, which would take it out of being contractual but would still obligate the Board to provide the General Manager with reasons for not giving a raise.

The Board indicated support for this suggestion.

Vice President Bishop asked why the car allowance was not given in cents per mile. Mr. Berggren replied that this was how it had been provided for eight years. Ms. Hince clarified that this was provided in lieu of providing a vehicle. She noted the previous General Manager had been provided a car.

Commissioner Simpson pointed out that the car allowance would be reviewed annually and in order to adjust it the contract would have to be changed.

Vice President Bishop commented that she did not take issue with the money, but if a new manager came in she would want to have the option to choose a different way to administer a transportation allowance.

Commissioner Simpson thanked staff for the redlined version of the contract. He said he found it very helpful.

Vice President Bishop was uncertain why the definition of 'just cause' was so comprehensive. Commissioner Menegat responded that the attorney had provided the wording. Ms. Meyers added that EWEB's attorney had reviewed contracts and found this language.

President Farmer remarked that the redlined version had made the changes very clear. He noted that Section F (4) had been changed to draw up a contract for future managers. He pointed out that this contract was with Mr. Berggren and suggested the first portion, which was more generic, be dropped.

Commissioner Menegat clarified that the 90 days termination clause was for termination for reasons other than the Public Employees Retirement System (PERS) changes that the second portion of (4) addressed. He pointed out that EWEB did not want to give Mr. Berggren the right to terminate his position with 30 days notice for any other reason as the utility would need as much time as it could get to fill the General Manager position.

President Farmer recognized the importance of the clause and rescinded his objection to it.

In response to a question from President Farmer, Ms. Meyers explained that she had determined the quintiles for salary structure from the APPA data. She related that she had asked the APPA for comparators based on revenue and customer size and had come with a list of 26. She said within the 26, EWEB ranked 6th in revenue and 14th in customer size and within those 26 the mean salary for a General Manager was \$176,000. She took the data provided to gain a median between the highest and lowest salary and to determine the 55th percentile.

President Farmer asked how the salary had gotten from the third to the fifth quintile. Mr. Berggren responded that this was the in-house range designation.

In response to a follow-up question from President Farmer, Ms. Meyers stated that the high-end of the fifth quintile, \$209,963, was not a survey-based number.

Ms. Meyers indicated that she would take the draft and make the agreed upon changes and clarify some of the language. She said she would have Win Calkins, EWEB legal counsel, review it. She asked the Board to convey whether the basic underpinnings for the salary range were okay.

President Farmer said from his perspective the answer was yes. Nonetheless he wanted to ensure that it was marketed so that it was clear that they were combining two parts of an existing salary. He averred that he did not want to read in the morning newspaper that the General Manager's salary had leapt by \$30,000.

Vice President Bishop supported the salary amount.

Mr. Berggren said the contract would be on the agenda for action on December 6.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Vice President Bishop said she had wanted the Trojan Budget removed, but now felt her questions had been answered.

Vice President Bishop, seconded by Commissioner Menegat, moved approval of Consent Calendar Item (6), Trojan Budget Approval. The motion passed unanimously, 5:0.

Vice President Bishop indicated that she had pulled Items 3 and 4 from the Consent Calendar because she did not believe such decisions should be made on the Consent Calendar. She said she would abstain from voting on these items.

Commissioner Menegat, seconded by Commissioner Simpson, moved adoption of Consent Calendar Items 3 and 4, giving approval to Habitat Enhancement Funds according to Articles 412 and 413 of the Federal Energy Regulation Commission (FERC).

Commissioner Lanning asked Vice President Bishop if she had spoken with lead staff person, Suzanne Pearce. Vice President Bishop responded that she had not done so because of time constraints.

Vice President Bishop asserted that this vote would commit EWEB to 20 years of work and merited more discussion.

Mr. Berggren pointed out that these were FERC license requirements.

Vice President Bishop averred that she had not had the opportunity to be educated about what was involved. Mr. Berggren responded that this work was being brought to the Board periodically as the Carmen-Smith relicensing work unfolded.

President Farmer shared some of the same concerns as Vice President Bishop, but after having read the detailed explanation for both items he felt comfortable with them. He opined that EWEB was being asked to mitigate problems that he was uncertain the dam was causing. He said nonetheless it moved EWEB steps closer to getting its license reissued for the facility.

Compliance Manager Suzanne Pearce explained that Article 412 was originally a gravel augmentation license and staff had much concern in this regard. She related that staff had negotiated to make it more of a habitat enhancement license through an amendment process. She said in terms of how the funds would be spent, it would be better to spend it on enhancement. She added that staff had also negotiated hard to reduce the amount that was to be spent.

Mr. Wiley clarified that staff had monitoring to do to ensure the projects were appropriate. He stated that the agreement was for five years subject to renewal at that time. He said while EWEB had a 20-year agreement with FERC, this commitment was for five years at which time there would be a choice to renew.

Vice President Bishop asked if there were other instances wherein watershed councils were doing the work required by FERC. Mr. Berggren replied that one would be hard-pressed to gain data on this, though watershed councils proliferated in Oregon.

Vice President Bishop asked where the project committee would be selected. Ms. Pearce responded that this was not established yet, but there would be at least one or two people from EWEB sitting on it.

In response to another question from Vice President Bishop, Ms. Pearce affirmed that the money was being called a grant in order to allow for the possibility of matching funds. She stressed that there were a number of checks and balances in place to ensure that the agreement would move toward fruition. She reiterated that EWEB had the ability to terminate the agreement.

President Farmer remarked that he saw this as the cost of doing business. He called for the vote.

The motion passed, 4:0:1; Vice President Bishop abstaining.

President Farmer adjourned the meeting at 10:14 p.m.

Assistant Secretary

President