

**EUGENE WATER & ELECTRIC BOARD
2017 STRATEGIC PLANNING
WORK SESSION MINUTES
EWEB BOARD ROOM
500 E 4TH AVENUE
MAY 16, 2017
8:00 a.m.**

Commissioners Present: Dick Helgeson, President; John Brown, Vice President; John Simpson, Sonya Carlson, Steve Mital Commissioners

Absent: None

Others Present: Frank Lawson, General Manager, Erin Erben, Chief Customer Officer, Chris Jones, Project Manager, Mel Damewood, Chief Engineering & Operations Officer, Mike McCann, Electric & Generation Operations Manager.

Strategic Work Session Introduction

The EWEB 2017 Strategic Planning Work Session convened at 8:02 a.m.

Mr. Lawson gave a review of the agenda. He explained the meeting was meant as an interactive session to find strategic lenses for decisions made over the next 10-12 years. He said the goal was to have the new strategic plan completed by July 2017.

Mr. Helgeson cautioned against attempting to find commonality, but instead find each commissioner's point of view.

Mr. Lawson agreed and said they would be observing how much alignment or contentiousness existed for a given topic.

Mr. Brown said he would like up to three weeks to get feedback from constituents.

Mr. Mital and Ms. Carlson arrived at 8:05.

EWEB's Strategic Plan & General Vision for the Future of EWEB

Mr. Lawson gave an overview of the objectives, noting the Strategic Plan should inspire alignment in the organization. He gave an overview of the important decisions that were to be made surrounding the electric resource portfolio, resiliency and emergency preparedness. He explained that the decisions made in the electric portfolio between 2020-2026 would account for \$100 million a year and \$1.5-2 billion over the next 10 to 12-year period. He gave an overview of the strategic phases:

1. Customer Confidence
2. Create Consumption Flexibility
3. Synchronizing Source/Consumption (Resiliency & Resources)

He shared customer feedback showed top concerns were drinking water quality, reliability and protection; electric service delivery and outage restoration; and efforts to control costs. The qualitative feedback also showed that customers believed emergency preparedness was already being done.

Ms. Carlson voiced she liked the prioritization of building customer confidence and the order of the phases. She asked how the customer feedback was collected.

Mr. Lawson shared there were several ways feedback was collected, and was mostly done online along with some qualitative sit down discussions. The survey results reflected 300-400 randomly selected surveys.

Mr. Mital said he appreciated the focus on affordability. He said he did not feel “new product acceptance” was necessary in the strategic proposal.

Mr. Helgeson recommended continuing to improve customer satisfaction and to account for uncertainty in customer satisfaction pertaining to long-term resource decisions, specifically noting a gap between commercial and residential satisfaction.

Mr. Lawson said the hope was to move towards a culture of sustainability and flexibility in the organization.

Mr. Brown concurred with Mr. Helgeson’s comments. He said he hoped to address inefficient energy distribution in lower income rentals. He said he did not believe a PR campaign would raise customer value, but they would have to focus on action. He said he liked the “new product acceptance” phase.

Mr. Simpson observed there was a large gap between satisfaction and importance, and posited that with any supplier-consumer relationship there would be a gap, and recommended looking at the gap relatively. He voiced concern that the time frame was too long. He encouraged developing good will. He wondered if efforts to increase value was as important to the customer as increasing cost efficiency.

Mr. Mital voiced concern on the unhappiness towards EWEB from commercial and trades costumers. He said he felt solar was a distraction and would not be worth it for customers unless it was heavily subsidized, noting it cost \$10,000-15,000 for a customer to install a system in their home.

Mr. Lawson said the strategic plan would inform difficult strategic decisions such as solar.

Mr. Helgeson noted there could be a gap between their strategic decisions and community interest, specifically surrounding solar, and recommended they find a way to manage the gap.

Mr. Lawson said they lived in a passionate community, but noted they could not accomplish all the desires of the community if they wanted to do it well.

Mr. Brown noted they always ran the risk of making unpopular decisions, and suggested they focus on the top priorities as were shown in the customer surveys.

Strategic Priorities, Affordability and Trade-offs (Decision Tools)

Mr. Lawson reviewed the priorities for increasing customer value. They were as follows by level of priority: safety (quality); reliability, cost, and responsiveness. He reviewed the decision comparison tool. He used the Walterville Generation Curtailment project to demonstrate the tool.

Mr. Brown said he appreciated the tool and would like to apply it to topics such as low-income assistance.

Mr. Lawson added that the tool helped address downsides of options.

Mr. Helgeson noted he would like more information on environmental benefits and implications on current licensing. He said although he believed rates were affordable, 20% of customers struggled to pay their bills and low income assistance was one of the best tools they had to address affordability.

Mr. Mital said the tool needed a description of how a given benefit was spread out amongst the public.

Ms. Carlson said it was unclear to her which piece (cost effectiveness or customer satisfaction) would be prioritized.

Mr. Helgeson emphasized that the most important thing to do was to become more efficient and effective as an organization.

Mr. Lawson said his intention was to bring alignment through the entire organization. He said they did not want to only cover base level needs, but make strategic decisions, which required strategic alignment.

Mr. Brown shared he had been through the process of cutting conservation and various social programs, and there was a great outcry. He said it was important to remain consistent especially knowing that costs were increasing.

Mr. Simpson said he appreciated the legal footnotes that described the service mandates, emphasizing the importance of being aware of what service they had to deliver and what was extra. He said although the board said to put customer service between 7-9, staff circled 7. He voiced concern that the distillation of the board's direction may be biased towards the status quo.

Mr. Lawson said he felt the discussion pointed towards the importance of having a strategic plan. He said it was a tough process because it forced them to decide what they would defend no matter what and what they were willing to sacrifice. He said customers had emphasized quality and reliability as the top priorities. He said the tool

would need to be able to address all concerns brought to them by the community, or else the tool would not be useful.

Mr. Mital said he thought the process was valuable, noting that the University of Oregon came up with three priorities that sent a strong signal throughout the organization.

Mr. Helgeson clarified he believed there were multiple opportunities to improve value and reduce costs, while still maintaining quantity levels, and where possible, improve quality. He said the service gaps were not exclusive to the commercial sector, noting he had experiences where it took up to two weeks to get simple things resolved.

Ms. Carlson said she would like to explicitly agree on priorities.

AMI Strategic Discussion and Major Project Update

Erin Erben said most of the testing for AMI was complete. She said there were seven towers for connectivity, 750-800 meters installed, and 109 meters with the radio turned on as part of the trials. She said they would soon be ready to take on more customers. She said detecting water leaks was a service customers wanted offered.

Chris Jones said the water meters worked and billed correctly. He said they were closing in on the initial deployment of the computer systems and integrations that were required. He said the meter had a high temperature detection that would send an alert to the computer system, and when it reached the second threshold, the circuit breaker within the meter would disconnect the service automatically.

Ms. Erben said the field trials showed progress towards completion. She said 626 customers opted in and 144 opted out. She said they were still doing tests on their outage detection system and were hoping to offer full services by next storm season. She said there were around 10,000 remote read meters, and hoped to begin using the new technology on them. She reviewed the opt-in and opt-out options. She said some of the nuances were defined in the customer service policy that would be going for review and approval at the next board meeting. She said if affordability was prioritized as one of the strategic objectives, it was more affordable to roll out the program as an opt-out approach. She said main concerns customers had were safety and privacy, which could be resolved with an opt-in approach.

Mr. Mital noted they were told to expect a 10% change in how the meters read consumption rates. He asked if this was still correct.

Mr. Jones said they believed some old meters ran slowly which would give those customers free electricity. He said the assumption was their bills would become more accurate, resulting in a bill increase, if their old meter was replaced.

Mr. Mital asked how much of a customer base they had to have for the project to pay off.

Ms. Erben responded that a 25% customer participation would offer significant economic potential.

Mr. Jones said they would be reviewing the business case that year.

Mr. Simpson asked if AMI meters were skipped during manual rounds and how they would structure reading for those who opted-out.

Ms. Erben said the current plan was to continue the existing meter routes. She said once they reached a certain critical mass they would change routes.

Mr. Simpson asked if the selected meters would support home area network services.

Mr. Jones said the meters had the technology to allow the meter to talk to devices within the home, however, the feature had been deferred.

Mr. Brown asked how many customer objections there had been to the opt-out option.

Ms. Erben said 144 customers had opted out so far. She said there was growing favorability (60-70%) for the project.

Mr. Jones shared information on a presentation given by the City of Fort Collins on how their generous opt-out program and community out-reach process allowed for a great decrease in concerned customers. He said he would try to get the presentation to share.

Mr. Helgeson said he would be willing to entertain the opt-out option once they had better clarity. He said they needed to make sure they gave customers a legitimate opportunity to consider the options. He said if they went with the opt-out option, they not undermine the concessions they had made earlier in the process.

Mr. Mital asked if they were going to expand the project up-river.

Mr. Lawson noted it was not in the capital plan to expand, since it would require a significant number of towers to cover the territory. He noted if they changed to opt-out it would change the capital plan significantly.

Ms. Carlson said if they made a new strategic vision that changed the course of previous decisions, they needed to communicate well with the public.

Mr. Simpson said he was in support of reversing the opt-in decision for the entire customer base. He said he felt customers were already on board for grid modernization. He encouraged making decisions in support of their customers.

Mr. Brown said he wanted to see economic metrics between the options.

Ms. Erben noted it would take several months to collect the data and they would do so if they were seriously considering a change.

Mr. Lawson said if they were truly contemplating a change of approach, they needed to understand the implications and have a better understanding of the choices. He said in terms of AMI, they could find an option in between opt-in and opt-out. He said it had to be more about the products and services than the technology.

Mr. Helgeson said they should clearly mark the transition to the public and not re-open decisions that had already been made.

Ms. Carlson noted the community had a negative view of AMI, and encouraged addressing those views. She said to her the biggest benefits of AMI was reliability and quality.

Mr. Lawson said the rate of deployment would dictate which products and services were available. If they wanted to use it for outage management, they had to have a certain level of penetration. He said in the near term, for commercial or time of use services, opt-in made sense.

Mr. Helgeson said they were convinced that in some time frame, the technology was needed. He said the question at hand was strategy. He said they needed to articulate reasoning.

Mr. Mital said they would like more information of the options.

Ms. Carlson said she would like to see the Fort Collins study to inform them as they went with the opt-out option to respect the voices of the community that had voiced concern.

The EWEB 2017 Strategic Planning committee recessed for a 15-minute break.

Alternative Water Source Strategic Discussion

The EWEB 2017 Strategic Planning committee reconvened at 10:45 a.m.

Mr. Damewood said they were in a good position for the Willamette Water Treatment plant and they had to decide if they should go forward and borrow \$70 million to complete the project. The options discussed were as follows:

- 1) Construct Willamette Water Treatment Facility
- 2) Emergency only water supplies
- 3) Interties with other regional water supplies

He noted the options were not mutually exclusive.

Mr. Damewood reviewed the social, environmental and economic impact of each of the water source alternatives.

He said the winter time demand for both commercial and residents was 60 million gallons of water a day (MGD). He said the only option that was consistent with the Oregon Resilience Plan was the Willamette Water Treatment plant.

He explained that an emergency water supply had to service 300,000 gallons a day minimally, which was expected to be delivered by hand, 2-3 gallons a day per person. He said it required a high degree of volunteers and staff personnel. He said they would collaborate with school districts to act as emergency centers where water would be supplied. He said even if they had two water sources, the distribution line could be demolished, which was another part of the water reliability initiative that needed to be worked on. He said this emergency supply would not provide water for businesses.

Mr. Damewood said it was a possibility to defer the Willamette Water Treatment plant to focus on one of the other initiatives.

Mr. Lawson shared the SUB board provided direction to pursue their own plant.

Mr. Brown asked if they could pull the water out of North Wellfield and the other capped wells.

Mr. Damewood said the type 1 and type 2 capital plans addressed reservoirs, pump stations and an additional transmission.

Mr. Brown asked if SUB's plant would affect their operations at Walterville.

Mr. Damewood replied they were probably only drawing 2 CFSs.

Mr. Brown encouraged making sure they had access to the wells and get portable chlorination.

Mr. Simpson said he liked the distributed wells idea with the assurance that the water would be pressurized and cleansed. He emphasized the necessity for volunteer training and a plan that included drills.

Mr. Damewood clarified that the life-sustaining two gallons per person a day equaled 300,000 gallons a day. He said they would have thousands of breaks along the service line and would take three months to repair.

Mr. Simpson estimated that \$70 million could be distributed by \$435 per person, saying it seemed reasonable for the ultimate benefit it would provide.

Mr. Helgeson encouraged revisiting some of the vulnerabilities that they would face. He said there was risk with a water source that was not diversified. He said he did not know

if building a plant was the best option when they did not have a distribution system to hold the water. He said he did not want to depend solely on Hayden Bridge.

Mr. Mital noted he had not heard of the wells and wondered why they had not been factored in. He said they were operating at less than full information, which was disappointing. He said he was in favor of prioritizing the idea of the distributed emergency water system in cooperation with 4J. He noted it was too big of a decision to make in the next few months and needed more time to investigate the various options more thoroughly. He said staff was pushing hard for the Willamette plant without disclosing all the needed information, and said it needed to come to an end.

Ms. Carlson asked if there was back up for Hayden Bridge if they had to do maintenance. She asked what scenarios would call for the plant to be shut down.

Mr. Damewood shared they could shut down up to half of the plant for maintenance repairs. He said electrical issues could cause a need for the plant to shut down.

Ms. Carlson noted it would not be possible to sustain businesses after a Cascadia event due to infrastructure issues, and said they could not entirely blame EWEB. She said the goal was to help the public survive during the three-month period. She encouraged getting the redundancy that Hayden Bridge needed and to look at the wells distributed throughout the region. She noted there would be islands that people would be stuck on and distribution through pipes would not be possible. She said she would rather have LifeStraw and water buckets available at the various systems than relying on a large distribution system. She said the \$70 million debt for the plant would limit their flexibility after a Cascadia event.

Mr. Lawson said they needed to look at different scenarios and decide what the best options were for the multiple scenarios. He said it would likely require a combination of partners.

Mr. Damewood noted the emergency water plan outlined wells distributed across the region for emergency water. He said they had to look at the local service requirements under those conditions. Since 2012, there had been a level of service discussion that set staff to plan for a water supply that met winter-time demands.

Mr. Simpson noted one of the risks was the integrity of the transmission line. He said although laying down a third pipe along the corridor could be less expensive, it did not create additional resilience or offer business opportunities.

Mr. Brown referred to the earthquake in Anchorage, noting there were many variables for survival.

Mr. Helgeson encouraged a scenario reassessment. He said he felt the biggest challenge for water in an emergency was the distribution system. He said if they were

trying to address an earthquake scenario, he did not know if \$70 million on a treatment plant was the most immediate solution.

Mr. Mital noted that the second option covered many of the lesser scenarios.

Mr. Helgeson emphasized that the public needed to know the drill before the emergency.

Mr. Lawson noted they needed a good relationship and communications program with customers on what service levels were expected for each scenario.

Mr. Helgeson said many felt their greatest vulnerability was a Cascadia event.

Ms. Carlson asked how the level of service was determined.

Mr. Damewood said 16 MGD, which was the winter time water at base, was the level of service that was being planned for. He said they needed direction if the expected level of service was different.

Ms. Carlson noted 16 MGD was not the minimum amount for a life sustaining scenario.

Mr. Brown said even if they paid the \$70 million, they still do not have a solution for the three-month delay. He said he felt more comfortable coming up with a short-term solution before establishing the \$70 million system.

Carmen Smith Strategic Discussion

Mike McCann said they were at the cusp of getting a license. He asked if they wanted to revisit implementing the license for Carmen Smith. He said once the licensing came, they would begin the project that would span over 10 years.

Mr. Brown said he felt that implementing the license and retaining the project was the only option.

Mr. Simpson and Ms. Carlson agreed with Mr. Brown.

Mr. Mital said Option C was not an option and Option B could be up for discussion at a later date.

Mr. Helgeson felt they were committed to implementing the license and retaining the project. He said they could always sell it later in a better market.

Mr. Lawson said staff were ready to go ahead with Option A. He noted their presence on the McKenzie was incredibly valuable and the value of the asset had the potential to increase over time.

Wrap up and Next Steps

Mr. Lawson thanked those for being there saying he appreciated the feedback. He expected further debate to refine strategies.

Mr. Simpson said he felt the discussion was positive. He recommended a more moderated process.

Mr. Brown said he would like assistance from staff on how to communicate the information to his constituents. He said it was his job to reflect their values.

Mr. Helgeson said they had a different kind of conversation than was typically had in board meetings, and hoped they would continue to have the opportunity for positive dialogue.

Mr. Mital said he hoped to make the best decision on behalf of those he was representing. He recommended 4-5 years with no rate increases.

Ms. Carlson said she wanted to go out to the public and build trust and share the decision-making process at neighborhood meetings. She said she would like to see several options for the strategic plan. She said she would like to be able to communicate effectively on how the large decisions made fit into the affordability and customer service perspectives.

Mr. Lawson said he intended to wrestle through what he had heard, bring it back to the board for discussion in June, and likely approve a strategy in July. He said it was intended to make consistent decisions to avoid a lack of trust in the organization and to build credibility in the market place.

Mr. Helgeson said he was for making the organization focused on affordability and finding every efficiency possible. He said he stood in a place of trust and hoped to discover other narratives for context other than changes in median income percentages.

Mr. Lawson said the idea behind affordability was to recognize the characteristic of the community, which led to a budgetary target of \$15 million. He said it was significant enough that they had to reevaluate the entire organization and eventually return some of that value to customers at a level that was noticeable.

Mr. Brown noted that some cost increases were not due to EWEB although it was reflected in the EWEB bill.

Mr. Lawson said he did not want to put themselves in a position where they had no choice but to raise rates.

Mr. Simpson said he advocated for further visual separation of bills.

Ms. Carlson said she would like a broader conversation on policy changes to better customer services. She encouraged resilient and efficient projects that reached a greater number of people.

Mr. Lawson said they needed a tool to hold the organization accountable so that smaller items could be handled by staff and the board could focus on policy level issues. He emphasized that with issues pertaining to affordability, they focus on progress and not just the end goal. He reiterated he appreciated the feedback.

Adjourn

The EWEB 2017 Strategic Planning Work Session adjourned at 12:18 p.m.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
June 6, 2017
5:30 P.M.**

Commissioners Present: Dick Helgeson, President; Sonya Carlson, Steve Mital, John Simpson, Commissioners

Absent: John Brown, Vice President

Others Present: Aaron Balmer, Acting General Accounting & Treasury Supervisor; Greg Brownell, Portfolio Management Supervisor; Mel Damewood, Chief Engineering & Operations Officer; Erin Erben, Chief Customer Officer; Sue Fahey, Chief Financial Officer; Sarah Gorsegrner, Purchasing & Warehouse Supervisor; Kristen Langham, Communications Specialist; Frank Lawson, General Manager; Mike McCann, Electric & Generation Operations Manager; Will Price, Resource Analyst

President Helgeson called the Regular Session to order at 5:30 p.m.

Agenda Check

There were no changes to the Agenda

Items from Board Members and General Manager

- Commissioner Mital is looking forward to touring the Harvest Wind facility and Columbia Generating Station (CGS) plant with Commissioners Carlson and Simpson.
- Commissioner Simpson noted that the joint meeting with city councilors was cancelled due to their workload. Commissioner Simpson appreciates staff's offer to support commissioners meeting one on one with city councilors and plans to take up the offer.
- Commissioner Carlson attended the Lane County Resiliency Summit which focused on stress and the affects it has on people during crisis. The summit was a first step in looking at toxic stress and ways our community can address it. Ms. Carlson will also attend the Solar Challenge this Saturday.
- Mr. Lawson reported that EWEB was awarded a \$3.5M FEMA grant to aid with costs incurred during the ice storm, and had applied for an additional \$2 million for underground preventative maintenance needs. He reported that he had spoken with the Springfield Utility Board (SUB), and their General Manager, and there were two salient items that would be mutually beneficial for EWEB and SUB: 1) both utilities are very interested in a joint water treatment plant on the Willamette River, and 2) looking at resiliency from a more southern Willamette Valley perspective.

Public Input

Joe Moll of Eugene and the McKenzie River Trust (MRT), thanked EWEB and the Board for their efforts and grant matching for the long term stewardship and restoration of the McKenzie.

Jared Weybright of Eugene and the McKenzie Watershed Council (MWC), thanked EWEB for their long term commitment to and support of the MWC. He reported that the MWC planned to do all of their landowner outreach, and restoration work, through the Pure Water Partners program. Mr. Weybright also shared that he had recently taken on the role of Executive Director of the MWC.

Tim Whitley of Eugene thanked EWEB and the Board for their dedication to the 4J school district through the EWEB grant program. He announced that the annual Solar Challenge would be held at Cal Young on Saturday, June 10.

Commissioner Simpson thanked Mr. Moll for his work upriver. He congratulated Mr. Weybright on his recent appointment to Executive Director of the MWC.

Commissioner Mital offered that organizations such as the MRT, the MWC, and 4J were great examples of organizations that EWEB should be partnering with. He congratulated Mr. Weybright on his appointment to Executive Director of the MWC.

BOARD ACTION ITEMS

Approval of Consent Calendar

MINUTES

1. May 2, 2017 Regular Session

CONTRACTS

2. **CenturyLink** - for the purchase of Telephony Services. \$510,000 (over 3 years). Contact Person is Matt Barton 541-685-7109.
3. **Foster Pepper PLLC** - for Bond Counsel Services. \$500,000 (over 5 years). Contact Person is Sue Fahey 541-685-7688.
4. **General Pacific Inc.** - for the purchase of Duraline Futurepath HDPE Microduct. \$180,000 (over 5 years). Contact Person is Mel Damewood 541-685-7145.
5. **HD Fowler Company** - for Resilient Wedge Gate & Butterfly Valves. \$570,000 (over 5 years). Contact Person is Brad Taylor 541-685-7385.

6. **HDR Engineering, Inc.** - for Miscellaneous Hydraulic Modeling Services. \$500,000 (over 5 years). Contact Person is Rod Price 541-685-7122.

7. **S & C Electric Company** - for the purchase of Automatic Transfer Switches. \$300,000 (over 5 years). Contact Person is Mel Damewood 541-685-7145.

8. **Wildish Building Company** - for Construction Services for the replacement of Hoist Frames - Carmen Diversion. \$120,000. Contact Person is Mel Damewood 541-685-7145.

RESOLUTIONS

9. **Resolution No. 1706** - Update to EWEB Public Contracting Rule 2-0150 and Board Policy EL2, Purchasing Controls. Contact Person is Sue Fahey 541-685-7688.

10. **Resolution No. 1711** - Financial Policies Update. Contact Person is Sue Fahey 541-685-7688.

11. **Resolution No. 1713** - Revision to Customer Services Policy - All Utilities document. Contact Person is Erin Erben 541-685-7615.

Items Removed from Consent Calendar

Commissioner Mital wished to pull number 6 from the Consent Calendar.

Commissioner Simpson moved to approve the Consent Calendar without number 6. The motion carried unanimously 4:0.

Commissioner Mital was confused as to the language of contract with HDR Engineering; he stated that it read that HDR was the highest bidder, when they were in fact the only bidder.

Mr. Lawson stated there was extensive work done to ensure that any firm with which EWEB would be contracting with—in this case HDR Engineering—had rates commensurate with the going rates in that contractor's field.

Mr. Damewood clarified that, in the QBS process, according to State Law, EWEB (or any entity seeking contract work from an outside source) can only ask for prices and scope of work information from the highest, most qualified bidder.

Commissioner Mital moved to approve #6 on the Consent Calendar. The motion carried unanimously 4:0.

Commissioner Mital asked for clarification about the inclusion of settlement agreements in a list of exemptions within Resolution No. 1706.

Ms. Gorsegner clarified that "settlement agreements" referred to any possible claims that could be made against EWEB by members of the public.

Ms. Fahey further clarified that settlement agreements have the potential to include any litigants' personal information, and that EWEB did not want to be responsible for releasing personal information.

Commissioner Mital asked if there was a threshold for settlements at which EWEB staff would be inclined to involve the Board of Commissioners, or was it totally at staff's discretion which to bring to the Board and which to not.

Ms. Fahey responded that Staff has discretion in the aforementioned, but if the Board would like to be consulted on any and all settlements, staff would be happy to oblige.

Commissioner Simpson moved to retract Board approval of Resolution No. 1706. The motion carried unanimously 4:0.

Resolution No. 1710, Highest and Best Use of Reserves

Mr. Balmer offered the Board a report on Resolution No. 1710.

Commissioner Mital expressed concern about previous rate increases supposedly to fund Alternative Water Source (AWS) projects; he said that EWEB has a commitment to apply capital from raised rates to what the utility had previously said the raised rates were to fund.

Ms. Fahey said that the balance of the AWS does include the 3% first approved by the Board. She added that the 3% is added every month, so it's not considered a transfer.

Commissioner Mital suggested going back to the audio of the Board meetings that took place in November and December of 2015, to further clarify the issue.

Commissioner Carlson asked if the Board were to approve Resolution No. 1706, would it positively affect EWEB's borrowing capabilities.

Ms. Fahey said it would.

Commissioner Mital moved to adopt Resolution No. 1710. The motion carried unanimously 4:0.

Resolution No. 1712, Bond Authorization

Ms. Fahey offered the Board a report on Resolution No. 1712

Commissioner Mital asked if there was a shelf life on the Public Notice.

Ms. Fahey answered there was not.

Commissioner Mital wondered if it was normal for the utility to issue a Public Notice for something that won't be implemented for years to come.

Ms. Fahey said that it was not unusual when it was one single project.

Commissioner Simpson asked if it would take a petition and/or a fixed number of people to file a complaint against the Resolution.

Ms. Fahey replied she believed it would take 5% of the city residents to file a complaint.

Commissioner Carlson asked why EWEB would ask for the full \$80 million, when only \$40 million would be released to the public this autumn.

Ms. Fahey responded that EWEB would likely need to issue another \$40 million in 2021.

Commissioner Mital wondered if by asking for the entire \$80 million up front would that limit the City of Eugene's ability to issue debts for future projects.

Ms. Fahey answered that it would not.

Commissioner Simpson moved to adopt Resolution No. 1712. The motion carried unanimously 4:0.

2017 Annual Integrated Electric Resource Plan (IERP) Update

Mr. Brownell offered the Board an update and Power Point presentation on the annual IERP.

Commissioner Carlson asked exactly how long on power are we?

Ms. Erben responded 100 MW.

Commissioner Carlson asked if the model presented took into account severities such as weather spikes.

Ms. Erben said it did.

Commissioner Carlson asked what would happen to EWEB's rates if the Bonneville Power Administration (BPA) was to join surrounding markets.

Ms. Erben said that—due to its complexity and denseness— that question would be better addressed on its own.

Commissioner Simpson asked if the Grid-Edge Project would feature energy storage, and if so, how much energy could be stored in kilowatt hours (kWh).

Ms. Erben said it did feature energy storage, and the amounts would vary.

President Helgeson wondered if EWEB had the modeling capability necessary to accurately forecast the utility's fiscal future.

Mr. Price said EWEB does indeed have that capability.

Break

President Helgeson called for a break at 7:14 p.m.

Quarterly Customer Satisfaction & Engagement Dashboard

Ms. Langham offered the Board a report and Power Point presentation on the Customer Satisfaction & Engagement Dashboard.

Commissioner Simpson asked if EWEB ever made contractor recommendations to its customers.

Ms. Erben said no.

Commissioner Simpson asked if a carbon tax would raise retail rates for natural gas?

Ms. Erben said it would.

Commissioner Mital observed that where there exists road construction, there also exists an opportunity to install natural gas infrastructure, so it makes sense for natural gas companies to put door hangers on homes adjacent to said construction. He offered that EWEB also put door hangers on these homes; he opined that EWEB should not be afraid of competition.

Commissioner Mital asked about survey response rates.

Ms. Langham said that response rates were originally included in the report, but were omitted. She said she could follow up later with the aforementioned response rates.

Strategic Plan Update

Mr. Lawson offered the Board an update and Power Point Presentation on the Strategic Plan Update.

President Helgeson was concerned about the lack of emphasis on exemplary customer service in EWEB's Value Statement.

Commissioner Carlson suggested that Market Share should have its own section in the Strategic Plan.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report on Correspondence and Board Agendas.

Commissioner Mital announced that he would like to queue up a discussion on EWEB's goals surrounding community investment.

Board Wrap Up

President Helgeson said that he was very pleased with the meeting, and the sitting Board itself.

Adjournment

President Helgeson adjourned the Regular Session at 9:02 p.m.

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with **Moss Adams LLP** for Audit Services.

Board Meeting Date: July 11, 2017

Project Name/Contract#: Audit Services / RFP 022-2017

Primary Contact: Sue Fahey Ext. 7688

Purchasing Contact: Ramie Alkire Ext. 7413

Contract Amount:

Original Contract Amount: \$ 670,000 (Over 5 years)

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$ 670,000

Resulting Cumulative Total: \$ 670,000

Contracting Method:

Method of Solicitation: Formal RFP

If applicable, basis for exemption: N/A

Term of Agreement: July 11, 2017 – July 10, 2022

Option to Renew? Annually up to 5 years

Approval for purchases "as needed" for the life of the contract Yes

Proposals/Bids Received (Range): 1 (\$670,000)

Selection Basis: Responsive, Responsible Proposer

The Board is being asked to approve a new contract with **Moss Adams LLP** for audit services. Moss Adams is based in Seattle, Washington, and will perform the work for the audit services contract from their Portland, and Eugene, Oregon offices.

EWEB is required to have annual financial audits, audits related to the receipt of federal funds, and audits of the EWEB Retirement Benefits Trust (the Trust). Audit services include planning meetings with the Board, communication of internal control issues, technical consultation with finance staff, and review of bond offering documents. In addition to audit services, the audit firm may provide consulting, training, and other agreed upon procedures, at rates determined based upon the project.

In April 2017, EWEB issued a Formal Request for Proposals (RFP) for audit services and sent the solicitation to ten audit firms known to have at least some utility and municipal audit experience. EWEB received two proposals, one proposer was not on the municipal audit roster list and therefore did not meet minimum qualifications. Audit firms specializing in the utility industry are limited. The fact that EWEB is a municipal agency requires further specialization. Another local utility recently experienced the same audit RFP response rate. The proposal from Moss Adams was deemed to be responsive, and was reviewed based on the RFP selection criteria which included: audit firm and staff qualifications, audit approach, references, fees, and other services available. Staff has successfully negotiated a scope of work and fee schedule, and has issued a Notice of Intent to Award to Moss Adams, pending Board approval.

The financial audit fee schedule represents a decrease of approximately 12% from the 2016 audit fees. If approved, Moss Adams will be retained for audit services for a period of five years, with fees for services of approximately \$670,000 over the term of the contract, not including any negotiated additional services.

ACTION REQUESTED:

Management requests the Board approve a new price agreement with **Moss Adams LLP** of Seattle, WA for audit services and other agreed upon procedures on an as needed basis. Funds for these services were budgeted for 2017 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Purchasing Supervisor: _____

Executive Officer: _____

Board Approval Date: _____



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson
FROM: Sue Fahey, Chief Financial Officer; Aaron Balmer, Interim Accounting Supervisor
DATE: June 27, 2017
SUBJECT: Resolution No. 1718 Requesting Electric Bond Sale Authorization
OBJECTIVE: Approval of Supplemental Bond Resolution No. 1718

Issue

Board approval is required to issue Electric Utility Revenue Bonds.

Background

At the June 6, 2017 Board meeting, Commissioners approved Resolution No. 1712 requesting City Council action on the issuance of Electric Utility Revenue Bonds. The City Council adopted Resolution No. 5201 at its June 26, 2017 meeting which authorized the sale of bonds not to exceed \$80 million for financing improvements relating to the relicensing of the Carmen-Smith Hydroelectric Project and other projects described in the Electric Capital Improvement Plan. The \$80 million authorization is projected to cover capital spending needs through 2024.

The Uniform Revenue Bond Act requires publishing a notice regarding the issuance of new bonds and allowing City of Eugene voters 60 days to file a petition with the City asking that the bond issuance be referred to a vote. The notice is scheduled to be published in The Register-Guard on June 28, 2017.

Resolution 1718 requests the approval to issue \$40 million of the \$80 million authorized. The Series 2017 Bonds are scheduled to be sold in September.

Recommendation/Requested Board Action

Management recommends and requests approval of Resolution No. 1718 authorizing the issuance, sale and delivery of Electric Utility System Revenue Bonds.

RESOLUTION NO. 1718
July 2017

SUPPLEMENTAL BOND RESOLUTION

A SUPPLEMENTAL BOND RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF ELECTRIC UTILITY SYSTEM REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$40,000,000 FOR THE PURPOSE OF FINANCING ELECTRIC UTILITY SYSTEM IMPROVEMENTS; AND PROVIDING FOR RELATED MATTERS

WHEREAS, ORS 287A.150 authorizes the City of Eugene (the “City”) to issue bonds payable solely from revenues generated by facilities, projects, utilities or systems owned or operated by the City; and the City, acting by and through the Eugene Water & Electric Board (“EWEB”), owns and operates an electric utility system and related facilities and systems;

WHEREAS, on June 16, 1986, EWEB adopted a resolution (the “Original Bond Resolution”) authorizing and providing for the issuance, from time to time, of City of Eugene, Oregon Electric Utility System Revenue Bonds to be equally and ratably secured by the pledge of revenues, funds and accounts thereunder;

WHEREAS, the Original Bond Resolution was amended and restated by Resolution No. 1624 (the “Bond Resolution”);

WHEREAS, this Supplemental Bond Resolution is intended to and does hereby supplement the Bond Resolution;

WHEREAS, the Bond Resolution provides in part that the principal of, premium, if any, and interest on the bonds issued thereunder shall not be payable from any funds of the City nor constitute a general obligation of the City or create a charge upon the tax revenues or any other property or revenues of the City;

WHEREAS, by Resolution No. 1712, EWEB has determined that it is in the best interest of the City, acting by and through EWEB, to provide funds for the purpose of financing the licensing, design, construction installation and equipping of certain capital improvements relating to the relicensing of the Carmen-Smith Hydroelectric Project and other projects described in the Electric Capital Improvement Plan (the “Project”), fund necessary reserves and pay the costs of issuance of the bonds;

WHEREAS, by Resolution No. 1712, EWEB requested that the City Council adopt a resolution in part to authorize and set the terms for the issuance of electric utility system revenue bonds in the aggregate principal amount of not to exceed \$80,000,000 to finance the Project;

WHEREAS, by Resolution No. 1712, EWEB requested that the City Council adopt a resolution in part to authorize the publication of the Notice of Revenue Bond Authorization, and pursuant to the City’s Resolution No. 5201, adopted on June 26, 2017 (the “City Resolution”), the City acting by and through EWEB, caused the Notice to be published in *The Register-Guard*,

Eugene, Oregon, a newspaper of general circulation within the boundaries of the County, in the same manner as are other public notices of the City;

WHEREAS, by the City Resolution, the City Council authorized EWEB, on behalf of the City, to issue and sell the electric utility system revenue bonds in one or more series (including the “Series 2017 Bonds”), in the aggregate principal amount of not to exceed \$80,000,000, for the sole purpose of financing the Project, subject to the restrictions that each series of bonds (i) mature not later than 30 years from the date of issuance of such series; (ii) be sold through public competitive sale and awarded to the bidder offering the most favorable terms to EWEB, on behalf of the City, or sold pursuant to negotiation at par or with a net original issue discount or premium that does not exceed 20% of the aggregate principal amount thereof; and (iii) have an effective interest rate of not to exceed 6% per annum;

WHEREAS, on June 28, 2017, the Notice of Revenue Bond Authorization was published in *The Register-Guard*, a newspaper of general circulation within the geographical boundaries of the City, and 60 days elapsed since the publication of such Notice, and fewer than 5% of the voters residing within the geographical boundaries of the City filed a petition with the City asking to have the question of whether to issue the electric utility system revenue bonds in the aggregate principal amount of not to exceed \$80,000,000 referred to a vote;

WHEREAS, pursuant to the City Resolution and ORS 287A.300, the City Council authorized EWEB, or any individual designated by EWEB, to determine, with respect to the Series 2017 Bonds the form of bond and series designation, the manner of disbursement of proceeds of the Series 2017 Bonds, the maturity dates, principal amounts, redemption provisions, interest rates or the method for determining a variable or adjustable interest rate, obtain bond insurance or some other form of guaranty or security for the payment of the Series 2017 Bonds, denominations, form and authorized signatory, and other terms and conditions of the Series 2017 Bonds, subject to the requirement that prior to the issuance of any Series 2017 Bonds, EWEB shall (i) prepare a plan showing that the estimated Electric Utility System revenues are sufficient to pay the estimated debt service on the Series 2017 Bonds; (ii) provide a copy of this Supplemental Bond Resolution to the City; and (iii) provide to the City a resolution determining that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of the Series 2017 Bonds, exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Oregon, the Charter and ordinances of the City and the City Resolution;

WHEREAS, the foregoing actions and events enable EWEB to proceed with the issuance and sale of the Series 2017 Bonds without further authorization or approval other than that provided by this Supplemental Bond Resolution;

WHEREAS, the Series 2017 Bonds will not be general obligations of the City, nor a charge upon its tax revenues, but will be payable solely from revenues of the Electric Utility System, which EWEB pledges to the payment of the Series 2017 Bonds pursuant to ORS 287A.310 and ORS 287A.325 and the Bond Resolution; and

WHEREAS, EWEB has caused to be prepared a plan showing that EWEB's estimated Electric Utility System revenues are sufficient to pay the debt service on the Series 2017 Bonds as authorized by the City Resolution;

NOW, THEREFORE, BE IT FOUND, DETERMINED, ORDERED AND RESOLVED BY THE EUGENE WATER & ELECTRIC BOARD OF THE CITY OF EUGENE, OREGON, as follows:

SECTION 1. Findings. The improvements to the Electric Utility System identified in the City Resolution are eligible for financing in accordance with EWEB Resolution No. 1712 through the issuance of the Series 2017 Bonds.

SECTION 2. Definitions. Unless the context shall clearly indicate some other meaning, all words and terms used in this Supplemental Bond Resolution which are defined in the Bond Resolution shall for all purposes of this Supplemental Bond Resolution have the respective meanings given to them in the Bond Resolution.

SECTION 3. Series 2017 Bonds Authorized. The Series 2017 Bonds shall be issued in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple of \$5,000 and shall be numbered as determined by the Trustee. The Treasurer or the Assistant Treasurer of EWEB, or any such officer's designee (the "Authorized Representative"), is hereby authorized and directed, for and in the name and on behalf of EWEB and the City, to issue and sell the "City of Eugene, Oregon Electric Utility System Revenue Bonds, Series 2017" or other designation as determined by the Authorized Representative, in one or more series, taxable or tax-exempt, in the aggregate principal amount of not to exceed \$40,000,000, for the purpose of (1) financing the Project, (2) funding any required reserves and (3) paying costs of issuance. The Authorized Representative may determine, with respect to the Series 2017 Bonds, the form of bond and series designation, the manner of disbursement of proceeds of the Series 2017 Bonds, the maturity dates, principal amounts, redemption provisions, interest rates or the method for determining a variable or adjustable interest rate, whether to issue as taxable or tax-exempt bonds, obtain bond insurance or some other form of guaranty or security for the payment of the Series 2017 Bonds, denominations, form, authorized signatory, and other necessary or desirable documents, and other terms and conditions of the Series 2017 Bonds because the same cannot be determined by EWEB at this time.

Prior to the issuance of any Series 2017 Bonds, EWEB shall: (i) prepare a plan showing that the estimated Electric Utility System revenues are sufficient to pay the estimated debt service on the Series 2017 Bonds; and (ii) provide a copy of this Supplemental Bond Resolution to the City. Without the prior approval of the City Council and EWEB, the Series 2017 Bonds shall (a) mature not later than 30 years from the date of issuance thereof; and (b) be sold through public competitive sale and awarded to the bidder offering the most favorable terms to EWEB, on behalf of the City, or sold pursuant to negotiation, at par or with a net original issue discount or premium that does not exceed 20% of the aggregate principal amount thereof and have an effective interest rate of not to exceed 6% per annum. The Series 2017 Bonds shall be subject to a book-entry only system of ownership and transfer as provided in Section 9. Any remaining terms of the Series 2017 Bonds shall be established as provided in Section 13.

The Bond Trustee (identified in Section 4 below) as Bond Registrar shall endorse on the Series 2017 Bonds the date of their authentication. Interest on the Series 2017 Bonds shall be payable from the February 1 or August 1 next preceding the date of authentication to which interest shall have been paid; provided, however, that prior to the first payment date, such interest shall be payable from the dated date of the Series 2017 Bonds. The Series 2017 Bonds shall be dated the date of their delivery, shall mature on August 1 in each of the years and in the principal amounts as shown in the Official Statement, consistent with the authority provided or delegated to the Authorized Representative at the time of sale of the Series 2017 Bonds, and it is hereby ratified, confirmed and approved that the first maturity date of the Series 2017 Bonds shall be August 1, 20__, the first interest payment date shall be February 1, 2018, and the final maturity date of the Series 2017 Bonds shall be no later than August 1, 20__.

SECTION 4. Bond Trustee and Bond Registrar. In the Bond Resolution, EWEB appointed U.S. Bank National Association as the initial Bond Trustee (“Bond Trustee”) and Bond Registrar (“Bond Registrar”) with respect to the Series 2017 Bonds.

SECTION 5. Security for Series 2017 Bonds. The Series 2017 Bonds shall not be general obligations of the City or EWEB, nor a charge upon the City’s tax revenues, but shall be payable solely from the revenues and funds which EWEB pledges to the payment of the Series 2017 Bonds pursuant to ORS 287A.150 *et seq.* The Series 2017 Bonds shall be secured by a lien on the Revenues of the Electric Utility System that is equal in priority to the lien of the Outstanding Bonds and any additional Bonds. The Outstanding Bonds (including the Series 2017 Bonds) shall be secured as set forth in the Bond Resolution.

SECTION 6. Application of Series 2017 Bond Proceeds. The Series 2017 Bond proceeds shall be applied as follows:

(a) A portion of the proceeds of the Series 2017 Bonds (amount to be determined by the Authorized Representative) shall be deposited into the Series 2017 Project Fund;

(b) A portion of the proceeds of the Series 2017 Bonds (amount to be determined by the Authorized Representative) shall be used to fund any reserve for the Series 2017 Bonds not funded with cash, surety bond or insurance policy;

(c) A portion of the proceeds of the Series 2017 Bonds (amount to be determined by the Authorized Representative) shall be applied to the payment of fees and expenses in connection with the issuance and sale of the Series 2017 Bonds.

SECTION 7. Funds. There is hereby created a separate special trust fund of EWEB to be known as the “Series 2017 Project Fund” to be held by EWEB. Money in the Series 2017 Project Fund shall be applied solely to the reimbursement and payment of the costs related to the Project. Money shall be paid out of the Series 2017 Project Fund by EWEB in accordance with the Tax Certificate and procedures prescribed by EWEB.

SECTION 8. Reserve Account. In connection with the issuance of the Series 2017 Bonds, the Authorized Representative is hereby authorized to calculate the Reserve Requirement in accordance with the provisions of the Bond Resolution and to make any payments in connection therewith. The Authorized Representative is hereby authorized to execute any

agreement (including, but not limited to, an agreement to purchase a reserve fund surety bond) in connection therewith. Any deficiency in the Reserve Account upon issuance of the Series 2017 Bonds shall be funded with proceeds of the Series 2017 Bonds, cash, surety bond, insurance policy, or a combination thereof, in accordance with Section 2.02 of the Bond Resolution.

SECTION 9. Book-Entry System of Ownership. During any time that the Series 2017 Bonds are held in a book-entry only system (the “Book-Entry System”), the registered owner of all of the Series 2017 Bonds shall be The Depository Trust Company, New York, New York (“DTC”), and the Series 2017 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. EWEB has entered into a Blanket Issuer Letter of Representations (the “Letter”) wherein EWEB represents that it will comply with the requirements stated in DTC’s Operational Arrangements as they may be amended from time to time.

Under the Book-Entry System, the Series 2017 Bonds shall be initially issued in the form of a single fully registered certificate, one for each series and maturity of the Series 2017 Bonds. Upon initial issuance, the ownership of such Series 2017 Bonds shall be registered by the Bond Registrar on the registration books in the name of Cede & Co., as nominee of DTC. EWEB and the Bond Registrar may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2017 Bonds registered in its name for the purposes of payment of the principal of, redemption price of, and premium, if any, or interest on the Series 2017 Bonds, selecting the Series 2017 Bonds or portions thereof to be redeemed, if any, giving notice as required under this Resolution, registering the transfer of Series 2017 Bonds, obtaining any consent or other action to be taken by the Bondholders and for all other purposes; and neither the Bond Registrar nor EWEB shall be affected by any notice to the contrary. The Bond Registrar shall not have any responsibility or obligation to any person claiming a beneficial ownership interest in the Series 2017 Bonds under or through DTC or any participant in DTC (a “Participant”), or any other person which is not shown on the registration books of the Bond Registrar as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Series 2017 Bonds; any notice or direction which is permitted or required to be given to or received from Bondholders under this Resolution; the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Series 2017 Bonds; or any consent given or other action taken by DTC as Bondholder; nor shall any DTC Participant or any such person be deemed to be a third party beneficiary of any Bondholders’ rights under this Resolution. The Bond Registrar shall pay from money available hereunder all principal of and premium, if any, and interest on the Series 2017 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge EWEB’s obligations with respect to the principal of and premium, if any, and interest on the Series 2017 Bonds to the extent of the sum or sums so paid. So long as the Series 2017 Bonds are held in the Book-Entry System, no person other than DTC shall receive an authenticated Series 2017 Bond for each separate stated maturity evidencing the obligation of the Bond Registrar to make payments of principal of and premium, if any, and interest pursuant to this Resolution. Upon delivery by DTC to the Bond Registrar of DTC’s written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to transfers of Series 2017 Bonds, the term “Cede & Co.,” in this Resolution shall refer to such new nominee of DTC.

At any time it determines that it is in the best interests of the Bondholders or EWEB, EWEB may notify the Bond Registrar, and the Bond Registrar will subsequently notify DTC, whereupon DTC will notify the DTC Participants, of the availability through DTC of Series 2017 Bond certificates. In such event, the Bond Registrar shall issue, transfer and exchange, at EWEB's expense, Series 2017 Bond certificates as requested in writing by DTC in appropriate amounts at the principal office of the Bond Trustee. DTC may determine to discontinue providing its services with respect to the Series 2017 Bonds at any time by giving written notice to the Bond Registrar and discharging its responsibilities under applicable law. If DTC resigns as securities depository for the Series 2017 Bonds, Bond certificates shall be delivered pursuant to this Section 9. Under such circumstances (if there is no successor securities depository), the Bond Registrar shall be obligated to deliver Series 2017 Bond certificates as described in this Resolution, provided that the expense in connection therewith shall be paid by EWEB. In the event Series 2017 Bond certificates are issued, the provisions of this Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of, premium, if any, and interest on such Series 2017 Bonds. Whenever DTC requests the Bond Registrar to do so, the Bond Registrar will cooperate with DTC in taking appropriate action after written notice (a) to make available one or more separate certificates evidencing the Series 2017 Bonds to any DTC Participant having Series 2017 Bonds credited to its DTC account, or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2017 Bonds.

EWEB will not be responsible or liable for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC, its Participants or persons acting through such Participants or for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owner of the Series 2017 Bonds.

SECTION 10. Redemption Provisions. The Series 2017 Bonds may be subject to optional and mandatory redemption as determined by the Authorized Representative. Notice of any redemption of Series 2017 Bonds shall be provided for in the manner set forth in the Bond Resolution. Any notice of optional redemption may state that the optional redemption is conditional upon receipt by the Bond Registrar of money sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Bond Registrar to affected Bondholders as promptly as practicable upon the failure of such condition or the occurrence of such other event.

(a) Notice of Redemption (Book-Entry). So long as the Series 2017 Bonds are in the Book-Entry System, the Paying Agent shall notify DTC of an early redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption, and shall provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the Series 2017 Bonds. Official written notice of redemption will be given by EWEB to the Bond Registrar at least five calendar days prior to the date the notice is scheduled to be sent to DTC.

(b) Notice of Redemption (No Book-Entry). During any period in which the Series 2017 Bonds are not in the Book-Entry System, unless waived by any Bondholder of the Series 2017 Bonds to be redeemed, official notice of any redemption of Series 2017 Bonds shall be given by the Bond Registrar on behalf of EWEB by mailing a copy of an official redemption notice by first class mail, postage prepaid, no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption, to the Bondholders of the Series 2017 Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Bondholder to the Bond Registrar. Official written notice of redemption will be given by EWEB to the Bond Registrar at least five calendar days prior to the date the notice is scheduled to be sent to Bondholders of the Series 2017 Bonds.

SECTION 11. Findings and Determinations: Authority for Supplemental Resolution: Bonds are “Bonds” under the Bond Resolution. EWEB hereby finds:

(a) The Series 2017 Bonds are issued under the authorization of Section 7 of the Bond Resolution and are “Bonds” within the meaning of the quoted words as defined and used in the Bond Resolution.

(b) All acts and conditions required to exist, to happen and to be performed precedent to and in the issuance of the Series 2017 Bonds exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Oregon, the Charter of the City of Eugene, the Bond Resolution, and the City Resolution.

(c) Except for supplemental resolutions, the Bond Resolution has not been amended, supplemented, or repealed since adoption thereof. This Supplemental Bond Resolution supplements the Bond Resolution, constitutes and is a “Supplemental Resolution” within the meaning of the quoted words as defined and used in the Bond Resolution and is adopted pursuant to and under authority of the Bond Resolution.

(d) There does not exist an “Event of Default” within the meaning of such quoted term as defined in Section 13 of the Bond Resolution, nor does there exist any condition which, after passage of time, would constitute such an “Event of Default.”

(e) The Series 2017 Bonds: (i) shall be entitled to the benefits, security and protection of the Bond Resolution, equally and ratably with one another and with any other Bonds heretofore or hereafter issued thereunder; (ii) shall be payable as provided in the Bond Resolution solely from the Revenues and other money specified in the Bond Resolution on a parity with one another and with all Bonds heretofore or hereafter issued under the Bond Resolution; and (iii) shall be equally and ratably secured under the Bond Resolution with one another and with all Bonds hereafter issued thereunder, without priority by reason of series, number, date of adoption of the supplemental resolution providing for the issuance thereof, date of Bonds, date of sale, date of execution, date of issuance, date of delivery, or otherwise, by the liens, pledges, charges and assignments created by the Bond Resolution.

(f) The Board hereby affirms the covenants contained in Section 10 and other provisions of the Bond Resolution.

SECTION 12. Tax-Exempt Status and Covenant as to Arbitrage.

(a) Preservation of Tax Exemption for Interest on the Tax-Exempt Series 2017 Bonds. EWEB covenants that it will take all actions necessary to prevent interest on the tax-exempt Series 2017 Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the tax-exempt Series 2017 Bonds or other funds of EWEB treated as proceeds of the tax-exempt Series 2017 Bonds that will cause interest on the tax-exempt Series 2017 Bonds to be included in gross income for federal income tax purposes. EWEB also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the tax-exempt Series 2017 Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the tax-exempt Series 2017 Bonds.

(b) Post-Issuance Compliance. An Authorized Representative is authorized and directed to review and update EWEB's written procedures to facilitate compliance by EWEB with the covenants in this resolution and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the tax-exempt Series 2017 Bonds from being included in gross income for federal tax purposes, maintain the tax treatment of the Series 2017 Bonds and the receipt of interest thereon.

SECTION 13. Delegation and Approval for Establishment of Terms and Sale of the Series 2017 Bonds. Subject to the provisions of Section 3, and as provided in the City Resolution and Resolution No. 1712, all actions heretofore taken or to be taken in connection with the Series 2017 Bonds are hereby approved in all respects including, without limitation, actions taken or to be taken by an Authorized Representative and the Authorized Representative is hereby delegated to:

(a) establish the principal and interest payment dates, principal amounts, taxable or tax-exempt, optional and mandatory redemption provisions and premium or discount, if any, interest rates, denominations and place of payment and all other terms for the Series 2017 Bonds;

(b) make the determinations required by Section 7.02 of the Bond Resolution;

(c) award the sale of the Series 2017 Bonds in accordance with ORS 287A.300, including entering into a bond purchase contract for a negotiated sale;

(d) approve and authorize the preparation and distribution of preliminary and final official statements for the Series 2017 Bonds;

(e) obtain ratings of the Series 2017 Bonds and expend Series 2017 Bond proceeds to pay for such ratings;

(f) take such actions as are necessary to qualify the Series 2017 Bonds for the Book-Entry System of DTC;

(g) execute a Continuing Disclosure Certificate pursuant to Rule 15c2-12 of the Securities and Exchange Commission;

- (h) execute and deliver the Series 2017 Bond closing documents and certificates;
- (i) enter into covenants regarding the use of the proceeds of the Series 2017 Bonds to maintain the tax-exempt status of the Series 2017 Bonds which are issued as tax-exempt bonds; and
- (j) execute a certificate specifying the actions taken pursuant to this Section 13, and any other certificates, documents or agreements that an Authorized Representative determines are desirable to issue, sell and deliver the Series 2017 Bonds in accordance with this Supplemental Bond Resolution.

SECTION 14. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Series 2017 Bonds by those who shall own the same from time to time, the provisions of this Supplemental Bond Resolution shall be part of the contract of EWEB with the Bondholders and shall be deemed to be and shall constitute a contract between EWEB and the Bondholders. The covenants, pledges, representations and warranties contained in this Supplemental Bond Resolution, the Bond Resolution and in the closing documents executed in connection with the Series 2017 Bonds including without limitation EWEB's covenants and pledges contained in Section 13 hereof and the other covenants and agreements herein set forth to be performed by or on behalf of EWEB shall be contracts for the equal benefit, protection and security of the Bondholders, all of which shall be of equal rank without preference, priority or distinction of any of the Series 2017 Bonds over any other Bonds, except as expressly provided in or pursuant to this Supplemental Bond Resolution or the Bond Resolution.

SECTION 15. Effect of Section Headings. The heading or titles of the several Sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Supplemental Bond Resolution.

SECTION 16. Repeal of Inconsistent Resolutions. Any prior resolution of EWEB, or any portion thereof, in conflict or inconsistent with this Supplemental Bond Resolution is hereby repealed to the extent of such conflict or inconsistency.

SECTION 17. References to Statutes in Bond Resolution. Except as expressly provided herein to the contrary, all references to statutes in the Bond Resolution that have been amended, superseded or re-codified by applicable statutes of similar purpose shall be deemed from and after the effective date of such amendment, supersession or re-codification to refer to such statutes as so amended, superseded or re-codified.

SECTION 18. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 11th day of July, 2017.

EUGENE WATER & ELECTRIC BOARD

President

I, Anne M. Kah, the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the resolution adopted by EWEB at its July 11, 2017 Board Meeting.

Assistant Secretary