



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Mital, Helgeson, Manning and Simpson
FROM: Cathy Bloom, Finance Manager; Susan Eicher, General Accounting and Treasury Supervisor
DATE: January 28, 2014
SUBJECT: Authority for Short-Term Borrowing for Western Generation Agency
OBJECTIVE: Approval of Resolution No. 1403

Issue

The Eugene Water & Electric Board (EWEB) is a member of the Western Generation Agency (WGA). WGA is an intergovernmental entity formed by EWEB and Clatskanie PUD under ORS Chapter 190. WGA owns an electric co-generation facility in Wauna, Oregon. The WGA co-generation facility has experienced an outage and requires short-term funding to allow for payment for repairs and operating expenses until such time as an insurance claim is processed and paid.

Background

WGA was created in 1993 pursuant to an Intergovernmental Agreement (IGA) between EWEB and Clatskanie People's Utility District (CPUD) for the purpose of constructing, owning and operating an electric generation plant: the Wauna Cogeneration Project (the Project). The Project is located at the Wauna Mill currently owned and operated by Georgia Pacific Corporation. WGA is governed by a Board of Directors comprised of six members, with three each appointed from EWEB and CPUD. WGA operates as a separate legal entity.

WGA owns a co-generation facility at the Georgia Pacific Mill in Wauna, Oregon. The facility is operated and maintained by Georgia Pacific by agreement with WGA. The turbine experienced an outage requiring repairs that has interrupted the revenue stream from sales of power.

Discussion

Due to the interruption of the WGA revenue stream from sales of power, WGA requires short-term financing to 1) pay for capital expenses associated with the turbine repair to return the facility to full operations and 2) to provide for operating expenses until revenue from sales of power resumes. The applicable Oregon statutes require an intergovernmental entity is required to obtain authorization by resolution of the governing bodies of each unit of government that is a party to the intergovernmental agreement for financing arrangements.

Recommendation and Requested Board Actions

Management recommends approval of Resolution No. 1403 allowing for issuance of short-term financing for WGA.

EUGENE WATER & ELECTRIC BOARD

RESOLUTION NO. 1403

FEBRUARY 2014

**APPROVING THE ISSUANCE OF REVENUE BONDS AND ENTERING INTO
FINANCING AGREEMENTS BY WESTERN GENERATION AGENCY**

WHEREAS, The Eugene Water & Electric Board (“EWEB”) and the Clatskanie People’s Utility District (“District”) (collectively, the “Parties”) entered into an Intergovernmental Agency Agreement (“IGA”) pursuant to ORS Chapter 190, and;

WHEREAS, The IGA, effective as of October 13, 1993, created the Western Generation Agency (“Agency”) for the purpose of constructing, owning and operating an electric cogeneration project in Wauna, Oregon (“Project”), and;

WHEREAS, ORS 190.080(1)(a) authorizes the Agency to issue revenue bonds under ORS chapter 287A or enter into financing agreements authorized under ORS 271.390 to accomplish the purposes of the Parties if each of the Parties, after a public hearing, approves by resolution the issuance of the revenue bonds or entering into a financing agreement, and;

WHEREAS, Article II, Section 2.2 of the IGA provides that all expenses of operating, maintaining and decommissioning the Project shall be payable solely from the revenues of the Agency or such other funds as the Parties specifically agree to provide, and;

WHEREAS, Article II, Section 2.3 of the IGA provides that all expenses of making renewals, replacements and other capital additions to the Project shall be payable solely from the revenues of the Agency or revenue bonds issued by the Agency or such other funds as the Parties specifically agree to provide, and;

WHEREAS, the Project experienced extended outages and extraordinary expenses in 2013 as a result of major maintenance activities and unplanned casualty events (the “Expenses”), and;

WHEREAS, the Agency has requested that EWEB authorize the Agency to enter into a financing agreement under ORS 271.390 to finance a portion of real and personal property Expenses described in Article II, Section 2.3 of the IGA, in addition to the authority to issue revenue bonds under Article II, Section 2.3 of the IGA, and;

WHEREAS, the Agency has requested that EWEB authorize the Agency to issue revenue bonds under ORS chapter 287A to finance a portion of Expenses described in Article II, Section 2.2 of the IGA, and;

WHEREAS, notice of public hearing with respect to the proposed Financings (as defined herein) by the Agency was published in The Register Guard on January 28, 2014, and;

WHEREAS, said public hearing was held on February 4, 2014.

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that:

1. Pursuant to Article II, Section 2.2 of the IGA, EWEB specifically agrees to provide funds in the form of authorization for the Agency to issue revenue bonds under ORS chapter 287A to finance a portion of the Expenses described in Section 2.2 of the IGA, and;

2. Pursuant to Article II, Section 2.3 of the IGA, EWEB specifically agrees to provide funds in the form of authorization for the Agency to enter into a financing agreement or agreements under ORS 271.390 to finance a portion of the Expenses described in Section 2.3 of the IGA, and;
3. Pursuant to ORS 190.080(1)(a), EWEB approves the issuance of revenue bonds by the Agency under ORS chapter 287A and entering into a financing agreement or agreements by the Agency under ORS 271.390 in an aggregate amount not to exceed \$12,000,000 for the purpose of financing Expenses the Agency determines is needed (the "Financings"), and;
5. The terms and conditions of the Financings shall be approved by one or more written resolution(s) of the Board of Directors of the Agency, and;
6. The Financings shall be made subject to any approvals, restrictions or limitations required by the Indenture of Trust, dated as of October 1, 2006, between the Agency and Wells Fargo Bank, National Association, as trustee (as the same may be amended or replaced from time to time), and;
7. The Financings shall be payable solely from and, if secured, secured solely by the revenues, funds and assets of the Agency or any funds provided to the Agency pursuant to Article II, Section 2.2 and Section 2.3 of the IGA, and;
8. The Financings shall provide that neither EWEB nor the District shall be liable for the Agency's obligations unless they otherwise agree in writing, and;
9. The Agency or its designee shall determine if the Financings shall be issued as revenue bonds, financing agreement(s), a combination of the two, and/or not issued, and;
10. The Financings shall be issued in one or more series, in such principal amounts, not exceeding in aggregate the principal amount stated above, and with such maturity dates, redemption provisions, interest rates and other terms and conditions not inconsistent herewith as the Agency or its designee shall hereafter prescribe, and;
11. EWEB additionally approves refunding revenue bonds and refunding financing agreements issued by the Agency to refund the Financings as may be determined by the Agency or its designee.

Adopted at a meeting of the Eugene Water & Electric Board on February 4, 2014.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, TARYN M. JOHNSON, 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 the Board at its February 4, 2014 Regular Board Meeting.

Assistant Secretary