

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
April 5, 2016
5:00 P.M.**

Commissioners Present: John Simpson, President; John Brown, Vice President; Steve Mital, Dick Helgeson and James Manning, Commissioners.

President Simpson convened the April 5th, 2016, Regular Session at 5:02 p.m.

AGENDA CHECK

No changes.

ITEMS FROM BOARD MEMBERS

- Commissioner Helgeson attended the NWPPA board of trustees meeting that reviewed draft resolutions relative to legislative policies for the upcoming year. There were no inconsistencies with the EWEB board's policies and procedures.
- President Simpson will be traveling to Portland April 7th, 2016 to attend the Drive Oregon presentation in which a keynote speaker from the California Air Resources Board will discuss the beneficial effects of electric vehicles.
- Commissioner Mital attended the McKenzie Memories event Friday April 1st, coordinated by the McKenzie River Trust.
- Commissioner Mital also asked the board for clarification about the new action minutes format for EWEB board minutes, and stated his concern about the availability of audio files for the public. He stated, on the record, that his support of the new minutes format was contingent on the audio files being made available, and wanted staff to be clear on what the new policy was. President Brown asked staff asked for technical clarifications about the new format, and received clarification.
- Vice President Brown stated that Friday, April 8th, the LGAC committee meets to discuss the Whistle Free/Safety Zone important to the success of any redevelopment of this property. He will not be able to attend, but recommends staff attend.
- Vice President Brown met with staff about the environmental conditions of the lower McKenzie River and how EWEB's operations impact that. He requested three head nods of fellow Board members to support a backgrounder on what it will take to make sure and continue to be conscious of the environmental conditions of the lower McKenzie River, particularly the impact on Salmon. He received three head nods.

- Vice President Brown also stated that more illegal camping has occurred right above their water intake, at a site that EWEB has recently cleaned up. He said there will be a reporting process in the near future. He believes the camping occurred on IP property.

PUBLIC INPUT

Tom Mulhern from Catholic Community Services (CCS) expressed thanks to the EWEB Board of Commissioners for their cooperation and support of the Energy Assistance Program for EWEB customers, CCS is the contractor for administering the funds in partnership with Lane County. He detailed the process for low-income residents needing Energy Assistance.

Board Discussion

- President Simpson asked if CCS accepted walk-ins to the program. Mr. Mulhern answered that they were instructed not to accept walk-ins, but they do have policies in place to deal with emergencies. If a client meets emergency criteria, they can walk-in, but simply having a disconnect notice does not entitle a client to emergency services. President Simpson followed up with the question of what the program does when funding runs out, and Mr. Mulhern stated that they stop making appointments. President Simpson also asked if CCS maintained a relationship with LCOG's Senior and Disability Services, and Mr. Mulhern stated that CCS works directly with Lane County.
- Vice President Brown thanked CCS for their work in the community, and noted that EWEB gives the largest amount of revenue to communities in need in the United States that he knows of.
- Commissioner Mital thanked CCS, stated he had attended the CCS open house, and that he would be interested in a follow up conversation regarding continuing need in the community for the Energy Assistance Program.
- President Simpson thanked Mr. Mulhern for the work that CCS does in the community and stated that the public service and community outreach that EWEB is involved with are important components of a water and power utility. Continuing to assess community need and cultivating agency partnerships will continue.
- Commissioner Helgelson thanked Mr. Mulhern and is proud of EWEB's low income assistance program. He commented on the walk-in policy changes.

Joe Moll, Executive Director of the McKenzie River Trust provided an update on the Finn Rock camp purchase and expressed thanks to EWEB for their leadership and financial support of the sale. He directed the Board to an editorial published in the Register-Guard that focused on the positive nature of the regional collaborative efforts between the McKenzie River Trust and EWEB.

Board Discussion

- Vice President Brown expressed his thanks for all the hard work Mr. Moll does for the Trust. He plans to continue to be an advocate for the Trust.
- President Brown also thanked Mr. Moll for his work, and expressed his commitment to continue supporting the work of the Trust.
- Commissioner Helgeson thanked Mr. Moll for his testimony, and is pleased with the upriver acquisition.
- Commissioner Manning is pleased that EWEB is contributing to the protection of public properties and public waterways and thinks it is critical to the next generation, and it is a step in the right direction. He thanked Mr. Moll for his testimony.
- A second public input session was opened at 6:22 pm due to the earlier start time of the Board meeting.

Will Rutherford of Vida informed the Board of a plan in review by the Watershed Council, and encouraged the Board to read the Watershed document.

Board Discussion

- Commissioner Helgeson thanked Mr. Moll for his hard work on the upriver acquisition of the Trust.
- Commissioner Manning expressed his thanks to Mr. Moll.

CONSENT CALENDAR

MINUTES

1. a. February 16, 2016 Special Board Meeting
- b. March 1, 2016 Regular Session
- c. March 15, 2016 Strategic Planning Session
- d. March 15, 2016 Executive Session

CONTRACTS

2. ERMCO Distribution Transformers – for the periodic purchase of Three Phase Padmounted Transformers (as needed to replenish stock). \$1,500,000 (over 5 years). Engineering, Contact Person is Mel Damewood, 541-685-7145.
3. ERMCO Distribution Transformers – for the periodic purchase of Single Phase Padmounted Transformers (as needed to replenish stock). \$500,000 (over 5 years). Engineering, Contact Person is Mel Damewood, 541-685-7145.

4. Manzo, Inc. for the purchase of Implementation Services for an Integrated Software as a Service (SaaS) Human Capital Management Services (HCMS) solution. \$460,000. Contact Person is Lena Kostopulos, 541-685-7466.

MEMORANDUM OF AGREEMENT

5. Memorandum of Agreement with McKenzie River Trust for the acquisition and management of Finn Rock properties. \$750,000 (\$250,000 and up to an additional \$500,000), Contact Person is Steve Newcomb, 541-685-7391

RESOLUTIONS

6. Resolution No. 1530 – Approving Board Policy Revisions for SD2 Environmental Policy, Contact Person is Steve Newcomb, 541-685-7391

7. Resolution No. 1605 – Approving Board Policy Revisions for EL3, Public Requests for Board Expenditures, Contact Person is Lance Robertson, 541-685-7371

8. Resolution No. 1611 – Authorizing the defeasance of All, a Portion of, or None of the City of Eugene, Oregon Electric Utility System Revenue Bonds Series 2005, Electric Utility System Revenue Bonds, Series 2006, and Electric Utility System Revenue and Refunding Bonds, Series 2012; Authorizing the Execution and Delivery of Escrow Deposit Agreement; Authorizing Appointment of an Escrow Agent. Contact Person is Sue Fahey, 541-685-7688

9. Resolution No. 1614 – Supplemental Master Water Bond Resolution, Contact Person is Sue Fahey, 541-685-7688

10. Resolution No. 1615 – 2016 Update to the Integrated Electric Resource Plan (IERP), Contact Person is Erin Erben, 541-685-7615

11. Resolution No. 1616 – Dark Fiber Lease Rate Revision, Contact Person is Mel Damewood, 541-685-7145

Commissioner Mital requested pulling Contract item 4, Manzo Inc. and Resolutions No. 1614 and No. 1616 for discussion. President Brown moves to pull Consent Calendar items #4, #9, Resolution No. 1614, and #11, Resolution No.1616.

Vice President, John Brown motioned to approve the remaining items on the consent calendar. The motion passed unanimously (5-0).

ITEMS REMOVED FROM CONSENT CALENDAR

Resolution No. 1614

Susan Fahey, Financial Services Manager, responded to questions and provided information about resolution 1614. Ms. Fahey described that the original resolution was passed in 1997, and the original resolution did not anticipate some of the changes in the market. There are four main aspects to the “clean up” that this resolution calls for. The first is the Build America bond, federal subsidy credits were not taken into consideration under the original bond, and they needed a way to figure out service coverage if that is ever used. This provides flexibility in debt service coverage. The next issue is ratings reserve credit, and this would also provide EWEB with flexibility in debt service coverage.

President Brown moved to approve #9, Resolution 1614 and it passed unanimously (5-0).

Resolution No. 1616

Mel Damewood provided information and responded to questions about Resolution No. 1616.

- The Board indicated they would like more information about who is responsible for capital costs, and the pricing structure before they vote on Resolution No. 1616.

President Brown moved to recommend that staff prepare a backgrounder and defer Resolution No. 1616 to the regular board meeting on May 3rd, 2016. Passed unanimously (5-0).

Manzo, Inc. Contract

Lena Kostopulos provided information and responded to questions about the Manzo, Inc. contract.

Board Discussion

- The current HR software system is failing, and the turnaround time for bids on a new system was short, limiting bid responses. The Board was concerned there was only one bid, and Ms. Kostopulos fielded questions about the bidding process, how the project would be funded with vacant FTE, and the IS components of the project. The consulting firm that bid on the process is experienced with the system EWEB needs for HR and Payroll configuration.

Commissioner Helgelson moved to approve the Manzo, Inc. contract, and it passed unanimously (5-0).

BOARD ACTION ITEMS

System Development Charges (SDC) Methodology and Fee

Susan Fahey, Financial Services Manager used a PowerPoint presentation to discuss a tiered option for the new SDC methodology and fee schedule. Staff recommends

updating the SDC methodology and fee schedule, layering on the two tier approach that reflects the current master plans and addresses the current system demands.

Public Hearing: SDC Methodology and Fee Schedule

Board Discussion

- Staff responded to questions about elevation charges, and which properties are served by the 800' level reservoir, and the time frame for rate funding in the future. A growth component has been identified in the SDC.

President Simpson opened the public hearing on the SDC Methodology and Fee Schedule changes.

No public testimony.

Resolution No. 1613, SDC Methodology and Fee Schedule

President Simpson moved to approve Resolution No. 1613, SDC Methodology and Fee Schedule and the motion carries unanimously (5-0).

GENERAL BUSINESS ITEMS

2015 Year-end Audited Financial Statements & 2015 Moss Adams Management Letter

Susan Fahey, Financial Services Manager and Keith Simovic from Moss Adams used a PowerPoint presentation to discuss the 2015 EWEB Audit results.

Points of discussion were:

- Unmodified opinion on financial statements
- Oregon Minimum Standards – no exceptions or noncompliance found
- No unanticipated Audit changes on the Electric or the Water side
- No material weakness was noted
- Internal control recommendations: Calculation and application of overhead, Conservation loan reconciliation, and Information systems change management, User access conflicts were discussed.

Board Discussion:

- Staff clarified user access policies for the Board.

Correspondence & Board Agendas

Interim General Manager, Dave Churchman

- Oregon State University will be working with EWEB to test EWEB's concrete poles for earthquake strength.

- A poll was administered on Twitter to customers about the SDC charges discussed earlier in the meeting.
- Preparation is being made on the electric side in partnership with UO and the City of Eugene for the 2016 Olympic trials.
- Agenda planning: the strategic planning meeting on the 19th of April has been extended by an hour, and a Regular Board session has been added.

Board Wrap Up

President Simpson adjourned the Regular Session at 7:17 p.m.

Assistant Secretary

President