



TO: Commissioners Carlson, Barofsky, McRae, Schlossberg, and Brown
FROM: Anne Kah, Administrative Services Manager; Frank Lawson, General Manager
DATE: November 29, 2023 (December 5, 2023 Board Meeting)
SUBJECT: Board Officer and Liaison Positions
OBJECTIVE: Prepare for Election of Officers and Appointment of Liaisons at January Board Meeting

Issue/Background

The EWEB Bylaws, Article V, Section 1 state that the board president and vice president will be elected annually. According to Board Policy GP4, during the first meeting of each calendar year, an election of Board officers and other routine annual business will be performed.

In accordance with Board Policy GP12, the Board may use committees, outside appointments, and liaisons to staff work as a means of gathering and disseminating information, representing the Board, and providing preliminary input to Board decisions. Furthermore, the policy provides directives for establishing said assignments. A copy of the policy is attached herein.

For reference, an account of current Officers and Appointments is provided below.

2023 Board Appointments

2023 Election of Board Officers

President Sonya Carlson
Vice President John Barofsky

2023 Appointment of Commissioners

Lane Council of Governments (LCOG) Sonya Carlson (primary)
John Barofsky (alternate)
Provides coordination among Lane County governmental agencies. Term of organization is ongoing; term of appointment is annual.

McKenzie Watershed Council John Barofsky
No designated commissioner as alternate
Fosters better stewardship of the McKenzie Watershed resources through voluntary partnerships and collaboration. Term of organization is ongoing; term of appointment is annual.

McKenzie Watershed Alliance (MWA) Executive Board Designated EWEB Staff
No designated commissioner alternate
The 501c3 oversees the McKenzie Watershed Council. The board is responsible for matters such as reviewing contracts and grants, and supervision of the Executive Director. The board position

may be filled by an EWEB Commissioner or EWEB staff member. Term of organization is ongoing. Term of appointment is annual.

Other Post-Employment Benefits (OPEB)

John Brown

No designated commissioner as alternate

A Commissioner is not a voting member of the Section 115 Trust that has been set up to oversee EWEB contributions to the trust, the investment of funds, and measurement of the unfunded liabilities of the retiree medical plan. Term of appointment is ongoing.

Springfield Utility Board (SUB)

Matt McRae

No designated commissioner as alternate

EWEB is interested in partnering with SUB to build a long-term resilient approach to managing multiple water sources in the metropolitan area. The SUB liaison will assist the General Manager with the exploration of strategic water opportunities. Term of assignment is ongoing; term of appointment is annual.

Lane Electric Cooperative

John Brown

No designated commissioner as alternate

The liaison will partner with the General Manager on future discussions and collaboration with Lane Electric Cooperative. Term of assignment is ongoing; term of appointment is annual.

City of Eugene

Sonya Carlson

John Barofsky

The liaison role is between EWEB and the City of Eugene Leadership (EWEB Board President and Vice President, Mayor, City Council President, and Vice President) on areas of mutual interest. It is the Board's desire to partner and exchange information with the City of Eugene on a variety of matters, including but not limited to EWEB's role in decarbonization, resiliency, and emergency preparedness. The liaisons will collaborate with the City of Eugene leadership and provide the Board periodic reports on discussions with the City of Eugene. The term of assignment is ongoing, the term of appointment is annual.

City of Springfield

Mindy Schlossberg (primary)

John Brown (alternate)

It is the Board's desire to foster a long-term partnership with the City of Springfield Leadership as we improve water resiliency for our connected communities through a second water source on the Willamette River, as well as other potential projects. The liaison will collaborate with the City of Springfield leadership and provide the Board periodic reports on discussions with the City of Springfield. Term of assignment is ongoing, term of appointment is annual.

Requested Board Action

No action is requested at this time. An agenda item is scheduled for January 9, 2024, at which time Commissioners will have the opportunity to discuss and take action on the 2024 election of officers and board appointments. Following the Board's decisions, staff will prepare a resolution for formal adoption of these appointments on the February 2024 consent calendar.

Attachment: Board Policy GP12



Governance Process Policies (GP Policies)

GP12 Board Committees, Outside Appts, Liaisons to Staff Projects & Advisory Committees
Effective Date October 3, 2006

The Board may use committees, outside appointments and liaisons to staff work as a means of gathering and disseminating information, representing the Board and providing preliminary input to Board decisions.

Specifically,

- The Board may choose to appoint standing (permanent) and temporary committees.
 - All committees will be created and defined by Board Resolution and formally adopted by the Board. The resolution will state the purpose, composition, membership (term and succession), and in the case of temporary committees, the expected dissolution date. Committees may include members from outside the organization if the Board so chooses.
 - Committees will be used to discuss and refine information and to make recommendations to the full Board.
 - All committee meetings (except where exempt under Oregon Revised Statutes) shall be open to the public.
 - When Board committees are used, Commissioners will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from Board to the General Manager.
- The Board may appoint a Commissioner to an outside organization or entity.
 - All outside appointments will be made by Board Resolution and formally adopted by the Board. The resolution will state the purpose of the appointment, the nature of the Commissioner's role, the term of the appointment and the succession if applicable.
 - As an appointee to an outside organization, it is the responsibility of the Commissioner to represent policies and resolutions adopted by the Board. If an issue arises in which the Board has not previously taken a position, it is the responsibility of the Commissioner to represent what he/she believes the Board majority would be. Should the majority of the Board decide that any action taken by an appointee did not represent the view of the majority; the Board can send a written notice modifying the previous action.
- The Board may designate Commissioners to act as formal or informal liaisons to staff managed projects or work assignments.



- All liaison assignments will be made by Board Resolution and formally adopted by the Board. The resolution will state the purpose of the liaison assignment, the term of the assignment and the expected completion date.
- As a liaison to a staff managed project or work assignment, Commissioners will participate as other project team members, with no more or less authority than other team members. It is the responsibility of the Commissioner to bring important information back to the full Board and to represent the views of the Board, to the best of the Commissioner's ability.
- Commissioners assigned, as formal or informal liaisons will not direct staff or manage the work of the team or group. Decisions requiring action from the Board will be brought to the full board in accordance with the by-laws.
- The Board may designate Commissioners to participate in outside advisory committees whose purpose is to gather information from the community on projects or work currently engaged by or under consideration by the utility.
 - All advisory assignments will be made by Board Resolution and formally adopted by the Board. The resolution will state the purpose of the advisory committee, the term of the assignment and the expected completion date.
 - As a member of a community advisory committee, Commissioners will participate as other committee members, with no more or less authority than other members. It is the responsibility of the Commissioners to bring important information back to the full Board and to represent the views of the Board, to the best of the Commissioners ability.

Source: John Carver/Patrick Lanning, Board, Board Approved 10/03/06.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Barofsky, McRae, Schlossberg, and Brown

FROM: Deborah Hart, CFO; Aaron Balmer, AIC Financial Services Manager; Rob Freytag, General Accounting and Treasury Supervisor; Matthew Miller, Lead Accounting Analyst

DATE: November 29, 2023

SUBJECT: EWEB's Local Banking Participation

OBJECTIVE: Information Only

Issue

EWEB's investment options and ability to use local banking institutions for treasury purposes are subject to Oregon Revised Statutes and other service level considerations. EWEB has placed funds with local financial institutions. This memo is intended to provide context, brief history, and information on deposits with local financial institutions.

Background

Oregon Statutes govern the deposit and collateralization of Oregon public funds and provide the statutory requirements for the Public Funds Collateralization Program (PFCP), which creates a shared liability structure for participating depositories and better protects public funds. The Oregon State Treasury maintains a roster of qualified depositories including national, regional, and local banks, as well as certain credit unions. EWEB is eligible to deposit funds with any of these institutions.

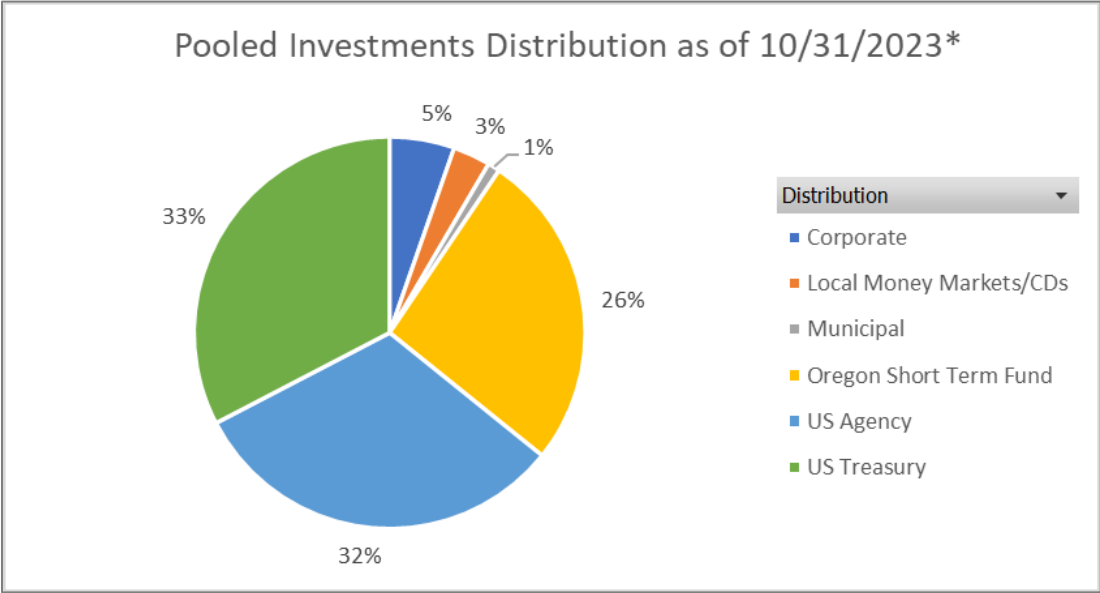
In December 2016, EWEB issued a Request for Information (RFI) to local financial institutions. Local was defined as headquartered in Oregon and having at least one Eugene area branch. The RFI was presented to 15 institutions, and 10 responses were received. Initial deposits of \$4 million were placed in 2017. Additional deposits have been made with Summit Bank, including \$1 million in 2018 and \$2 million in September 2023.

Discussion

Local investment opportunities are evaluated through the lens of the investment policy priorities. EWEB's investment policy is based on Oregon Statutes and seeks, in order of priority, to preserve invested capital, maintain liquidity of funds sufficient to meet operating requirements, and achieve the best possible return on investment. The bulk of EWEB's funds are invested in highly rated U.S Treasury and Agency securities and the Local Government Investment Pool which is managed by the Oregon State Treasury.

EWEB's primary investment strategy has been to ladder maturities over a three-year investment

horizon. Laddering is structuring maturities to occur at regular intervals and amounts, like rungs on a ladder. Laddering is done to provide consistent cash flows and provide regular reinvestment opportunities, which mitigates liquidity and interest rate risk in the portfolio. EWEB generally holds investment securities in a custody account until maturity, at which point they are transferred back to EWEB's operating account and are available to be reinvested or used for operational activity. Investments in local institutions compliment the funds laddered through fixed income securities, though the liquidity and/or return profiles may be less than other investing options.



*Excludes approximately \$24.4 million in operating cash used for daily transactions

Recommendation and Requested Board Action

This memo is for Board information purposes only. Accordingly, there is no recommendation or requested action.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Carlson, Barofsky, Brown, McRae, and Schlossberg

FROM: Deborah Hart, CFO; Aaron Balmer, AIC Financial Services Manager; Rob Freytag, General Accounting and Treasury Supervisor, Matthew Miller, Lead Accounting Analyst

DATE: November 29, 2023

SUBJECT: 2023 Year-end Audit Planning

OBJECTIVE: Information Only

Issue

EWEB is required to have annual financial statement audits, audits related to the expenditure of federal funds, and audits of the EWEB Retirement Benefits Trust. The Board has contracted with Moss Adams to perform these services.

Discussion

In October, Moss Adams performed interim audit procedures as part of the annual financial statement audit. This preliminary audit work provides Moss Adams with an understanding of EWEB and its business environment. Interim audit procedures included testing internal controls on both manual and system processes. Areas tested included, but were not limited to, revenues, disbursements, payroll, plant assets, and financial reporting. The interim audit work helps determine the amount of final audit work required when the auditors finish fieldwork in February and March 2024.

During final fieldwork, the auditors will review supporting documentation such as bank statements and invoices, request independent verification of account balances, and receive representations from attorneys and management. The auditors will also analyze transactions for trends versus expectations based on their knowledge of EWEB and the utility industry. Audit plans also include other tests and inquiries to address fraud risk. At the conclusion of the audit, Moss Adams will communicate in a management letter any significant matters they become aware of through the course of their inquiry and procedures. They also will issue an opinion stating whether or not the Board's financial statements are presented fairly in accordance with generally accepted accounting principles.

The audited financial statements and management letter will be presented to the Board at the April 2024 meeting.

Requested Board Action

This item is provided as information only.

Attachment – Correspondence letter from Moss Adams



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805 SW Broadway
Suite 1400
Portland, OR 97205

November 16, 2023

Board of Commissioners
Eugene Water & Electric Board
4200 Roosevelt Blvd
Eugene, OR 97402

Re: Audit Communications

In connection with our engagement to audit the financial statements of Eugene Water & Electric Board ("EWEB") as of and for the year ended December 31, 2023, professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit. If requested, we would also appreciate the opportunity to meet with you to discuss this information further since two-way communication can provide valuable information in the audit process.

As stated in our engagement letter dated August 16, 2023, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America *and Government Auditing Standards* for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

We will also report on whether the schedule of expenditures of federal awards, presented as supplementary information, is fairly stated, in all material respects, in relation to the financial statements as a whole. Our responsibility for the supplementary information accompanying the financial statements is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or regulations that are attributable to EWEB or to acts by management or employees acting on behalf of EWEB. We will communicate to you at the conclusion of our audit, significant matters that we believe are relevant to your responsibilities in overseeing the financial reporting process, including any internal control related matters that are required to be communicated under professional standards.

We began our audit on October 23, 2023 and expect to issue our report in March 2024.

During the planning of the audit we have identified the following significant risks:

- Power trading – revenue and expense
- Complex hand calculated revenue accounts
- IT security and change management controls

Your client service team includes:

- Keith Simovic, Partner
- Laurel Braschayko, Senior Manager
- Mike Mills, IT Audit Manager
- Ayde Alvarado, Manager
- JD Menkens, Senior
- Erin Griffey, Staff
- Cassidy Posey, Staff
- Vince Seth, Staff

This information is intended solely for the information and use of the Board of Commissioners and management of EWEB and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Keith Simovic, Partner
for Moss Adams LLP
Portland, Oregon