EnergyTrust of Oregon, Inc.

Board Decision
Approve Option for Individual 401(k) Investment Advice

December 12, 2007

Summary

To approve the expenditure of Energy Trust funds to offer individual retirement investment advice to Energy Trust employees participating in the Energy Trust retirement savings program, subject to reevaluation of this offering within 2-3 years.

Background

- Under the Energy Trust 401(k) plan, all retirement investments are chosen by employees from a menu of funds selected by the Energy Trust compensation committee. The committee relies on advice from its financial advisor, Jerry Fadden, to ensure that funds have low costs and fees, appropriate returns, and are otherwise prudent. Energy Trust does not offer employees individual investment advice, nor does Mr. Fadden. However, Invesmart provides annual educational briefings for employees.

- The 401(k) plan is administered by Invesmart, which provides access to a large number of funds, accounting services, and web-based and other support. The Invesmart web site offers employees basic guidance in adjusting investments to employees' retirement goals and risk tolerance.

- Invesmart offers a service that provides individual investment advice and investment management to employees. This service, called Mainspring, analyzes an employee's retirement goals; does a "gap analysis" (which determines whether he/she is likely to reach these goals given current 401(k) contributions and other assets of the employee and spouse/partner); performs a sophisticated calculation to identify an investment program that would achieve the employee's goals at acceptable risk; and allows employees to choose from several fixed portfolios whose funds have even lower expenses than those in the regular 401(k) plan menu (which are quite low). Once a portfolio is chosen, Invesmart would take over ongoing implementation of the employee's plan, with regular reporting to employees. Mr. Fadden believes this is a valuable option for employees.

Discussion

- The Mainspring program would cost Energy Trust about $2,700 in the first year (the fee would grow with the size of the plan's assets), plus a $10-per-month fee for each participating employee. Participation would be optional; any employee could continue to participate in the regular 401(k) program, and employees could opt in and later opt out.

- Mainspring would appeal to employees who would like to turn over ongoing investment and management of their 401(k) plan investments to a registered investment advisor, within certain parameters. So far, nine employees (of about 40 eligible) have expressed interest.

- The compensation committee wants on the one hand to provide employees with a reasonable range of tools to make investment decisions and manage them toward retirement. Mr. Fadden's belief that this is a valuable option is an important consideration. On the other hand, employee interest in Mainspring is limited and there is little point in offering a service of which people will not take advantage.

Recommendation

The compensation committee recommends that Energy Trust offer the Mainspring option to employees for two years, with the understanding that the option would be continued only if the board expressly decides to do so. Before the end of two years, the compensation committee would determine whether participating employees are satisfied with Mainspring, and whether employee participation is increasing, and make a further recommendation to the board whether to continue the option.

RESOLUTION #459

APPROVING OPTION FOR INDIVIDUAL 401(k) INVESTMENT ADVICE

WHEREAS

1. **The Energy Trust wishes to offer an optional service to help employees make individual 401(k) plan investment decisions in the context of their other investments; and**
2. **Invesmart offers such a service at a cost to Energy Trust of about $2,700 in the first year (the fee would grow in future years with the size of the plan's assets).**

It is therefore RESOLVED that the Energy Trust of Oregon, Inc. Board of Directors:

1. **Authorizes the executive director to sign a contract with Invesmart to provide the Mainspring investment option to all eligible employees, and to renew this service for up to two years.**
2. **Requests the compensation committee to review Energy Trust employees' experience with this service and, not later than December 1, 2009, recommend to the board whether this service should continue to be offered.**
3. **This option will be continued beyond 2009 only if the board affirmatively decides to do so.**

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed: [list name(s) and, if requested, reason for "no" vote]