

Minutes of Regular Board Meeting July 23, 2014

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Newport office on Wednesday July 23, 2014 at 10:00 a.m. PDT. President Matheny called the meeting to order and asked that roll be called.

Members present: Curt Abbott
Ron Benfield
Larkin Kaliher
Judy Matheny
Tom Tymchuk

Others present: Debra Smith, General Manager
Sunneta Capovilla, Executive Assistant
Chris Chandler, Communication, Community & Econ Development Mgr.
Doug Dawson, IT & Communications Manager
Dennis Hinton, Customer & Energy Services Manager
Bruce Lovelin, Chief Engineer & Systems Engineering Manager
Gary Nieborsky, Distribution, Engineering & Operations Manager
Sue Tyler, Personnel, Compensation and Benefits Manager
Becky Johnson, General Accounting Supervisor

Staff and Visitors Recognized

President Matheny welcomed staff to the meeting

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of June 25, 2014 Regular Board Meeting
- b) Vouchers for June, 2014
- c) Petty Cash for June, 2014
- d) Uncollectibles for June, 2014
- e) Directors' Cash Report as of June 30, 2014

Board Governance Policy

Staff Treatment, pg. 2

In keeping with the Carver Method of Policy Governance used by Central Lincoln, the Board reviewed a routine monitoring report memo from Ms. Smith discussing how Central Lincoln is working to ensure staff will be dealt with appropriately at all times. According to board governance policy, the General Manager may not:

- Operate without personnel procedures that:
 - are in compliance with current law
 - clarify personnel rules for staff;
 - provide for effective handling of grievances
 - protect against wrongful conditions (safety, health and welfare)

- Fail to acquaint staff with their rights under this policy
- Fail to provide a work environment that promotes the highest level of employee morale
- Fail to report to the directors, in a timely manner, any labor issue(s) that may have deleterious financial impacts to the District

Ms. Smith noted that our human resources attorney has reviewed our policies and is assisting us in an ongoing process to update those policies. She also recently provided "respectful workplace" training to staff. The Board commented that her memo was very thorough.

RFP for Janitorial Services for FY 15, 16, 17

Central Lincoln has been under contract with two janitorial service providers; one for Florence and Reedsport and one for our northern facilities. In May, a Request for Proposals (RFP) was issued, and staff had a recommendation to make for awarding a contract for janitorial services. After discussion the following motion was made:

Motion: Mr. Tymchuk moved and Mr. Benfield seconded that Central Lincoln award a contract to Associated Cleaning Services, Inc. based on its response to an RFP for \$41,004 annually for three years beginning August 1, 2014. Aye: Abbott, Benfield, Kaliher, Tymchuk, Matheny.

General Manager's Salary Resolution No. 879

ORS 261.445 states: The Manager shall receive such salary as the Board shall fix by Resolution.

Motion: Mr. Abbott moved and Mr. Benfield seconded the adoption of Resolution No. 879 to ratify a motion passed on June 25, 2014. Aye: Abbott, Benfield, Kaliher, Tymchuk, Matheny.

August 20, 2014 Board Agenda – Overleaf Lodge Yachats

- | | | |
|------------------|------------|---|
| Board Meeting - | 12:30 p.m. | Financial Condition, pg. 4, Geographic Information System Field Inventory Project |
| Consent Agenda - | | Minutes, vouchers, petty cash, uncollectibles, and Directors' cash report |

Manager's Report

June Board Meeting Follow-Up

- Rather than using a "Sole Source" for the PUC Inspection Project as discussed in June, a bid was issued for this work. Responses are due on July 30th.
- There is nothing new to report on the Depoe Bay Franchise Agreement negotiations. We will continue to make payments under the holdover provision of the expiring

agreement. However the holdover cannot be infinite. Central Lincoln's attorney will send a letter to the City of Depoe Bay agreeing to continue payments through October 31st of this year.

- The potential impact on Central Lincoln's budget, should all counties impose a franchise fee, could be approximately an additional \$600,000. This additional expense would have to be funded from reserves, rate increases or a combination of both. Board members commented that if we decide to identify the franchise fee separately on customers' bills, it should be done as of January 1st. A meeting will be scheduled for Central Lincoln's attorney to discuss this issue with the Board.
- An analysis showing the variables for billing energy use through demand charges or melding the difference into the basic charge was discussed.

Business Strategy Detail

Ms. Smith presented the final piece of Central Lincoln's 2014 Strategic Plan – the Business Strategy Detail. The detailed six-page document provides high level tasks for each project or initiative and indicates the success criteria or key performance measure to be used to track progress. Many of these items will be used in establishing goals for employees across the organization.

Customer Forum Discussion

Ms. Smith discussed the annual customer forum which will be held in Newport this year. She suggested that it be an evening event (September 16th) instead of being held mid-day (September 17th). She believes this timeframe would allow for a broader representation of customers. The Board is in favor of this being a working dinner event. Invitations will be sent using a list of identified demographics.

Pay Station in Depoe Bay; Change in Newport & Florence Office Hours

Mr. Hinton shared with the Board that Columbia Bank in Depoe Bay is open to becoming a Central Lincoln pay station. A target date of September is planned for both the Newport and Florence offices to start staying open during lunchtime. Mr. Hinton noted that the pay station at Columbia Bank in Waldport is working out well.

Report about GM's Recent trip to Washington DC

Ms. Smith reported that her trip went well, and it was an excellent opportunity to represent the Public Power Council in Washington DC. There was much legislative discussion regarding the 60-year old Columbia River Treaty signed with Canada in 1964. The terms of the treaty state that any time after September 16, 2014 either the US or Canada can give a 10-year notice of its intent to terminate most of the provisions of the treaty.

Mr. Benfield commented that he has been going to Oregon PUD Association meetings for many years. He complimented Ms. Smith on the summary she gave about the Public Power Council trip to DC that she recently attended. She held the audience's attention and articulated a very complex topic very well.

U.S. Department of Energy (DOE) Visit

This week was the USDOE's final on-site visit at Central Lincoln with respect to the Smart Grid Investment Grant. Ms. Smith reported that from the USDOE's perspective, Central Lincoln is a success story because of the successful integration of all aspects of the smart grid project; and coming in under budget. Other utilities only implemented one or two segments of their projects and many are over their budgets. USDOE commended our staff on a job well done. The remaining grant funds will be used to focus on cybersecurity. Mr. Lovelin spoke on behalf of the Leadership Team and thanked the Board for their support, noting this is a phenomenal accomplishment.

Employee Training & Service Awards Day

An employee training event is set for September 5th, most likely in Yachats, and the focus will be on emergency preparedness for the utility and employees as well

Audit Services Agreement with Kenneth Kuhns & Co

Ms. Smith presented the yearly CPA audit document for signature. The engagement letter is for the single audit with respect to the Smart Grid project and well as the general audit for FY14. The Board agreed it was appropriate to move forward with signing

Participation in the Bonneville Power Administration Emergency Preparedness Meeting

Ms. Smith informed the Board that both Bruce Lovelin and Gary Nieborsky are both going to be representing Central Lincoln in that meeting.

Directors' Discussion

Mr. Kaliher asked if Central Lincoln qualified for the Federal Energy Regulatory Commission & Western Electricity Coordinating Council (FERC/WECC) delisting. Mr. Lovelin responded that there may be a benefit in deregistering, but we can't at this point because we have an under-frequency load shedding relay located in our substation across the street from BPA's substation in Toledo. We are looking to move this to BPA's substation; and once that occurs, Central Lincoln could look at delisting.

Mr. Tymchuk noted that he has decided to run for re-election to the Board. Mr. Benfield and Mr. Kaliher both noted they have filed to run again as well.

Meeting adjourned at 11:22 a.m.

Ron Benfield, Secretary

Judy Matheny, President

Approved at the August 20, 2014 meeting