

Minutes of Regular Board Meeting March 26, 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 March 26, 2014 at 10:00 a.m. PDT. President Matheny called the meeting to order and asked that the roll be called.

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

Others present: Debra Smith, General Manager
Steve Alexanderson, Senior Systems Engineer
Brian Barth, Accounting & Finance Manager
Julie Brown, Executive Assistant
Chris Chandler, Communication, Community & Economic Development Manager
Doug Dawson, IT & Communications Manager
Brandon Hignite, Power Analyst
Dennis Hinton, Customer & Energy Services Manager
Bruce Lovelin, Chief Engineer & Systems Engineering Manager
Gary Nieborsky, Distribution, Engineering & Operations Manager
Sue Tyler, Compensation and Benefits Manager
Keith Tymchuk, Mayor of Reedsport

Staff and Visitors Recognized

President Matheny welcomed staff and visitors to the meeting. She asked Mr. Keith Tymchuk, Mayor of Reedsport, if he would like to address the board. Mr. Tymchuk then gave an update on the Jordan Cove Project, an LNG (Liquefied Natural Gas) plant to be built at the Port of Coos Bay. Mr. Tymchuk stated that "It looks like construction will begin in 2015 "which is the best thing to happen to the South Coast in 20 years!" When built, the liquefaction plant will be capable of receiving natural gas delivered to Coos Bay via its associated pipeline, the Pacific Connector Gas Pipeline.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of February 19, 2014 Regular Board Meeting
- b) Vouchers for February, 2014
- c) Petty Cash for February, 2014
- d) Uncollectibles for February, 2014
- e) Directors' Cash Report dated March 26, 2014

Board Governance Process

Ms. Smith discussed the Governance Process Policies, pages 10-19 from the Boards Governance Policy. She submitted two possible updates to Policy F:

- 1) The policy could be re-drafted with new language that would more closely describe the actual process, (fiscal versus annual planning);
- 2) The policy could be modified to incorporate the strategic planning cycle.

The Board agreed to these modifications, and Ms. Smith stated that they will be submitted to the Board at a future meeting. There were no other changes made to the Governance Process Policies.

High-Level Budget Assumptions

Ms. Smith discussed the fiscal year 2014-2015 budget assumptions for the Five Year Financial Plan which will be presented to the Board at the May Board meeting. Revenues, power costs, labor and benefits and other non-power and non-labor costs were included in the discussion. The finalized Capital Plan will be presented at the April meeting.

GASB 68 Pension Plan Changes and Opportunities

Ms. Smith discussed the Governmental Accounting Standards Board (GASB) issued GASB 68 rule and the effect it will have on Central Lincoln's financial statements during FY 2014-2015.

- She noted that Central Lincoln will have no choice about implementing the change in accounting practice but that we do have a choice about whether to formally modify the pension plan to align with the way it has historically been operated.
- Ms. Smith then discussed these modifications and the impacts they would have. She discussed a high-level summary of the effects of GASB 68 under three different scenarios: 1) Annual updates 2) Final Average Pay and 3) To no longer roll the three year window forward.
- Ms. Smith stated that management recommends modifying the pension plan to make it a final average pay plan as it has historically operated. She stated that if the Board supports this recommendation, staff will work with a pension attorney to codify the changes and will bring a resolution back at a future date.

Pension & Trust Amendment

Mr. Barth discussed a proposed amendment to the Pension Plan & Trust that would move the three-year earnings period for pension benefits forward one year to be effective July 1, 2014. After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Tymchuk seconded that the proposed Pension Plan Amendment, to move the three-year earnings period for pension benefits forward one year to be effective July 1, 2014 be approved. Aye: Abbott, Benfield, Kaliher, Tymchuk, Matheny.

Digger Derrick Procurement

Mr. Nieborsky discussed RFP-05-14 for a new digger derrick truck. Mr. Nieborsky explained that a digger truck is used to set poles in the ground, and is equipped with an auger for digging. Central Lincoln issued an RFP for the purchase of a new truck and Altec Industries was found to be the most responsive bidder. Staff requested approval to purchase a Digger Derrick Truck from Altec Industries in the amount of \$275,000.

- Altec Industries proposed digger derrick meets or exceeds all specified requirements;
- Altec Industries has a proven reliability record specific to this product;
- Despite being a demo unit, the warranty supplied is “as new” beginning with delivery.

After discussion the following motion was made:

Motion: Mr. Kaliher moved and Mr. Abbott seconded that the digger derrick from Altec Industries at the total cost of 275,000 be approved for the above specified reasons.

Aye: Abbott, Benfield, Kaliher, Tymchuk, Matheny.

Sole Source No. SQ-06-14

Ms. Smith explained that Central Lincoln will be completing the rebuild of Florence Substation No. 233 this summer, and procurement of six 115 kV disconnect switches will be required at a cost of \$53,334.00.

- Due to our coastal environment Central Lincoln has experienced failures of substation disconnect switches during switching operations. Staff recommends and requests authorization for the acquisition of these switches from Pascor Manufacturer, a high voltage manufacturer in Oregon which has modified its switches to help correct this environment specific issue. Pascor is the only manufacturer that provides this special weatherized feature, (zerk fittings) along with meeting the other specifications required.

This sole source acquisition complies with the requirements of Central Lincoln Resolution No. 862, Article V, Section 5, Qualification E and F:

E. There is only one source that meets the quality or specifications required of the goods or services:

F. Sole Source procurement will result in substantial cost savings to the utility.

After discussion the following motion was made:

Motion: Mr. Tymchuk moved and Mr. Benfield seconded that Sole Source SQ-06-14 for the purchase of six 115 kV disconnect switches, at the cost of \$53,334.00 from Pascor Manufacturer, and being in compliance with the requirements of Resolution No. 862 Article V, Section 5, Qualification E and F which state, *E) There is only one source that meets the quality or specifications required of the goods or services: F) Sole Source procurement will result in substantial cost savings to the utility*, be authorized. Aye: Abbott, Benfield, Kaliher, Tymchuk, Matheny.

April 16th Board Agenda - Depoe Bay City Hall

Board Meeting -	10:00 a.m.	Review Asset Protection, pg. 6, Customer Feedback, pg. 9 and Board Compensation, pg. 16. Review Capital Improvement Plan, Identity Theft Prevention, Presentation from Ken Beeson on Facilities Planning.
Consent Agenda -		Minutes, vouchers, petty cash, uncollectibles, and Directors’ cash report

Manager’s Report

Strategic Plan Update

Ms. Smith gave an update on the progress of Central Lincoln’s ongoing Strategic Planning process. She discussed six business strategies that represent the things we need to do to

achieve our mission and vision and were developed in response to the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. A discussion on those strategies followed. Chris Chandler then presented draft Mission-Vision-Values posters and a colorized logo for the Board to review and make suggestions.

WECC Audit

Mr. Lovelin and Mr. Alexanderson discussed a recent audit conducted by the Western Electricity Coordinating Council (WECC) of NERC Reliability Standards applicable to Central Lincoln.

- In advance of the audit, Central Lincoln submitted documentation supporting applicability and compliance of the criteria.
- As described in the audit, WECC concurred with Central Lincoln's findings and determined that many of the reliability standards were not applicable to the District. WECC Found no violations.

A discussion on compliance was held and Ms. Smith commended Mr. Alexanderson for the great work he contributes to this important area for Central Lincoln.

Mr. Alexanderson left the meeting at this time.

PUD Scholarships

A memorandum addressing a board discussion last month about the possibility of Central Lincoln funding scholarships for youth who planned a career in the electric utility industry was discussed. A chart showing comparisons with the other Oregon PUD's programs was briefly discussed.

Directors' Discussion

NWPPA/APPA Voting Delegates

After discussion, President Matheny appointed Larkin Kaliher to be Central Lincoln's voting delegate and Ron Benfield the alternate, to Northwest Public Power and American Public Power Association.

Community Parade Participation

The possibility of having Central Lincoln vehicles available for public use in community parades was discussed. The technicalities involved with this are currently being researched.

Meeting adjourned at 1:45 p.m.

Ron Benfield, Secretary

Judy Matheny, President