

Minutes of Regular Board Meeting May 14, 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 May 14, 2014 at 10:00 a.m. PDT. President Matheny called the meeting to order and asked that the roll be called.

Members present: Ron Benfield
Larkin Kaliher
Judy Matheny
Tom Tymchuk

Absent: Curt Abbott

Others present: Debra Smith, General Manager
Brian Barth, Accounting & Finance Manager
Julie Brown, Executive Assistant
Sunnetta Capovilla, new Executive Assistant effective July 1st
Wade Carey, Energy Services Administrator
Chris Chandler, Communication, Community & Econ Development Mgr.
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
Bill Reinhart, Accounting Supervisor
Sue Tyler, Personnel, Compensation and Benefits Manager
Mark Miranda, Newport Police Department

Staff and Visitors Recognized

President Matheny welcomed staff and a visitor to the meeting. Mrs. Matheny asked Chief Mark Miranda if he would like to address the Board. Chief Miranda stated that he was at the meeting to "touch base" and shared a copy of the latest Newport Police Annual Report for review. He discussed current local matters reminding everyone of the "drug take-back program" in which the police department collects and destroys expired prescription medications that are dropped off by citizens. He commented that the solar panels on his house seem to be working quite well. The Board thanked Chief Miranda for coming to the meeting. Chief Miranda left at this time.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of April 16, 2014 Regular Board Meeting
- b) Vouchers for April, 2014
- c) Petty Cash for April, 2014
- d) Uncollectibles for April, 2014
- e) Directors' Cash Report dated May 14, 2014

Board Governance Policy

Compensation and Benefits, pg. 7

President Matheny asked Ms. Smith to report on Compensation and Benefits from the Board's Governance Policy. Ms. Smith reviewed her memo with the Board noting there were no suggested changes for 2014. (See attached)

Financial Condition, pg. 4

Ms. Smith reported on the quarterly Financial Condition Monitoring Report, from the Board's Governance Policy. Central Lincoln has just finished the third quarter of FY 2014 and has not expended more funds than were budgeted for the current fiscal year. She noted that Central Lincoln is expected to underspend the combined capital and operating budgets at year end and she and the Leadership Team are building the FY 2015 budget accordingly. The August report to the Board will include actual, unaudited results for FY 2014. (See attached)

Budget/Forecasting, pg. 3

Ms. Smith reported that the Five Year Financial Plan will be presented as part of the budget discussion and is attached to the monitoring report. Her memo noted the following:

- As projected, reserves will exceed the minimum in each of the fiscal years through 2017-2018
- Nine-month actual results for FY 2013-2014 are within those forecast in the adopted Five Year Financial Plan
- The draft 2014-2015 budget shows a deficit cash position of \$6.4 million compared to a projected deficit of \$4.1 million. This is largely due to land acquisition and design costs for a new operations center and an accelerated time schedule for the Kingwood Substation Project as discussed during April's Board meeting
- The Five Year Financial Plan includes rate increases which will ensure bond covenants are met through June 2018
- Ms. Smith suggested a change to the language in item No. 3 of the Governance Policy; that the term "total compensation" be used instead of "salaries" and that this year's budgeted amount of \$95,000 be used instead of \$76,000. After discussion, the following motion was made:

Motion: Mr. Kaliher moved and Mr. Benfield seconded that the language for Policy Budget/Forecasting, Item No. 3 be revised to read: "*Provides less than \$95,000 per annum for total Board compensation, Board development and Board meetings*". **Aye:** Kaliher, Tymchuk, Benfield, Matheny. (See attached)

Five Year Financial Plan **FY 2014-2015 Budget**

Ms. Smith discussed the Five-Year Financial Plan including the FY 2014-2015 budget. She reviewed different budgeting scenarios with the Board, and asked Brandon Hignite, Power Analyst, to discuss those in a Power-point presentation:

- Graphs were shown depicting past Bonneville Power rate increases that were not passed on to Central Lincoln customers, and BPA increases' impact on Central Lincoln's current cash reserves.
- Mr. Hignite also discussed the 200 and 190 rate schedules. He noted that he felt it would be best to move the Schedule 190 customers in to the Schedule 200 rate. The impact of this proposed rate restructuring will be presented at the June meeting.
- Other budget items were discussed with the Board, and it was noted that a formal request for a rate increase of 5% will be brought to the Board at the June meeting.

After discussion, the following motion was made:

Motion: Mr. Kaliher moved and Mr. Tymchuk seconded that the FY 2014-2015 be approved as presented. Aye: Kaliher, Tymchuk, Benfield, Matheny. (See attached)

Central Lincoln's Pension and Trust Plan Amendment No. 7

Ms. Smith discussed her proposed plan to address Governmental Accounting Standards Board (GASB) Rule 68 requirements.

- Each year the Board approves an amendment to the plan which re-establishes the three-year window, moving it forward a year.
- Management recommends modifying the Central Lincoln pension plan to make the annual update process automatic as of each June 30th.
- Amendment #7 to Central Lincoln's Pension Plan and Trust as proposed accomplishes that modification, as the Board will no longer be required to approve annual amendments.
- The financial impact of the change has been included in the FY 2014-2015 budget.

The final amended document was presented for review. After discussion the following motion was made:

Motion: Mr. Benfield moved and Mr. Tymchuk seconded the adoption of Amendment No. 7. Aye: Kaliher, Tymchuk, Benfield, Matheny. (See attached).

Intergovernmental Agreement Resolution No. 877

Ms. Smith reported that Central Lincoln currently has coverage for workers compensation, property and liability insurance through Special Districts Insurance Services (SDIS).

- The declaration of trust that we and other districts have been operating under since 1985 has become outdated.
- The SDIS Trustees felt it was necessary to draft a new document which would take into account tax and other legal matters.
- Oregon law requires that for local governments to form their own self-insurance programs they must do so by joining into an intergovernmental agreement.
- Adopting the new agreement will protect the Trust's assets, which all of the members have helped build over the past 28 years.
- The new agreement has been reviewed by our legal counsel, and Central Lincoln management recommends adoption of Resolution No 877. After discussion the following motion was made:

Motion: Mr. Kaliher moved and Mr. Benfield seconded the adoption of Resolution No. 877.

Aye: Kaliher, Tymchuk, Benfield, Matheny. (See attached)

June 25 Board Agenda - Reedsport Office

Board Meeting - 10:00 a.m. NWPPA/APPA Meeting Reviews, Tentative Rate Action, Executive Session – GM Benefits & Compensation, Change in Long-Term Disability/Life Insurance/AD&D

Consent Agenda - Minutes, vouchers, petty cash, uncollectibles, and Directors' cash report

A request was made to change the July 16th meeting to July 23rd due to a scheduling conflict. After discussion the following motion was made:

Motion: Mr. Kaliher moved and Mr. Benfield seconded to change the July board meeting date from July 16th to July 23rd which will now be held in Waldport at Oregon Coast Community College (OCCC South County Campus). Aye: Kaliher, Tymchuk, Benfield, Matheny.

Manager's Report

Conservation Quarterly

Ms. Smith asked Wade Carey, Energy Services Administrator, to provide the Board with the quarterly conservation update. He discussed an activity summary as of April 2014. (See attached)

- We are ahead of our savings target and are on track to spend our BPA funds before the period ends in 2015.
- He discussed customer participation in the ductless heat pump program and the Energy Smart Grocer Program.
- It was also mentioned that Mr. Carey has done a great job staying engaged with various community events throughout the District. Q&A followed by the Board.

Smart Grid Investment Grant Project Summary

Ms. Smith provided a follow-up to last month's meeting regarding the funding for Central Lincoln's Smart Grid Investment Grant.

- The project is almost done, and staff is preparing the final invoices to the federal government.
- Staff will continue to work on finding projects that can be submitted to take advantage of our remaining federal funds.
- Any new projects, such as cyber-security investments, will require a dollar-for-dollar expenditure to receive matching grant funds. (See attached)

Legislative Summary

A 2014 legislative summary, submitted by Central Lincoln's lobbyist, Tom Barrows, was presented to the Board by Chris Chandler, Communication, Community & Economic Development Manager. A brief discussion followed. (See attached)

Waldport Customer Service Center

Ms. Smith gave an update regarding the closure of the Waldport office as discussed at the April Board meeting.

- An agreement has been entered into with Columbia Bank, located directly across from our Waldport office, to become a Central Lincoln Pay Station.
- Columbia Bank will also provide drive up service as well as extended hours on Fridays to Central Lincoln customers.
- There will continue to be a customer payment drop box at the Waldport office, and payments there which will be picked up daily and brought to the Newport office for processing.
- Customers affected by this change will be notified of the June 6th closure by direct mail and signage at both the Waldport office and at Columbia Bank.
- Customer Service Representatives currently assigned to the Waldport office will now be assigned to the Newport office.
- The Waldport building still provides a communication link to the south areas and will also be used for storage of equipment. It will not be available for rent, or put up for sales at this time.

All-Employee Meetings

Ms. Smith discussed the all-employee meetings scheduled for June 10th and June 12th:

- Respectful Workplace Training for Central Lincoln's employees will be the focus of the meetings.
- There will be information provided to update current employee manuals.
- Printed employee manuals will be transitioned to online manuals for employees by the end of the summer. Future updates will be reported in the Payday News, and added to the online manual.

FEMA Reimbursement

Ms. Smith discussed the impact to Central Lincoln from the February snowstorm, and expressed appreciation to Brian Barth, Accounting & Finance Manager, and Becky Johnson, General Accounting Supervisor, who submitted a claim to the Federal Emergency Management Agency (FEMA) for Lincoln and Lane Counties. This should result in reimbursement of approximately \$126,000 to Central Lincoln.

Depoe Bay and Waldport Franchise Agreements

Brian Barth, Accounting & Finance Manager, reported that the franchise agreements for Depoe Bay and Waldport will be expiring July 1st. The cities were contacted in early March and negotiations with the cities are in progress. Central Lincoln will pay franchise fees on a month-to-month basis until the agreements are signed.

Best Practices Insurance

Ms. Smith reported that the Special Districts Association of Oregon (SDAO) is changing the way a Best Practices Insurance credit is provided. To earn a 2% credit, which translates to \$4,000 for Central Lincoln, a form will have to be submitted, signed by the Board President, certifying that each Board member has taken at least one Board training during the current year. There are various options for taking these training courses. The deadline to participate in a training this year is November 2014.

Cell Phone/Tablet Program

There will be a 'soft launch' change to the employee cell phone & tablet program through a stipend program beginning July 1st of this year, with a full launch by July 1, 2015. There will also be a tablet stipend available every three years. Board members will qualify for this program.

Reedsport Surveillance Camera

The Reedsport Police Department contacted Central Lincoln for permission to mount a surveillance camera on a PUD pole. It will initially be used to provide security at a skate board park, but may be moved after that. Negotiations are in progress.

Quick-Pay Link

Doug Dawson, IT & Communications Manager, reported on Central Lincoln's online bill pay program, called "link" which will be available at the end of May. The new program will provide billing history and allow the user to set up a profile as well as other enhancements.

Billing Glitch

Bill Reinhart, Accounting Supervisor, discussed a recent glitch with our bill printing and mailing service provider, Shelton Turnbull, that prevented 264 customers from receiving their monthly bills, mainly in the Waldport area. Bills were reprinted, letters were sent to customers and due dates were extended.

Director's Discussion

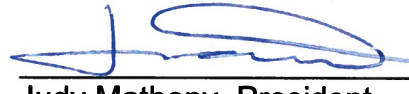
"Crucial Conversations"

Mr. Kaliher asked if it would be appropriate for the Board to attend the next "Crucial Conversations" workshop. Ms. Smith indicated that Board Members would be welcome; and attending along with staff would be a good idea. The next workshop is scheduled in October.

Meeting adjourned at 1:03 p.m.



Ron Benfield, Secretary



Judy Matheny, President