Minutes of Regular Board Meeting May 27, 2015

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 27, 2015 at 10:00 a.m. President Kaliher called the meeting to order and asked that roll be called.

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

Others present: Debra Smith, General Manager
Brian Barth, Customer and Financial Services Manager
Donna Beckham, Utility Asset Coordinator
Sunnetta Capovilla, Executive Assistant
Chris Chandler, Communication, Community & Econ Development Mgr.
Doug Dawson, IT & Communications Manager
Randy Grove, Distribution, Engineering & Operations Manager
Brandon Hignite, Power Analyst
Dennis Hinton, Customer and Energy Services Manager
Bruce Lovelin, Chief Engineer & Systems Engineering Manager
Gail Malcolm, Project Manager
Bill Reinhart, General Accounting Supervisor
Sue Tyler, Personnel, Human Resources Manager

Staff and Visitors Recognized

President Kaliher welcomed staff and visitors to the meeting.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

a) Minutes of April 15, 2015 Regular Board Meeting
b) Vouchers for April, 2015
c) Uncollectibles for April, 2015
d) Directors' Cash Report as of April 30, 2015

Board Governance Policies

Financial Condition, pg 4

Ms. Smith reported that Central Lincoln has just finished the third quarter of FY15 and has not expended more funds than were budgeted for the current fiscal year. She provided a Budget to Actual summary with notes. It is expected that Central Lincoln will underspend its combined capital and operating budgets at year end, and managers are building the FY16 Budget accordingly. The August 2015 report to the Board will include actual, unaudited results for FY15.

Compensation and Benefits, pg 7
Ms. Smith reviewed her memo to the Board noting that Central Lincoln is in the process of changing deferred compensation administrators in an effort to provide better services at a lower cost; and will bring a recommendation to the Board in June.

Budget/Forecasting, pg. 3
This governance policy requires that the General Manager create and maintain a rolling Five-Year Plan and budget in a way that identifies reasonable projection of revenues and expenses, separation of capital and operational items, and discloses appropriate planning assumptions. To that end, a presentation was made to the Board.

Five-Year Financial Plan and FY16 Budget

Ms. Smith and management staff reviewed a PowerPoint presentation with the Board giving an overview of the proposed Five-Year Financial Plan and FY16 Budget. The plan analyzed various scenarios with rate trajectories designed to accommodate future rate increases by BPA as well as reach desirable cash reserve levels. The Board expressed concern about the overall impact these scenarios would have on customers, and directed staff to look at other options that would minimize or reduce the size of future increases. Management will bring more options to the board in the future, but will request a 7% increase in rates at the June Board meeting which, if approved, would be effective 7/1/15.

Pension Plan Restatement
Resolution No. 889

The original pension plan was entered into in 1951; and has been restated four times, most recently in 2011. There have been many plan amendments over the last four years. Central Lincoln's pension attorney advised Central Lincoln to restate its pension plan to include past amendments, incorporate any new law changes, and to request an IRS determination letter.

Management and the Trustees recommended adopting Resolution 889 to approve the 2015 Restatement of the Central Lincoln People's Utility District Pension Plan and Trust, directing staff to obtain a determination letter from the IRS. After discussion, the following motion was made:

Motion: Mr. Abbott moved and Mrs. Matheny seconded to adopt Resolution 889 to approve the 2015 Restatement of Central Lincoln PUD's Pension Plan and Trust. Aye: Tymchuk, Abbott, Benfield, Matheny and Kaliher.

Change of Board Meeting Dates

Due to scheduling conflicts the following changes were made to the 2015 board meeting schedule: June 17th changed to June 15th (Depoe Bay City Hall); and September 16th changed to September 23rd (Newport Central Lincoln Office). After discussion, the following motion was made:

Motion: Mr. Tymchuk moved and Mr. Benfield seconded to approve the change in board meeting dates for June and September 2015. Aye: Tymchuk, Abbott, Benfield, Matheny and Kaliher.

June 15, 2015 Board Agenda – Depoe Bay City Hall

Board Meeting -	10:00 a.m.	GM Compensation & Benefits Pg. 26 Monitoring Organizational Performance Pg. 27 Five-Year Financial Plan and FY 2016 Budget Deferred Comp Contract Award Approval of Rate Schedules Tree Trimming Contract Award Transmission Pole Replacement Award - tentative Consent Agenda - Minutes, Vouchers, Uncollectibles, and Directors' Cash Report

Manager's Report

Performance Dashboard:
A performance dashboard report as of 3/31/15 was presented for review. Ms. Smith noted this will be provided to the board on a quarterly basis. The Dashboard shows data for such areas as:

- Customer Services i.e. Paperless Billing, AutoPay, and MyMeter registrations
- Energy Efficiency Incentives
- Employee incidents and lost days of work
- Vehicle incidents and associated costs
- Causes of outages
- New metered services
- Budget adherence

Definition of Retirement:
Management recommended adopting a more general definition of retirement that is consistent with Central Lincoln's Pension Plan and the union contract. The recommendation included adopting criteria for retirement from Central Lincoln at age 55 or older with 10 or more years of service; and uncoupling the concept of "retirement" from drawing Pension Benefits or benefits under any of Central Lincoln's programs or plans. The Board expressed no objections to this recommendation.

Employee Forum Planning:
Ms. Smith asked the Board to provide input for the upcoming Employee Forum. After discussion, Board members asked that the 2015 Employee Forum be less structured than the 2014 Employee Forum, and more of a "conversation" between employees and board members, and indicated they would like to see a larger cross section of employees participate.

Nonprofit Bill Stuffer Practice:
For many years, Central Lincoln has offered a "bill stuffer" program to nonprofits in the District. Nonprofits use the program to raise funds, recruit volunteers, highlight upcoming events, etc. Central Lincoln reserves the right to review content prior to inserts being printed to prevent political or offensive messaging from being inserted into bills. In very rare circumstances, some nonprofits compete with commercial customers. Staff recommended

Central Lincoln decline requests from nonprofit radio stations in our service area because they compete with for profit entities that are not eligible to participate. The board did not object to the recommended change in practice.

Changing Collection Agency:
Mr. Barth let the Board know that Central Lincoln has selected a different company to perform bill collection work with regard to former customers who have stopped service but left unpaid bills. In the past, Central Lincoln utilized three different collection agencies with charges ranging from 30 to 35% of the amount collected. The new agency charges 23% which will provide estimated savings to the District of $6,000 annually.

APPA Award:
Central Lincoln is one of four recipients to receive the APPA 2015 Energy Innovator Award. Board President Larkin Kaliher will accept this award at American Public Power Association's National Conference in June. The award acknowledges Central Lincoln's work on the Conservation Voltage Management program using Advanced Metering Infrastructure (AMI). Benefits of the AMI system to Central Lincoln and its customers include:

- Access to current usage data through a web portal
- Access to energy management tools to lower energy consumption
- Able to pair daily usage with temperature data to understand high bills
- Able to select a preferred billing date
- On demand reads
- Prompt connect/disconnect for move in/move out
- Reduced outage times
- Utility personnel not on premises every month to read meters
- Automated billing and on-demand reads
- Elimination of estimated reads
- 15 minute load profile reads
- Monitoring of voltage levels on all meters
- Ability to view status of every meter in the district
- Proactive approach to meter issues through monitoring/analytics
- Faster outage restoration due to real time outage presentment
- Fewer truck rolls for meter operations
- Avoided truck rolls due to distribution automation devices in the field
- Reduced meter operations costs by 50% in first year

Port of Toledo Update:
Mr. Lovelin updated the Board on Central Lincoln's work on assisting the Port of Toledo by relocating the L3 69KV line. The Port has executed a contract with Central Lincoln for engineering design work ($20,000) and material costs ($134,000). A second contract will be executed at a later date which will formalize transferring of easements and commit to paying labor costs of $180,000.

Land Acquisition Update:
Ms. Malcolm reported that the process to acquire land for a new operations center is underway. An 11-acre parcel has been identified, and Phase 1 geotechnical and

environmental surveys have been completed and appraisals are expected soon. The South Beach facility, which serves as the main distribution center and warehouse, is 60 years old and located in a tsunami flood zone south of the Yaquina Bay Bridge.

Directors' Discussion

Mr. Abbott reported that at the May OPUDA meeting OPUDA bylaw amendments were presented. More work needs to be done, and a new draft will be presented for review at the June OPUDA meeting.

Mr. Benfield commented that he would like to see an effort made to keep retirees up to date about activities and projects via Central Lincoln's Payday News publication. Ms. Smith noted that Diane Kristiansen, a Central Lincoln retiree, is compiling an email list in an effort to facilitate this and other communications with retirees. Mr. Benfield volunteered to assist with this project as well.

While at the NWPPA Annual Conference in Anchorage, Mrs. Matheny noticed that many utilities are just beginning work that is already in place at Central Lincoln. She commented that she was pleased with Central Lincoln's use of cutting edge technology. Mr. Kaliher noted that Alaska utilities were struggling with understanding automated data processing, because some of the information was presented in metric, while other portions were in standard format. He also noted that Alaskans rely on wind power to augment the use of oil for generating electricity.

There being no further business, the meeting adjourned at 1:40 p.m.

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Curt Abbott, Secretary Larkin Kaliher, President