

Minutes of Regular Board Meeting July 29, 2015

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Newport Central Lincoln Office on Wednesday, July 29, 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
Sunnetta Capovilla, Executive Assistant
Wade Carey, Energy Services Administrator
Chris Chandler, Communication, Community & Econ Development Mgr.
Doug Dawson, IT & Telecom Manager
Randy Grove, Distribution, Engineering & Operations Manager
Brandon Hignite, Power Analyst
Bruce Lovelin, Chief Engineer & Systems Engineering Manager
Gail Malcolm, Project Manager
Sue Tyler, Personnel & Human Resources Manager
Ken Beeson, Facilities Planning Consultant
Andy Dykeman, Senior Project Manager, Lease Crutcher Lewis
Pete Gintner, Legal Counsel
Trace Ward, Principal, gLAs Architects

Staff and Visitors Recognized

President Kaliher welcomed staff and visitors to the meeting.

Executive Session:

The meeting recessed into Executive Session at 10:03 a.m. President Kaliher stated "The Central Lincoln PUD Board of Directors will now meet in Executive Session in accordance with ORS 192.660 (2) (e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions." **The Board reconvened into Regular Session at 10:50 a.m.**

Consent Agenda

The Board approved the following Consent Agenda items as presented:

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

Granting an Easement on Central Lincoln Property Resolution 892

The Bonneville Power Administration (BPA) has requested an easement on the access road to Central Lincoln's Glasgow Substation. BPA has always used this access road to reach its tie points behind the Glasgow Substation. Several months ago, BPA contacted staff asking for a non-exclusive easement in exchange for \$3,600. It was determined that BPA's offer was fair and staff recommended the Board approve Resolution 892 granting a non-exclusive easement to the BPA. After discussion, the following motion was made:

Motion: Mr. Abbott moved and Mr. Tymchuk seconded to adopt Resolution 892 granting a non-exclusive easement for BPA to access Central Lincoln's Glasgow Substation. Aye: Benfield, Matheny, Tymchuk, Abbott and Kaliher.

August 19, 2015 Board Agenda – Yachats Overleaf Lodge

Board Meeting - 1:00 p.m. Governance Policy Review: Pgs. 2 & 4
Performance Dashboard
Public Meeting & Records Checklist
Resolution for GM Compensation
Consent Agenda - Minutes, Vouchers, Uncollectibles, and
Directors' Cash Report

Manager's Report

Other Postemployment Benefits (OPEB):

Central Lincoln's OPEB Plan allowed retirees to purchase medical, dental and vision benefits at essentially the same cost as current employees from the date of retirement until the employee and his or her spouse became eligible for Medicare. When the Pension Plan was closed on July 1, 2010, the intent was to close the OPEB Plan as well. However, due to an oversight, the OPEB language was never removed from the union contract.

Ms. Smith reviewed various possible options regarding the closure, partial closure or non-closure of this benefit going forward and the financial impact of each option with the Board. Staff's recommendation is to work to close the OPEB plan fully with the union through negotiation with the Labor Management Committee. Making some type of health retirement account (HRA) available to employees may help in closing the OPEB; however there are ambiguities about how these accounts are included in calculating new excise taxes under the Affordable Care Act. Management's recommendation is to open discussion with the Labor Management Committee but wait for resolution until there is clarity about the viability of offering an HRA or VEBA (Voluntary Employee Benefits Account.) Staff will keep the Board informed as those discussions proceed.

Quarterly Conservation Update:

Wade Carey, Energy Services Administrator, reported on the current Central Lincoln BPA FY2014 - FY2015 Conservation Program report through June, 2015. The conservation

program continues to move toward our savings target, and due to the additional funding Central Lincoln received from BPA's unassigned account, program funding remains sufficient.

Mr. Carey reviewed with the Board the incentive changes being made by BPA effective October 1, 2015, and identified their impact on various Central Lincoln programs. The newest program, a rebate for the purchase of heat pump water heaters, has already received significant interest from customers.

BPA's Final Rate Report:

Power Analyst Brandon Hignite provided a brief summary of Bonneville's Final Record of Decision (ROD) with respect to power and transmission rates. Central Lincoln's power rate will go up by 7.05% and transmission by 4.6%, both of which are very close to the average for all utilities. The rate increases will be effective October 1, 2015 and were reflected in the budget and Five-Year Financial Plan approved by the Board in June.

Pension Plan Audit:

The recent changes in GASB (Governmental Accounting Standards Board) for pension plans requires that Central Lincoln have a separate audit of its Pension Plan. The Board agreed to sign a letter engaging the services of Kenneth Kuhns, Central Lincoln's financial auditor, to perform the additional work for a fee of \$5,000.

Tree Crew Cost Comparison:

In June, the Board asked about the comparative cost of a contract tree trimming crew and a Central Lincoln tree trimming crew. Central Lincoln currently employs two fulltime crews and pays for two outside crews from a contractor for a portion of each year. The Accounting Department did a comprehensive analysis and found the two options to be very similarly priced. Central Lincoln's crew is slightly lower on an hourly basis but there are also overhead costs associated with in-house crews that don't apply to contract crews (for example, employees' time is paid while they attend monthly safety meetings and employees accrue Paid Time Off (PTO).) However, Central Lincoln crews are generally more productive because they know the utility's system well. Staff believes we have struck a good balance and should continue to manage tree crew functions using both employee and contractor crews.

Energy Supplier Assessment (ESA) Paid Annually to the Oregon Department of Energy:

Some Oregon utilities have decided to move forward with litigation over the ESA, and a subset have chosen to limit their financial commitment with a 'not to exceed' amount of \$20,000. Attorneys project the total cost of litigation including two appeals could be as high as \$250,000. The Oregon PUD Association will be discussing and deciding at their September meeting. The Board indicated support for Ms. Smith moving forward to protect the interests of Central Lincoln's customers, who ultimately pay the ESA through their electricity rates.

RFP for Elevator Bucket Truck:

Central Lincoln will be sending out an RFP for one new elevator bucket truck to replace truck #2621 in South Beach. The responses from vendors are due August 12th. The Fleet Coordinator's estimated cost for the new truck is \$340,000. Staff will bring a recommendation to the Board at the September meeting.

Directors' Discussion

Boardlines:

Ms. Chandler asked Board members to send in their articles for Boardlines by August 14th. Various topics for the publication were discussed.

The Board recessed into a work session at 12:55 p.m. Mr. Kaliher stated "the purpose of the work session is to review the Governance Policies and suggest modifications for future consideration." Various updates and suggested changes to the Governance Policy document were discussed, and staff will prepare updates for Board review at the August board meeting. **General Session was reconvened at 1:51 p.m.**

Executive Session:

The meeting recessed into Executive Session at 1:55 p.m. President Kaliher stated "The Central Lincoln PUD Board of Directors will now meet in Executive Session in accordance with ORS 192.660 (2) (i) to review and evaluate the job performance of the General Manager." **The Board reconvened into Regular Session at 2:10 p.m.**

The Board discussed providing General Manager, Debra Smith with a general wage adjustment equal to what was given to non-represented staff, as well as a merit bonus. After discussion, the following motion was made:

Motion: Mr. Benfield moved and Mrs. Matheny seconded that effective 7/1/15 Ms. Smith be given a 2.5% general wage adjustment and an additional \$6,000 merit bonus to be paid in one sum. Aye: Benfield, Matheny, Tymchuk, Abbott and Kaliher.

Staff will prepare a resolution for the Board's consideration in August to formalize this motion.

There being no further business, the meeting adjourned at 2:35 p.m.

Curt Abbott, Secretary

Larkin Kaliher, President