

## **Minutes of Regular Board Meeting August 19, 2015**

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Overleaf Event Center in Yachats on Wednesday, August 19, 2015 at 1:20 p.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  
Brian Barth, Customer and Financial Services Manager  
Chris Chandler, Public Affairs Manager  
Doug Dawson, IT & Telecom Manager  
Randy Grove, Operations Manager  
Bruce Lovelin, Engineering Manager  
Gail Malcolm, Project Manager  
Sue Tyler, 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 July 29, 2015 Regular Board Meeting
- b) Vouchers for July, 2015
- c) Uncollectibles for July, 2015
- d) Directors' Cash Report as of July 31, 2015

### **Board Governance Policies**

#### **Staff Treatment, pg. 2**

In keeping with the Carver Method of Policy Governance used by Central Lincoln, the Board reviewed a routine monitoring report memorandum from Ms. Smith discussing how Central Lincoln is working to ensure staff will be treated appropriately at all times.

#### **Financial Condition, pg. 4**

This monitoring report states: "With respect to the actual, ongoing condition of the organization's financial health, the General Manager may not cause or allow the development of fiscal jeopardy, nor a material deviation of the actual expenditures from the Board priorities established in Aims/Ends policies." Ms. Smith reviewed with the Board a preliminary Budget to Actual report for FY15, a Performance Dashboard quantifying Central Lincoln's performance in such areas as reliability, employee safety, energy efficiency incentive expenditures, and showing the causes of outages for the first six months of 2015.

**General Manager's Salary**  
**Resolution No. 893**

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

**Motion:** Mr. Abbott moved and Mr. Tymchuk seconded the adoption of Resolution No. 893 to ratify a motion passed on July 29, 2015. Aye: Matheny, Tymchuk, Abbott, Benfield and Kaliher.

**Modifying the Board Policy Manual**  
**Resolution No. 894**

On July 29, 2015, the Board held a workshop to review and discuss its Governance Policies. A number of changes and potential areas for improvement were identified. Management subsequently prepared a draft set of changes for the Board's consideration, noting a list of additional items that will be addressed in the coming months. After discussion, the following motion was made:

**Motion:** Mr. Abbott moved and Mrs. Matheny seconded to adopt Resolution No. 894 to modify the Board Policy Manual adopting changes to the table of contents and pages 2, 5, 7, 12, 13 and 19. Aye: Matheny, Tymchuk, Abbott, Benfield and Kaliher.

**Execution of 401K and 457 Agreements for Administrative Services**  
**Resolution No. 895**

The Board approved Resolution 886 in May, authorizing the General Manager to sign documents which would engage ICMA-RC as the new Deferred Compensation provider for Central Lincoln. ICMA-RC has requested a new resolution including an affirmative statement with language that identifies the 401K as a "profit-sharing" plan, consistent with the IRS definition. After discussion, the following motion was made:

**Motion:** Mr. Tymchuk moved and Mr. Abbott seconded to adopt Resolution No. 895 authorizing the General Manager to execute agreements for administrative services for Central Lincoln's 401K and 457 deferred compensation plans and the attached affirmative statement. Aye: Matheny, Tymchuk, Abbott, Benfield and Kaliher. (Resolution 895 rescinds Resolution 886.)

**September 23, 2015 Board Agenda – Newport Office**

Board Meeting -	10:00 a.m.	Elevator bucket truck bid award Resolution: OPEB definition and clarification Presentation of Economic Data for the Central Lincoln Service District from Economic Analyst Mark Roberts Sole Source – NISC enterprise solution Consent Agenda - Minutes, Vouchers, Uncollectibles, and Directors' Cash Report Tentative Executive Session: Franchise Fees
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## Manager's Report

### Energy Supplier Assessment (ESA)

The Oregon Department of Energy (ODOE) imposes an "Energy Supplier Assessment" (ESA) on utilities annually. ESA revenue is used for energy facility siting costs and a host of other programs which have varying degrees of value to the consumers who ultimately pay the ESA through their utility rates. For various reasons, ODOE has been unwilling or unable to comply with providing agreed-upon budgetary information, and this year, Central Lincoln's assessment went up from \$62,497 to \$85,260 or 36.4%. As a group, OPUDA utilities experienced an increase of over \$70,000 or 42.4%.

Lack of transparency, coupled with staff and director turnover has deteriorated the confidence utilities place in ODOE, and therefore their willingness to continue paying the ESA. Central Lincoln is considering participation in litigation against ODOE asserting the ESA is a tax. Under Oregon law, only the Legislature can assess taxes. Timing is important because the 2015 ESA bills are being paid under protest and the proposed litigation will assert that statutory procedure was not followed for this year's assessment.

If the Board chooses to participate with other OPUDA utilities in litigation against ODOE, management recommends Central Lincoln's financial commitment be limited. After discussion, the following motion was made:

**Motion:** Mr. Benfield moved and Mr. Abbott seconded to authorize the General Manager to spend up to \$20,000 for legal fees to Stoel Rives LLP Attorneys at Law to participate in litigation against the Oregon Department of Energy with respect to the Energy Supplier Assessment. Participation by Central Lincoln is predicated on total utility commitments of no less than \$125,000. Aye: Matheny, Tymchuk, Abbott, Benfield and Kaliher.

### Special Districts Insurance Services (SDIS)

Customer and Financial Services Manager Brian Barth reported that Central Lincoln currently carries workers compensation, property and liability insurance through Special Districts Insurance Services. SDIS offers discounts based on five different discount opportunities worth 2% each. The Board has previously completed four of the five programs, and a "Public Meetings and Records Best Practices Checklist" is the last of the five items offered in order to receive maximum premium discounts. The Board reviewed the list and authorized its submittal to SDIS.

### Land purchase update and potential need for a Special Meeting:

Ms. Smith updated the Board on the status of land purchase negotiations. Central Lincoln is currently negotiating prices and terms on parcels located north of Newport, which if successful, will be the site for a new Newport Operations Center (NOC) and will replace the 60-year old South Beach maintenance and operations facility (as well as moving it out of the tsunami inundation zone). Central Lincoln currently is in the due diligence period which ends on September 9, 2015.

If negotiations are successful, and prior to the close of business on September 9, 2015, a Special Meeting may be held for the Board to make a decision on the land purchase. The Special Meeting, if needed, will be conducted via phone. Public notices for the Special Meeting will be distributed to designated newspapers in the District.

There were no topics raised for Directors' Discussion.

There being no further business, the meeting adjourned at 2:50 p.m.

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Curt Abbott, Secretary

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Larkin Kaliher, President