

Minutes of Regular Board Meeting November 18, 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, November 18, 2015 at 9:00 a.m. President Kaliher called the meeting to order and asked that roll be called.

Members present: Larkin Kaliher
Tom Tymchuk
Ron Benfield

Since a quorum was present the meeting proceeded with its new time as scheduled. Directors Curt Abbott and Judy Matheny were able to join the meeting in progress at 9:30.

Others present: Debra Smith, General Manager
Brian Barth, Customer and Financial Services Manager
Sunneta Capovilla, Executive Assistant
Chris Chandler, Public Affairs Manager
Doug Dawson, IT & Telecom Manager
Randy Grove, Operations Manager
Brandon Hignite, Senior Planner Analyst
Bruce Lovelin, Engineering Manager
Gail Malcolm, Project Manager
Bill Reinhart, General Accounting Supervisor
Sue Tyler, Human Resources Manager
Ken Beeson, Facilities Planning Consultant
Andrew Dykeman, Senior Project Manager, Lease Crutcher Lewis
Kyle Hughes, Reporter with KLCC – Eugene
Kenneth Kuhns, Auditor
Mark Roberts, Economist
Trace Ward, Principal, gLAs Architects

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 October 14, 2015 Regular Board Meeting
- b) Vouchers for October, 2015
- c) Uncollectibles for October, 2015
- d) Directors' Cash Report as of October 31, 2015

Audit Report **Kenneth Kuhns & Co,**

Kenneth Kuhns, CPA, was present to review the year-end audited financial with the Board. He discussed the impact of Governmental Accounting Standards Board (GASB) Statement No. 68 with respect to financial reporting of pensions, which is an amendment to GASB No. 27. It was noted that all significant transactions have been recognized in the financial statements in the proper period; and went on to state that no adjustments were required and his firm offered a "clean opinion."

Board Governance Policies

Financial Condition, Pg. 4

The Board reviewed a copy of the audited report from Kenneth Kuhns for the years ended June 30, 2014 and 2015, a summary of the budget to actual expenditures through September 30th, and the Performance Dashboard for 1st Quarter. Expenses are in line with the budget as expected.

Board Governance Policy Manual Updates **Resolution No. 900**

The proposed resolution formalized changes to the “Organizational Purpose” and “Communication and Counsel to the Board” Governance Policies that were reviewed and discussed at the October Board meeting. After discussion, the following motion was made:

Motion: Mr. Abbott moved and Mr. Benfield seconded to adopt Resolution No. 900 to modify the Board Policy Manual adopting changes as noted above. **Aye:** Benfield, Matheny, Tymchuk, Abbott and Kaliher.

Contract Award **NISC (National Information Solutions Cooperative)**

NISC is a fully integrated “enterprise” system that includes customer care & billing, meter data management, outage management, financial controls & reporting, work management, mapping, and other critical functions. Management recommended approval of the Exemption to Competitive Bidding and requested authorization to enter into a Software and Services Agreement with NISC, Inc. for a five-year period with a not-to-exceed amount of \$1.5 million. After discussion, the following motion was made:

Motion: Mr. Abbott moved and Mr. Tymchuk seconded to approve the Exemption to Competitive Bidding process and authorized the General Manager to enter into a software and services agreement with NISC, Inc. for a five-year period with a not-to-exceed amount of \$1.5 million. **Aye:** Benfield, Matheny, Tymchuk, Abbott and Kaliher.

Five-Year Financial Plan

The Board reviewed proposed revisions to the Five-Year Financial Plan with forecasts up to eight years; projecting future potential Bonneville rate increases, required reserves and the projected savings from implementing the NISC software. Two scenarios were presented: Scenario E reflected a budget that does not include building a new operations center, and Scenario F which does include building a new operations center. During discussion the following comments were made by Board members:

- Mr. Tymchuk noted that while he supports building a new operations center, he would have preferred to have delayed the vote until after communicating more with customers about it.
- Mrs. Matheny stated that she would like Central Lincoln to move forward with the operations center project, noting that a delay in building would only be more costly.
- Mr. Benfield stated a good financial analysis was done by staff; noting moves out of the tsunami zones were already being made by coastal schools and Public Works; and that he felt Central Lincoln should move the operations facility out of the tsunami inundation zone as well.

- Mr. Abbott said he appreciated the work done on the financial plan, but voiced concern over potential financial impacts associated with unknown future rate increases by Bonneville.
- Mr. Kaliher stated that we have a responsibility to our customers for reliability and to our employees for safety.

The question was called for, and the following motion was made:

Motion: Mr. Abbott moved and Mrs. Matheny seconded to approve the Five-Year Financial Plan labeled “Scenario F”. Aye: Benfield, Matheny, Tymchuk, Abbott and Kaliher.

Construction of a New Operations Facility
Resolution 901

The South Beach facility, which is approximately 60 years old, provides operations support to the entire District through the substation maintenance, meter/relay, and communication shops. It also serves as the primary warehouse and distribution center for critical tools, supplies and equipment necessary for line construction and repair. In the event of a tsunami, it is expected that the property would be flooded and most assets would be lost or unusable. Relocating the facility to the newly-acquired site, which sits above the tsunami zone, would make it possible for the utility to “stand up” after a catastrophic event such as a tsunami. After discussion, the following motion was made:

Motion: Mr. Abbott moved and Mr. Benfield seconded to adopt Resolution No. 901 to provide authorization to the General Manager to execute all documents necessary for Central Lincoln PUD to build the proposed warehouse and operations center for an amount not to exceed \$27,735,016. Aye: Benfield, Matheny, Tymchuk, Abbott and Kaliher.

Amendment:
Architectural & Engineering Agreement for Newport Operations Center

In November 2014, the Board authorized Phase 1 of an architectural and engineering (A&E) Agreement with gLAs Architects to develop a 30% design for a new warehouse and operations facility in Newport. The 30% design work included program development, a preliminary design and a construction cost estimate for a new operations center. Phase 1 of the A&E Agreement was for a not-to-exceed amount of \$270,000.

The proposed amendment allowed for completion of the remaining architecture and engineering work (Phase II) including final design, development of construction specifications, and when needed, construction administration and project closeout. The cost for the Phase II work is a not-to-exceed amount of \$1,575,000. After discussion, the following motion was made:

Motion: Mr. Abbott moved and Mrs. Matheny seconded to authorize execution of an amendment to the A&E Agreement for an amount not to exceed \$1,575,000 to complete the design of the warehouse and operations facility to be located in Newport. Aye: Abbott, Benfield, Matheny, Tymchuk and Kaliher.

November 18, 2015 Board Agenda – Toledo City Hall

Board Meeting - 10:00 a.m. CM/GC Contract Amendment
Selection of OPUDA Delegates
Consent Agenda - Minutes, Vouchers, Uncollectibles, and
Directors' Cash Report

Economic Presentation **Mark Roberts**

Economist Mark Roberts provided a PowerPoint presentation to the Board entitled "Customer Economic Assessment and the Affordability of Electric Power". His presentation provided slides with data and graphs comparing demographic information throughout the District with respect to population, income, employment, kWh usage, health care, affordable housing, and occupations.

Manager's Report

Property Tax Comparisons

The Board reviewed a graph of property tax expense for the last 10 years for Central Lincoln's assets in Coos, Douglas, Lane, and Lincoln, Counties. The total paid for the tax year 2015-16 (after the discount) was \$1,489,381. This is an increase of \$14,492 over last year.

Holiday Shut Offs

There was discussion regarding whether shut-offs (for non-payment) would occur the weeks of Thanksgiving and Christmas. In checking with other PUDs, some do and some don't. Data will continue to be gathered and Ms. Smith will let the Board know the plan soon.

Upcoming Legislative Session

Ms. Smith discussed the issues facing Oregon's PUD's at the next legislative session. A group called Renew Oregon has introduced multiple ballot measures that are intended to manage climate through the reduction of carbon emissions. Most likely the discussions will be complicated, with not all PUDs in agreement. At some point in the near future Central Lincoln will need to determine its position.

Directors' Discussion

The OPUDA 2016 proposed budget was presented for review. The Board had no objections. Board members felt the OPUDA Annual Meeting held October 20-22nd was well done. The new process going forward is to institutionalize a planning committee for future Annual Meetings.

There being no further business, the meeting adjourned at 1:30 p.m.

Curt Abbott, Secretary

Larkin Kaliher, President