

Minutes of Regular Board Meeting January 20, 2016

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Newport Office on Wednesday, January 20, 2016 at 10:00 a.m. President Kaliher called the meeting to order and asked that roll be called.

Members present: Larkin Kaliher, President
Ron Benfield, Vice President
Curt Abbott, Secretary
Judy Matheny, Board Member
Tom Tymchuk, Treasurer (attended by videoconference from Reedsport)

Others present: Debra Smith, General Manager
Brian Barth, Customer and Shared Services Manager
Sunnetta Capovilla, Executive Assistant
Wade Carey, Energy Services Administrator
Chris Chandler, Public Affairs Manager
Randy Grove, Operations Manager
Brandon Hignite, Senior Planner Analyst
Bruce Lovelin, Engineering Manager
Gail Malcolm, Project Manager
Sue Tyler, Human Resources Manager
Tom Willoughby, Materials Systems Manager

Staff and Visitors Recognized

President Kaliher welcomed staff and visitors to the meeting.

Election of Officers

President Kaliher stated that since this was the first meeting of 2016, it was customary to elect new officers for the coming year. He then asked for nominations. Mr. Tymchuk nominated the following slate of officers:

Mr. Benfield, President
Mr. Abbott, Vice President
Mrs. Matheny, Secretary
Mr. Tymchuk, Treasurer

Motion: Mr. Tymchuk moved and Mr. Benfield seconded that the nominations be closed and the above slate of officers be approved for 2016. Aye: Tymchuk, Abbott, Kaliher, Matheny, Benfield.

The meeting continued with Mr. Benfield serving as President.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of December 16, 2015 Regular Board Meeting
- b) Vouchers for December, 2015
- c) Uncollectibles for December, 2015
- d) Directors' Cash Report as of December 31, 2015

2016 Board Meeting Dates and Locations

2016 board meeting dates and locations were presented for consideration. After discussion, the following motion was made:

Motion: Mr. Kaliher moved and Mrs. Matheny seconded that the proposed schedule of board meeting dates and locations be approved as discussed. Aye: Tymchuk, Abbott, Kaliher, Matheny, Benfield. (see approved dates below)

Jan. 20th	Newport Office
Feb. 17th	Reedsport Office
March 16th	Newport Office
April 20th	Florence Office
May 25th	Newport Office
June 15th	Depoe Bay City Hall
July 20th	Newport Office
Aug. 17th	Yachats Overleaf Resort
Sept. 21st	Newport Office
Oct. 19th	Toledo City Hall
Nov. 16th	Newport Office
Dec. 14th	Newport Office

Meetings and Workshops - 2016

Motion: Mr. Abbott moved and Mrs. Matheny seconded that the Board of Directors be authorized to attend meetings and workshops that are of benefit or interest to Central Lincoln for 2016. Aye: Tymchuk, Abbott, Kaliher, Matheny, Benfield.

Sole Source Request **CLEAResult/Energy Smart Grocer Program**

In an effort to reduce operating expenses, BPA has decided not to renew its Energy Smart Grocer Services contract with CLEAResult. Central Lincoln wishes to continue this program, but lacks the necessary in-house staff to perform the program functions. Staff recommended Central Lincoln contract directly with CLEAResult for an estimated cost of \$165,000 over the BPA two-year rate credit period, which would require approval of a sole source request. The Board reviewed the "Findings to Support Exemption from Bidding" report submitted by management. After discussion the following motion was made:

Motion: Mr. Kaliher moved and Mr. Abbott seconded to approve the sole source request entering into an agreement with CLEAResult to provide Central Lincoln with Energy Smart Grocer Services for the period of April 1, 2016 through September 30, 2017. Aye: Tymchuk, Abbott, Kaliher, Matheny, Benfield.

Resolution No. 902 **Board Governance – Policy Reserves Requirement**

At the December 2015 Board Meeting, Management and the Board discussed a proposal to change the reserve requirement found in the Board Governance Policy Manual from a BPA bill-based approach to a "Days Cash on Hand" approach. Since the Board had already requested and

reviewed this change, management recommended the adoption of Board Resolution 902 which formalizes the change to the Board Governance Policy - Executive Limitations, Policy Title: Budgeting/Forecasting (II.B.2). After discussion, the following motion was made:

Motion: Mrs. Matheny moved and Mr. Abbott seconded to adopt Resolution 902 authorizing a change to Pg. No. 3 of the Board Governance Policy “Budgeting/Forecasting” to reflect a new reserve requirement of 100 Days Cash on Hand. Aye: Tymchuk, Abbott, Kaliher, Matheny, Benfield.

Request for Surplus Declaration **Former Glasgow Substation Property**

Central Lincoln decommissioned an electrical substation approximately 30 years ago in the Glasgow area, and has no future use for that property. A contract was entered into with Cascade Earth Sciences for a field environmental assessment of the site which included a visual inspection and soil sampling. No presence of PCBs or petroleum hydrocarbons above laboratory minimum limits was found. Central Lincoln contracted with a licensed real estate appraisal firm to provide an estimated market value for the property. Management requested that the Board declare this property as surplus. The property would be marketed, and any purchase offers would be brought to the Board for consideration.

Motion: Mr. Abbott moved and Mr. Kaliher seconded to declare the former Glasgow Substation site surplus to Central Lincoln’s needs. Aye: Tymchuk, Abbott, Kaliher, Matheny, Benfield.

February 17, 2016 Board Agenda – Reedsport Office

Board Meeting -	10:00 a.m.	Strategic Planning Workshop Contract Award: Circuit Breakers Pole Replacement Project Sole Source: Pascor Switches Land Acquisition Request: Former BPA Radio Site Resolution: Reedsport Banking Depository Consent Agenda - Minutes, Vouchers, Uncollectibles, and Directors’ Cash Report
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Manager’s Report

Conservation Quarterly Update

Mr. Carey reviewed Central Lincoln’s FY 2016-2017 Conservation Program report with the Board. BPA has set Central Lincoln’s Energy Efficiency Incentive funding for the rate period at just under \$3.5 million. Program participation has remained steady. Mr. Carey noted one highlight of the past quarter was the completion of a heat pump pool heater project for a commercial customer. The project proved to yield an annual savings of 235,137 kWh, and provided the customer an incentive check for \$50,994. The customer was extremely pleased with the process, and the outcome of the project.

Key Account Program

Central Lincoln has identified 34 of its largest and strategically-chosen customers (i.e. emergency services providers) which will be invited to a Key Account program kick off meeting. The goals of this program are to develop better relationships, better awareness of Central Lincoln programs, notice of impending rate actions and develop emergency action communication channels. Central Lincoln's Key Account Managers (Wade Carey and Brandon Hignite) will check in regularly with these customers to ensure their needs are being met and provide advocacy for important issues when necessary.

Health Care Costs Update

At last month's meeting, the Board requested an update on Central Lincoln's health care plan budget. Staff reported that, using a rolling 12-month period view, total health care costs are tracking at 90.9% of the budget. In the future, staff will bring regular, periodic updates of plan performance.

Liability Insurance Premium Update

During December's insurance presentation, there was a question regarding an increase in the general liability premium. Upon investigation it was discovered that taxes had been incorrectly included when calculating the premium. The result of this inquiry netted a premium savings of \$9,291.

Retiree Communications Update

Following up on a previous request by the Board to keep retirees up to date on Central Lincoln's current affairs, staff reported that a list of retirees has been compiled and letters were sent asking those interested to sign up via email to receive electronic notice when Payday News is posted. Responses have been positive from retirees about this communication process.

Fiscal vs. Calendar Year Reporting

It was discussed that as a part of the implementation of the new financial enterprise system, consideration is being given to moving to a calendar year rather than the current fiscal year process. The Board was in favor of this change.

Bonds Sale

A motion was passed by the Board in December approving Ordinance 96 to sell bonds not to exceed \$33 million to finance improvements to various capital projects including the Northern Operations Center. Ms. Smith reported that the process is moving forward, pricing is looking good, and bonds will most likely be issued in March.

Parades

For the past two years Central Lincoln employees have participated in multiple parades throughout the District. Participation in community parades appears to be well-received by those communities, and is something Central Lincoln intends to continue.

Industrial Customer Request

One of Central Lincoln's large industrial customers has requested that it be allowed to apply its generated electricity against its load. Currently the customer sells the output in the wholesale market. Central Lincoln has agreed to take this request to the BPA as an advocate for the customer. A meeting has been scheduled for February 10, 2016.

System Reliability

Mr. Lovelin gave an informational PowerPoint presentation on system reliability. Central Lincoln's goal is to provide the availability of high-quality electricity 24/7, 365 days a year with no interruptions, sags or swells. He discussed Central Lincoln's improved ability to track outages due to advanced technology and equipment upgrades. He outlined future projects which are planned to further improve reliability and provide better outage tracking data. Management will continue to include standard reliability indices in the quarterly performance dashboard and trend analysis will be included over time.

Directors' Discussion

- Mr. Kaliher stated that he would not be able to attend the OPUDA board meeting in February. Mr. Tymchuk agreed to sit in as the alternate.
- Mr. Kaliher asked if there was an update on the customer who was able to use her debit card to pay her online account without having to use a PIN. Management is investigating further, but is being told this is a glitch happening at the bank level.

There being no further business, the meeting adjourned at 12:16 p.m.

Judy Matheny, Secretary

Ron Benfield, President