

Minutes of a Regular Board Meeting March 15, 2016

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Newport Office on Tuesday, March 15, 2016 at 1:30 p.m. President Benfield called the meeting to order and asked that roll be called.

Members present: Ron Benfield, President
Curt Abbott, Vice President
Judy Matheny, Secretary
Tom Tymchuk, Treasurer
Larkin Kaliher, Board Member

Others present: Debra Smith, General Manager
Brian Barth, Customer and Shared Services Manager
John Campbell, Journeyman Maintenance Wireman
Sunnetta Capovilla, Executive Assistant
Chris Chandler, Public Affairs Manager
Randy Grove, Operations Manager
Brandon Hignite, Senior Planner Analyst
Matt Hillebrand, Systems Engineering Field Supervisor
Bruce Lovelin, Engineering Manager
Gail Malcolm, Project Manager
Sue Tyler, Human Resources Manager

Staff and Visitors Recognized

President Benfield welcomed staff and visitors to the meeting.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of February 17, 2016 Regular Board Meeting
- b) Minutes of March 3, 2016 Special Board Meeting
- c) Vouchers for February, 2016
- d) Uncollectibles for February, 2016
- e) Directors' Cash Report as of February 29, 2016

Board Governance Policies

Governance Process Pgs. 10-22

After review and discussion of these pages, questions were raised and suggested modifications were made by the Board to pages 12 (Board Job Description), 18 (Board Members' Code of Conduct) and 20 (Board Member Compensation). Staff will research, review and amend as appropriate; and bring a resolution to the Board in April for consideration and approval of proposed changes to the Board's Governance Policies.

Contract Award

Project Management Consulting Services for NISC

In November 2015, the Board approved a fully integrated "enterprise" Software and Services Agreement with National Information Solutions Cooperative, Inc. (NISC) for installation,

conversion, training and other services. NISC's iVUE Solution includes customer care and billing, meter data management, outage management, financial controls and reporting, work management, mapping, and other critical functions. Converting a utility's software to NISC is a significant project. As Central Lincoln does not have personnel available to manage the project, staff identified several critical attributes for outside project management:

- Experience as a third party project manager implementing complex IT projects
- Experience using established project management discipline; demonstrated through certification
- Experience working with public entities and utilities

Specifics for this contract award are as follows:

Statement of Work: Project management consulting services to implement the NISC iVue suite of applications and supporting technologies. The scope of work includes initiation, planning, execution, and close for each phase or module of the project.

Term: Expiration of December 31, 2017

Payments: Not to exceed \$295,300, time and materials basis

After discussion the following motion was made:

Motion: Mr. Abbott moved and Mrs. Matheny seconded to authorize the General Manager to enter into a personal services contract with Make It Happen, LLC for project management consulting services associated with the NISC iVue suite of applications for an amount not to exceed \$295,300. Aye: Kaliher, Matheny, Tymchuk, Abbott, Benfield.

Approval of Updated Strategic Plan

In 2014, Central Lincoln completed a Strategic Plan to set priorities and guide operations for the coming three to five years. It is the foundation for the annual work plan that in turn drives the budget process. An updated 2016 Strategic Plan, including Business Strategies and initiatives based on input from Board Members, the Leadership Team and other informal influencers from across the organization was presented for review. After discussion, the following motion was made:

Motion: Mr. Kaliher moved and Mrs. Matheny seconded to approve the updated Strategic Plan as presented. Aye: Kaliher, Matheny, Tymchuk, Abbott, Benfield.

April 20, 2016 Board Agenda – Florence Office

Board Meeting -	10:00 a.m.	Governance Policies Pgs. 6 & 9 Resolution to modify Governance Policies Review Five-Year Capital Improvement Plan (CIP) Community Connections Calendar Organizational Work Plan APPA Voting Delegates Consent Agenda - Minutes, Vouchers, Uncollectibles, and Directors' Cash Report
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Manager's Report

Retirement Benefits Outlook

Management provided the Board with an updated report projecting future costs of the pension plan for employees hired prior to July 1, 2010 as well as the 401(k) matching plan offered to employees hired after that date. The informational report also included information about self-managing and lowering the administration costs of the Pension Plan as recommended by a consultant. It was noted that 29 employees are eligible for retirement under the current pension plan's criteria over the next five years.

High Level Budget Assumptions

Consistent with last year, the budget baseline is FY15 actual results plus 5%. The reference point is the FY16 Budget plus a 2.5% escalation. Focus areas include:

- Load growth
- Power and transmission costs
- Labor and benefits
- Other non-power, non-labor expense items
- Minimum cash reserve requirements per the Board's new policy
- Level of capital spending (CIP)
- Other considerations

Management reported that the work is going well and is on track to bring the Board a budget and Five-Year Financial Plan in May.

Cost of Service Analysis

Staff has completed a Cost of Service Analysis (COSA) with the help of EES Consulting. A COSA looks back on an agreed upon "historical" year to make assumptions about a future "forecast" year. In Central Lincoln's case, the historical year was FY15 and the forecast year is FY17. The COSA is a good look by an outside consultant so staff can ensure Central Lincoln's rates are reasonable. The COSA demonstrated that Central Lincoln's rates are generally reasonable and management's projected rate increases are in-line with COSA projections.

Job Definitions for Union-Represented Positions

As noted in February's Board meeting, Central Lincoln's union members voted to approve new job definitions. Articles IV (4.1 – 4.10) and V (5.1 – 5.2.1) of the union contract containing those job definitions were presented to the Board as requested.

Standard & Poor's Rating Report

As part of Central Lincoln's \$27,675,000 revenue bond work, financial data was gathered and presented to Standard & Poor's for evaluation. On March 7, 2016 Central Lincoln's AA- rating was confirmed. Standard and Poor's views the utility's outlook as stable, which is very good news and critical for bond pricing scheduled for March 17, 2016.

Directors' Discussion

The Board appointed Mrs. Matheny to be the primary voting delegate for the May NWPPA Annual Meeting, and Mr. Benfield to be the alternate.

Mr. Benfield asked the Board and staff to consider the continued value in paying \$38k+ in dues to APPA each year. Management will look at the benefits and report back to the Board.

There was a brief discussion about attendance and topics to be discussed at the Customer Forum event in Toledo beginning at 5:15 p.m. that evening.

There being no further business, the meeting adjourned at 3:30 p.m.

Judy Matheny, Secretary

Curt Abbott, Vice President