

Minutes of a Regular Board Meeting April 20, 2016

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

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

Directors absent: Ron Benfield, President

Others present: Debra Smith, General Manager
Brian Barth, Customer and Shared Services Manager
Greg Carter, Operations Supervisor 1
Sunnetta Capovilla, Executive Assistant
Chris Chandler, Public Affairs Manager
Randy Grove, Operations Manager
Brandon Hignite, Senior Planner Analyst
Bruce Lovelin, Engineering Manager
Gail Malcolm, Project Manager
Ken Murray, Information Technology Supervisor
Bill Reinhart, Controller
Sue Tyler, Human Resources Manager
Jennifer Watkins, Purchasing Analyst
Tom Willoughby, Material Systems Manager

Joe Henry, Florence Mayor
Elden Nordahl, Customer
Michele Nordahl, Customer
Erin Reynolds, Florence City Manager
David Wiegen, Siuslaw Outreach Services

Staff and Visitors Recognized

Vice President Abbott welcomed staff and visitors to the meeting.

Elden Nordahl briefly addressed the Board and presented a letter to the General Manager discussing his concerns about overhead lines, and a utility pole on his property. Elden and Michele Nordahl then left the meeting.

Florence Mayor Joe Henry gave a presentation to the Board outlining various City projects and current initiatives. City Manager Reynolds and Mayor Henry then left the meeting.

David Wiegen from Siuslaw Outreach Services (SOS), a nonprofit based in Florence, spoke about how SOS distributes Central Lincoln Project Care funds, and discussed other social services provided by SOS, including energy conservation funding, and personal financial management/budgeting. He emphasized the significant need for assistance to low-income residents in the area. Mr. Wiegen then left the meeting.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of March 15, 2016 Regular Board Meeting
- b) Vouchers for March, 2016
- c) Uncollectibles for March, 2016
- d) Directors' Cash Report as of March 31, 2016

Board Governance Policies

Asset Protection Pg. 6

This policy states that the General Manager may not allow assets to be unprotected, inadequately maintained nor unnecessarily risked. The Board reviewed a report from Ms. Smith outlining processes in place to comply with this policy including a summary of insurance coverages for 2016.

Customer Feedback Pg. 9; Community Connections Calendar Update

This policy states that the General Manager may not fail to have a mechanism for dealing with customer feedback. A report was reviewed from Ms. Smith noting the various avenues Central Lincoln uses to invite and analyze customer feedback. A customer and community connection calendar identifying various publications, and outreach, such as parade entries was included.

Five-Year Capital Improvement Plan

A Central Lincoln Five Year Capital Improvement Plan (CIP) was presented by Mr. Lovelin, Mr. Grove, and Mr. Barth. Current CIP projects include:

- Florence Area Reinforcement Project (in its third and final year)
- SCADA Substation Upgrades and Conservation Voltage Management Implementation
- Transmission and Distribution Facility Replacements (ongoing, but at an accelerated pace)
Distribution System Underground Rebuilds (ongoing, but at an accelerated pace)
- Northern Operations Center (including communications and network projects)
- Florence Office Remodel Project (Year One of a two-year remodel project)
- Vehicle Replacement (ongoing)
- NISC Enterprise Software Implementation (Including project management costs)

Ms. Smith noted that this is not a stand-alone budget, but is part of the overall FY17 budget which will be presented in May.

Annual Identity Theft Prevention Report

The Federal Trade Commission (FTC) enforces a "Red Flags Rule;" and because Central Lincoln provides service in advance of payment, we are considered a creditor under Red Flags definitions and we are required to comply. The Red Flags Rule sets out a four-step process to combat identify theft and comply with the law. The steps are: 1. Identify relevant red flags; 2. Detect red flags; 3. Prevent and mitigate identify theft; 4. Update the program. The Board reviewed the annual report, and Mr. Barth, who is the compliance officer for this program, reported there are no known instances of identity theft, and no changes are needed.

Modification to Board Governance Policy
Resoluion No. 903

In response to questions raised during the March 15, 2016 board meeting during which various potential modifications to the Board's Governance Policy were discussed; management submitted proposed modifications to Section III.B. "Board Job Description", and Section III.G. "Board Members' Code of Conduct" for consideration and approval. A resolution was prepared and submitted with attached redline versions of the proposed changes to those policies. After discussion, the following motion was made:

Motion: Mr. Tymchuk moved and Mrs. Matheny seconded to adopt Resolution No. 903 to approve the changes to sections III.B and III.H of the Board Policy Manual as presented. Aye: Matheny, Tymchuk, Kaliher, Abbott.

Sole Source Request
Pascor 69kV Disconnect Switches

The Systems Engineering department recommended the purchase of ten 69kV Pascor disconnect switches for SS101 – Newport Substation. The existing switches were installed in the late 1980s and are no longer maintainable. The cost of the new switches is \$70,790.00. The Board reviewed the "Findings to Support Exemption from Bidding" report submitted by management; and after discussion the following motion was made:

Motion: Mrs. Matheny moved and Mr. Tymchuk seconded to authorize a sole source purchase of ten 69kV Pascor disconnect switches for Newport Substation 101 for a cost of \$70,790. Aye: Matheny, Tymchuk, Kaliher, Abbott.

May 25, 2016 Board Agenda – Newport Office

Board Meeting - 10:00 a.m. Governance Policies Pgs. 3, 4 & 7
Resolution: Approval Five-Year Financial Plan/FY17 Budget
Acceptance of Ordinance: Toledo
Employee Forum Planning
Quarterly Conservation Report
NWPPA Meeting Review
Consent Agenda - Minutes, Vouchers, Uncollectibles, and
Directors' Cash Report

Manager's Report

Organization Work Plan FY16-17

In March, the Board approved an update to Central Lincoln's Strategic Plan, which included multi-year business strategies to support Central Lincoln in achieving its vision of excellence. The next step was to develop a work plan for the coming fiscal year to guide the utility's activities, and support the adopted strategies. The FY16-17 Work Plan was reviewed by the Board.

Northern Operations Center (NOC) Communications Plan

Central Lincoln's values reflect its desire to be approachable, respectful and responsive to its customers. Dollar-wise, the NOC project is one of the largest Central Lincoln has endeavored since its creation in 1940. It is important to have a clear communications plan that all employees

can embrace as Central Lincoln communicates about the NOC with its customers. The Board reviewed a NOC Communications Plan, developed with considerable input from the Leadership Team. It is quite comprehensive, but can be changed as needs arise and the project unfolds.

Central Lincoln's Energy Efficiency Comments to BPA

The Board reviewed comments that were submitted to the BPA by Central Lincoln on April 4, 2016 regarding methods used to establish consumer-owned utilities' energy efficiency (EE) incentive programs. Central Lincoln supports BPA in some areas and offered additional input and thoughts for other areas of interest or concern.

Central Lincoln's Former Toledo Office Property

By the end of May, all fiber will have been removed from the former Toledo office. Management is in the process of arranging for an appraisal, and will most likely request a declaration of surplus for that facility at the June meeting. Mr. Kaliher noted he has been approached by a few customers who believe Central Lincoln might have an ongoing landscaping responsibility for the property dating back to the time the land for the building was acquired. Management will research and report back to the Board any deed restrictions that might exist.

Mercer Lake Underground Mitigation Project

A landslide that occurred in December 2015 impacted water service to over 250 homes in the Mercer Lake area. Heceta Water PUD is working with FEMA, and has asked Central Lincoln to participate in a mitigation project to relocate underground lines. Upon independent inspection by Central Lincoln, it is obvious that if that area continues to slide, our underground electrical facilities will be compromised. Barring any unforeseen issues, Central Lincoln's costs, before reimbursement, are estimated to be \$169,000, including \$113,000 for trenching services provided by an outside contractor who was bid and hired by Heceta Water PUD. FEMA will reimburse Central Lincoln for 75% of its total costs.

Directors' Discussion

Due to a conflict of the Board's meeting date of June 15th and the APPA's Annual Meeting (June 10-15), it was proposed that the June meeting be changed to June 8th. After discussion, the following motion was made:

Motion: Mr. Kaliher moved and Mr. Tymchuk seconded to change the June board meeting date from June 15th to June 8th. **Aye:** Matheny, Tymchuk, Kaliher, Abbott.

Mr. Kaliher noted he will not be able to attend the May OPUDA meeting. Mr. Tymchuk will vote in his place.

The Board appointed Mr. Kaliher to be the voting delegate for the June APPA National Meeting.

There being no further business, the meeting adjourned at 12:48 p.m.

Judy Matheny, Secretary

Curt Abbott, Vice President