

Minutes of a Regular Board Meeting May 25, 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, May 25, 2016 at 10:00 a.m. President Benfield called the meeting to order and asked that roll be called.

Directors 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
Sunnetta Capovilla, Executive Assistant
Wade Carey, Energy Services Administrator
Chris Chandler, Public Affairs Manager
Rocco Gibson, Building and Grounds Maintenance Lead
Randy Grove, Operations Manager
Tammy Heitsman, Senior Accounting Clerk
Brandon Hignite, Senior Planner Analyst
Bruce Lovelin, Engineering Manager
Gail Malcolm, Project Manager
Bill Reinhart, Controller
Teri Turner, Human Resources Generalist

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 April 20, 2016 Regular Board Meeting
- b) Vouchers for April, 2016
- c) Uncollectibles for April, 2016
- d) Directors' Cash Report as of April 30, 2016

Board Governance Policies

Budget/Forecasting Pg. 3

This governance policy requires that the General Manager create and maintain a rolling five-year plan and budget in a way that reasonably projects revenues and expenses; separates capital and operational items, and discloses appropriate planning assumptions. The Board reviewed a report submitted by Ms. Smith discussing each of those items. Based on previous comments from the Board, draft language was proposed that would modify item No. 3 to remove specific dollar minimum language for board compensation, board development and board meetings; and instead, a specific board budget page will be identified and incorporated into the overall annual budget. A resolution to amend the governance policies will be brought to the Board at its June meeting.

Financial Condition Pg. 4

Ms. Smith reported that Central Lincoln has just finished the third quarter of FY16 and has not expended more funds than were budgeted for the current fiscal year. A Budget to Actual Report for that period was submitted for review. It is expected that Central Lincoln will underspend the combined capital and operation budgets at the end of FY16 and is building the FY17 budget accordingly. The Performance Dashboard as of March 31, 2016 was also presented for review.

Compensation and Benefits, Pg. 7

This policy states that with respect to employment, compensation and benefits to employees, consultants, contractors and works, the General Manager may not cause or allow jeopardy to fiscal or public image. Ms. Smith presented a memo which provided information for each of those areas. It was noted that although not specifically covered by this policy; open enrollment for participation in the healthcare plan was aligned with the pricing process last fall. In the future, changes in plan participation and premium contributions will occur the first day of each calendar year.

Five-Year Financial Plan and FY Budget Resolution No. 904

Every year the Board approves a budget for the coming fiscal year and a Five-Year Financial Plan that's used to manage long-term rate impacts. Planning documents include high-level budget assumptions, the Capital Improvement Plan and a Work Plan that implements the Board's Strategic Plan. Ms. Smith presented the Board with the FY17 Budget, noting that it was developed assuming a 5% rate increase for customers beginning with July's power consumption. Budget details were provided to the Board via a PowerPoint presentation. Management recommended the adoption of the Five-Year Financial Plan and FY17 Budget through proposed Resolution No. 904.

After discussion, the following motion was made: **Motion:** Mr. Abbott moved and Mr. Kaliher seconded to adopt Resolution No. 904 to approve the Five-Year Financial Plan and FY17 Budget as presented. **Aye:** Tymchuk, Abbott, Kaliher, Matheny, Benfield.

Easement on Former Toledo Office Property Resolution No. 905

Pioneer Telephone Cooperative (PTC) has requested an easement on a portion of property located at 210 NW Alder Street in Toledo, the site of Central Lincoln's former office. This easement formalizes the agreement that Central Lincoln and PTC entered into for construction and operation of fiber-optic cable and facilities in February of 1995 to construct routes that provided joint ownership and mutual benefit to both utilities. After discussion, the following motion was made:

Motion: Mr. Kaliher moved and Mr. Abbott seconded to adopt Resolution No. 905 which grants a non-exclusive easement for PTC to the Toledo Office Property. **Aye:** Tymchuk, Abbott, Kaliher, Matheny, Benfield.

Acceptance of Ordinance
Toledo Franchise Fee

The City of Toledo has passed Ordinance No. 1361, which increases the franchise fees that Central Lincoln will pay from 4.25% to 5% on income received from all Toledo customers. Toledo city staff have requested the Central Lincoln Board accept the Ordinance and begin collecting the increased fee as early as reasonably possible. Ordinance 1361 will not change rate-based amounts for any customer; the ordinance will simply increase the line item on bills for customers within Toledo's boundaries. (In the past, Central Lincoln's Board has approved franchise fees up to 5% for any governments making this request within Central Lincoln's territory.) After discussion the following motion was made:

Motion: Mr. Abbott moved and Mrs. Matheny seconded to accept the City of Toledo Franchise Fee Ordinance 1361. **Aye:** Tymchuk, Abbott, Kaliher, Matheny, Benfield.

Change of Board Location for June Board Meeting

Mr. Abbott suggested the Board consider moving its June meeting from Depoe Bay's City Hall to Central Lincoln's Newport Office. After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Tymchuk seconded to change the location of June 8th's meeting from Depoe Bay City Hall to Central Lincoln's Newport Office. **Aye:** Tymchuk, Abbott, Kaliher, Matheny, Benfield.

June 8, 2016 Board Agenda – Newport Office

Board Meeting - 10:00 a.m. Governance Policies Pgs. 26 & 27
Resolution: New Rate Schedules
Resolution: Governance Policy, Pg. 3
Employee Forum Planning
Consent Agenda - Minutes, Vouchers, Uncollectibles, and
Directors' Cash Report
Executive Session: GM Performance Evaluation

Manager's Report

CAISO Presentation

In an ongoing effort to better understand how the BPA (Bonneville Power Administration) might interact with the CAISO (California Independent System Operator), Brandon Hignite attended a two-day training hosted by public power advocacy groups earlier this month. He provided the Board with a very high-level overview of the training focused on the role of an ISO, the governance structure of the CAISO, stakeholder groups, and the EIM (Energy Imbalance Market).

Conservation Update

Mr. Carey reviewed Central Lincoln's Conservation Program Activity Summary for the period October 1, 2015 – March 31, 2016. Due to changes in BPA's new deemed savings and payment program for some appliance and weatherization measures, Central Lincoln is currently running behind with respect to savings and spending targets. No large-scale program changes are planned at this time; but Central Lincoln will continue to track and monitor the situation for the next six months to determine if any changes are needed.

NOC Talking Points

As requested, Ms. Chandler provided the Board with a list of talking points when discussing the new Northern Operations Center (NOC) construction project with customers. These included:

- The current facility is in the tsunami inundation zone, putting employees, equipment, and materials at risk.
- After an earthquake or tsunami, Central Lincoln's ability to restore service or serve emergency response efforts would be severely compromised if the Operations Center remains in South Beach.
- The new facility has been planned to provide significant improvements in operational efficiency for Central Lincoln, including more efficient use of space.
- The new facility will be 10% smaller than the current facility in South Beach, and will be more energy-efficient, saving Central Lincoln customers' money.
- Improvements in Operations will help maintain our record of very high reliability.
- The current facility was built after World War II. Although it has been well-maintained, it is not up to current earthquake resiliency codes, and substantial costs will be saved by not renovating or repairing the current facility.

The Board was also provided with an FAQ sheet.

Traffic Impact Analysis (TIA)

Central Lincoln was required to complete a traffic impact analysis of streets adjacent to the Northern Operations Center property. During the two-week public comment period, the City of Newport received one letter from a homeowner whose property is located across the highway from the Operations Center. The findings of the TIA indicate that a traffic light at the intersection of Hwy. 101 and NE 73rd Street is not warranted. The City of Newport may require that Central Lincoln overlay a portion of NE 73rd and NE Avery; and sidewalks may or may not be required. The City of Newport has not yet completed its report.

Toledo Office Property

In response to a question raised at the last Board meeting regarding possible agreements or commitments that would require Central Lincoln to continue landscaping or maintaining greenways at the former Toledo Office; a title search by Western Title and Escrow, as well as a search of minutes from 1960 did not find any such encumbrance. The property is currently being appraised; and upon a possible declaration of the property as surplus, will be marketed for sale.

Completion of Transmission Lines

Operations recently completed the rebuild of a main feeder in Depoe Bay. This one half-mile line runs north and south along the north end of Depoe Bay. While this project seems relatively small on its own, it marks the completion of a significant long-term goal that began in the 1990s to "Rebuild the Coast" from Yachats to Lincoln Beach. This was the final leg of that journey.

Directors' Discussion

Mrs. Matheny attended the NWPPA Annual Conference May 15-18. She reported that it was a good conference, and the theme was "Charging Ahead." Topics included battery storage and customer service. A lot of emphasis was placed on staying up with and using social media.

Mr. Abbott expressed his appreciation to Chris Chandler and Gail Malcolm for their work in providing OPUDA's board with emergency preparedness information, and detailed communication regarding planning and arrangements made for OPUDA's annual conference in October. Central Lincoln is hosting this year's conference.

There being no further business, the meeting adjourned at 12:40 p.m.

Judy Matheny, Secretary

Ron Benfield, President