

## **Minutes of a Regular Board Meeting July 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, July 20, 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  
Sunnetta Capovilla, Executive Assistant  
Chris Chandler, Public Affairs Manager  
Paul Fisher, Journeyman Tree Trimmer  
Randy Grove, Operations Manager  
Brandon Hignite, Finance and Resource Planner  
Bruce Lovelin, Engineering Manager  
Gail Malcolm, Project Manager  
Bill Reinhart, Controller  
Teri Turner, Human Resources Manager  
Tom Willoughby, Materials Systems Manager  
Pete Gintner, Legal Counsel

### **Executive Sessions:**

The meeting recessed into Executive Session at 10:03 a.m. President Benfield stated "The Central Lincoln PUD Board of Directors will now meet in two back-to-back Executive Sessions in accordance with ORS 192.660 (2)(i) to review and evaluate the performance of an officer, employee or staff member; and in accordance with ORS 192.660 (2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions."

**The Board reconvened into Regular Session at 10:47 p.m.**

### **Staff and Visitors Recognized**

President Benfield welcomed staff and visitors to the meeting.

### **Franchise Fee Update and Discussion**

The Oregon Supreme Court recently upheld ORS 221.450 which limits the franchise fees cities can charge PUDs to 5% without an agreement stating otherwise. The Board discussed whether or not Central Lincoln should limit local city franchise fees to the 5% as established by statute, and whether or not the entire cost of city franchise fees being charged should show as a separate line-item on affected Central Lincoln customers' bills. Currently the first 3.5% of all franchise fees are included in the overall rates customers pay. After discussion, the following motion was made:

**Motion:** Mr. Abbott moved and Mr. Kaliher seconded to set a future goal to pass through all franchise fees as a separate line item, and limit the fees as established by statute. Aye: Kaliher, Matheny, Tymchuk, Abbott, Benfield.

## **Consent Agenda**

The Board approved the following Consent Agenda items as presented:

- a) Minutes of June 8, 2016 Regular Board Meeting
- b) Vouchers for June, 2016
- c) Uncollectibles for June, 2016
- d) Directors' Cash Report as of June 30, 2016

## **Setting General Manager's Compensation** **Resolution No. 909**

The Board continued discussion that began at the June Board meeting, regarding General Manager Debra Smith's compensation package; and the following motion was made:

**Motion:** Mr. Abbott moved and Mr. Kaliher seconded that a June 8, 2016 motion be rescinded; and that effective 7/1/16 Resolution No. 909 be adopted: Ms. Smith will receive an amount equal to a 6% general wage adjustment; her health insurance allowance will be set at \$750 per month, continuation of a monthly vehicle allowance of \$500 and a one-time merit bonus of \$15,000. **Aye:** Kaliher, Matheny, Tymchuk, Abbott, Benfield.

## **Pension Investment Policy**

Late in 2015, Central Lincoln's Pension Plan trustees began work with Hyas Group to review the pension plan administration. Hyas recommended Central Lincoln move to a self-funding model and transfer assets to Charles Schwab Bank. Hyas also recommended the Board adopt a new investment policy as part of the change. The trustees reviewed the new policy (which replaces the existing investment policy, adopted March 21, 2007) and presented it to the Board for adoption. After discussion, the following motion was made:

**Motion:** Mrs. Matheny moved and Mr. Abbott seconded to adopt the updated Pension Plan and Investment Policy Agreement as presented. **Aye:** Kaliher, Matheny, Tymchuk, Abbott, Benfield.

## **Declaration of Surplus**

Management requested that the Board declare four properties surplus to Central Lincoln's needs; and requested authorization for staff to market and provide purchase offers to the Board. Those properties:

- The Toledo Office building, which has been vacated. Central Lincoln has no further business need for this building and property
- The Waldport Office building, which has been vacated. Central Lincoln has no further business need for this building and property
- The Yaquina Bay Substation, which has been decommissioned, and Central Lincoln has removed all electrical equipment at this location
- The Alsea Bay Regulator Site has been decommissioned, and all electrical equipment at this location has been removed

After discussion, the following motion was made:

**Motion:** Mr. Kaliher moved and Mr. Tymchuk seconded to declare the Toledo Office Property, Waldport Office Property, Yaquina Bay Road Substation and the Alsea Bay Regulator Site as surplus to Central Lincoln's needs; and authorized them for marketing and sale. Aye: Kaliher, Matheny, Tymchuk, Abbott, Benfield.

### **August 17, 2016 Board Agenda – Yachats Overleaf Lodge**

Board Meeting - 1:00 p.m. Governance Policies  
Resolution: Heceta Substation Easement  
Vulnerability Risk Assessment  
Review of Rate Schedules 405 and 700  
Conservation Quarterly Update Report

### **September Board Meeting Date Change**

Due to a conflict of schedules, and after discussion the following motion was made:

**Motion:** Mr. Kaliher moved and Mr. Abbott change the date of the September board meeting from September 21, 2016 to September 14, 2016. Aye: Kaliher, Matheny, Tymchuk, Abbott, Benfield.

### **Manager's Report**

#### **FY17 Budget Follow-Up**

Ms. Smith presented a spreadsheet outlining a salary, wage and benefits comparison with notes to provide more detail for the Board. She also presented a Comparative Rate Position graph showing where Central Lincoln's rates and facilities charges are in comparison to other utilities.

#### **Customer Compliment**

A "Your Opinion Matters to Us" card was shared with the Board. The customer was moving from Tigard and signing up for new service with Central Lincoln. His comments about his visit to the Newport office were very positive and complimentary.

#### **Contribution Margin Update**

Central Lincoln's contribution margin finished the FY16 budget year just under \$695,000 better than budgeted. \$300,000 of that amount was associated with lower demand charges.

#### **Labor Management Committee (LMC)**

The LMC, which discusses and resolves matters of mutual interest between represented employees and management, is considering creation of VEBA's (Voluntary Employee Benefit Account) as part of the process to possibly close the OPEB (Other Post-Employment Benefits) program, which ended for non-represented employees on July 1, 2010. A consultant met with the LMC and brought a list of proposals and discussed various scenarios. This is an ongoing process that will have to be handled through Interest-Based Bargaining (IBB). The Board reviewed details regarding VEBA's, and how VEBA's might be used by employees.

### **Board Healthcare Benefit Update**

Ms. Smith reported that Central Lincoln may need to change the way Board members over 65 (and on Medicare) receive reimbursement for health care coverage. Options will be brought to the Board at a future meeting so decisions can be made which will align with the timing of open enrollment for Central Lincoln's group health plan.

### **Audit Engagement Letter**

A letter of understanding was received from Kenneth Kuhns & Co. for FY16 audit services in the amount of \$25,725; with an additional fee of \$4,000 for services related to Central Lincoln's pension plan. After discussion, the consensus of the Board provided authorization for appropriate Central Lincoln representatives to sign the letter.

### **BPA Visit**

Key executives from the BPA (Bonneville Power Administration) as well as advocates for energy efficiency in the region attended a meeting hosted by Central Lincoln on July 19<sup>th</sup> to discuss BPA's Energy Efficiency Incentive programs. During the visit, participants reviewed industrial projects Central Lincoln has recently completed, including a project at Rogue Ales' production facility. There was discussion about the pros and cons of the way the program works and suggestions for improvements Central Lincoln and other BPA preference customers would like to see were discussed. The meeting was very well received.

### **Directors' Discussion**

#### **APPA**

Mr. Kaliher reported on his attendance at the June 2016 National Meeting of the American Public Power Association in Phoenix, Arizona. Topics included: Emergency Preparedness Command Structure; Communication needs (i.e. satellite phones) during a disaster and other interesting topics such as technology for integrating systems for utilities.

There being no further business, the meeting was adjourned at 1:07pm.

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Judy Matheny, Secretary

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Ron Benfield, President