

Minutes of the November 16, 2016 Regular Board Meeting

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Newport Office on Wednesday, November 16, 2016. President Benfield called the meeting to order at 9:00 a.m. and asked that roll be called.

Directors present: Ron Benfield, President
Curt Abbott, Vice President
Larkin Kaliher, Board Member
Tom Tymchuk, Treasurer

Directors absent: Judy Matheny, Secretary

Recess into Executive Session

At 9:02 a.m. the regular meeting was recessed into Executive Session in accordance with ORS 192.660(2)(f) "to consider information or records that are exempt by law from public inspection"; and ORS 192.660(2)(h) "to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation that is likely to be filed."

Reconvene into Regular Session

At 10:00 a.m. the regular meeting of the Board of Directors was reconvened.

Others present: Debra Smith, General Manager
Brian Barth, Customer & Shared Services Manager
Sunnetta Capovilla, Executive Assistant
Wade Carey, Energy Services Manager
Chris Chandler, Public Affairs Manager
Randy Grove, Operations Manager
Brandon Hignite, Finance and Resource Planner
Bruce Lovelin, Engineering Manager
Bill Reinhart, Controller
Kathleen Riviello, Accounting Clerk
Pete Gintner, Legal Counsel
Kenneth Kuhns, Auditor
Dave Churchman, Visitor

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 October 19, 2016 Regular Board Meeting
- b) Vouchers for October, 2016
- c) Uncollectibles for October, 2016
- d) Directors' Cash Report as of October 31, 2016

Financial Audit YE June 30, 2016 and 2015
Kenneth Kuhns & Co.

Kenneth Kuhns, CPA, was present to review Central Lincoln's year-end audited financial report with the Board. He commended staff on the excellent "Management's Discussion and Analysis" section of the audit report which provided details of current and future financial data in a very informative manner. He supported Central Lincoln's conversion to the new NISC software, stating "it is a good choice, providing an excellent product" given his experience with other utilities that use NISC. He reviewed various highlights of the financial audit, noting Central Lincoln has received the "best clean opinion possible."

Board Governance Policies

Financial Condition, Pg. 4

This policy states "The General Manager may not expend more funds than have been budgeted in the current fiscal year of the rolling five year plan." Ms. Smith provided a list of staff's activities in keeping with this policy: (see attached)

- Management has provided the Board with a copy of the most recent audited financial statement by Kenneth Kuhns & Co.
- Management has provided the Board with a copy of the 1st quarter financial statement of the current year, and expenses are tracking as expected
- An updated Performance Dashboard was presented indicating Central Lincoln is doing well with respect to system reliability and showing a gradual upward trend in meter installations

Interview Questions for Prospective Board Member

In light of Director Tymchuk's announced intention to resign his Subdivision #5 Board position effective December 31st, Board members discussed suggested questions to be asked of all applicants during the interview process. Suggested additions, edits and deletions were made to a proposed list.

Modification to Board Governance Policy Page No. 10
Resolution 913

At October's Board meeting, management and the Board discussed the importance of maintaining continuity in Central Lincoln's ability to issue payments and sign checks in the event the Treasurer is unavailable or unable to perform those duties. It was suggested Central Lincoln add the position of Assistant Treasurer to the list of Board officers contained within the Board Governance Policies. After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Kaliher seconded to adopt Resolution 913 which modifies the Board's Governance Policy to create the position of Assistant Treasurer. Aye: Kaliher, Tymchuk, Abbott, Benfield.

Appointment of Assistant Treasurer

It was the desire of the Board to fill the newly created position of Assistant Treasurer. After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Tymchuk seconded to appoint Larkin Kaliher as Assistant Treasurer, giving him signing authority over the following Central Lincoln bank accounts: US Bank business checking in Newport; Oregon Pacific Bank business checking in Florence; and Columbia Bank pay station account #XXXXXX643 in Depoe Bay, pay station account #XXXXXX009 in Waldport, and Newport payroll checking #XXXXXX146. For the present time, Tom Tymchuk will remain on the accounts also. Aye: Kaliher, Tymchuk, Abbott, Benfield.

December 14, 2016 Board Agenda – Newport Office

Board Meeting - 10:00 a.m. Acceptance of Board Election Results
Selection of OPUDA Delegates
Resolution: Stipend Adjustment
Approval of Mobile Station Upgrade
Architectural Services Contract Amendment-Florence Office

Manager’s Report

Conservation Quarterly Update

Mr. Carey reported that over the last two quarters, spending and savings levels for Central Lincoln’s Energy Efficiency Incentive (EEI) Program have continued to stay consistent. Although some larger projects are scheduled to be completed during this rate period, projections indicate finishing below planned targets. Last month, BPA announced several EEI Program improvements that will provide additional flexibility in how and when these funds can be used.

Early planning has begun with Samaritan Health for the new hospital project in Newport. This new construction/remodel project is expected to be a multi-year endeavor that will require extensive cooperation between Central Lincoln, the BPA, and Samaritan Health. It is anticipated the project will include several measures that will yield large kWh saving levels and require sizeable incentive payments.

Property Tax Comparison Report

Mr. Barth shared with the Board various graphs comparing tax rates for the four counties inside of Central Lincoln’s district. The total amount paid for tax year 2016-17 after receiving the early-payment discount was \$1,573,881; an increase of \$84,500 over the prior year. The increase was primarily due to an increase in assessed values in Lane County due to the Florence Area Reinforcement Project and an increased tax rate in Lincoln County that more than offset a slight decline in assessed value as a result of depreciation. The total tax paid was approximately \$42,000 less than budgeted.

Rate Design Initiative

Ms. Smith attended an NWPPA sponsored Rate Design Initiative meeting focused on future rate structure strategies. This is the first of several meetings planned.

Letter of Appreciation

A letter was received from a customer expressing her gratitude for two of our employees (Dan Kinion and Bryan Boeckman) who heard a man calling for help after falling into the South Beach Marina waters. The two employees ran to his aid and helped pull him from the water, ultimately saving his life.

Opt-Out of AMI Meter Discussion

In 2012 Central Lincoln installed automated metering infrastructure (AMI) meters throughout its service territory to provide better customer service, including remote connect/disconnect, more accurate use measurement, and to discontinue the practice of reading meters manually, thereby

significantly reducing fuel and staffing costs. At that time a small number of customers raised concerns about the meters emitting radio frequency (RF), concerns about privacy, and other issues; and those customers were ultimately accommodated by receiving new non-broadcasting meters installed on their meter bases thus allowing them to “opt-out” of receiving a broadcasting meter.

Having approximately 150 meters scattered throughout the District read manually by Central Lincoln workers every month is expensive and a \$7/month meter reading fee was implemented to partially offset the actual cost of manual reads, which is approximately \$47 on average. In October, the Board voted to increase the monthly meter reading cost for non-broadcasting meters to \$25 per month. Staff has received a number of complaints about the increase and has been working with customers, some of whom believe that the RF generated by broadcasting meters may cause health issues, and that the increased fee is unfair.

After discussion, the Board restated its position that Central Lincoln should not be subsidizing individual customers’ costs. The consensus of the Board was that no new requests for non-broadcasting meters will be allowed, and indicated Board members’ desire to move to a fully automated system with no non-broadcasting meters over time. Management noted that most other utilities using AMI meters don’t allow customers to opt out. Management and the Board will work with these customers on a one-on-one basis in an effort to find a middle-ground resolution. Several options were discussed to reach this goal.

Directors’ Discussion

Board Health Care

As a follow-up to last month’s discussion regarding Board Members’ health care benefits and changing how these are provided to conform to the Affordable Care Act and Section 125 of the IRS Code, it was decided that an increase to the monthly stipend paid to Board Members would be the best way to address this issue. A resolution will be brought to the Board in December to formalize this decision.

Coastlines

Appreciation was expressed for the content of the November edition of Coastlines, featuring Operations Manager, Randy Grove, who discussed storm-related outage preparedness. A breakdown of the features of Central Lincoln’s bills was also provided to help customers understand various data contained in their monthly statements.

OPUDA Annual Meeting

This year it was Central Lincoln’s turn to host the OPUDA (Oregon PUD Association) Annual Meeting. The downpour of rain and wind caused a few of the optional outdoor events to be cancelled, but the rest of the meeting was well-received by attendees. Appreciation was expressed to the General Manager and staff for their hard work and behind-the-scene preparations.

There being no further business, the meeting was adjourned at 12:50 pm.

Judy Matheny, Secretary

Ron Benfield, President