

Minutes of Regular Board Meeting September 26, 2017

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Newport Office on Tuesday, September 26, 2017. President Abbott called the meeting to order at 10:05 a.m. and asked that roll be called.

Directors present: Curt Abbott, President
Judy Matheny, Vice President
Ron Benfield, Treasurer
Larkin Kaliher, Secretary & Assistant Treasurer

Director by phone: Keith Tymchuk, Board Member

Also present: Debra Smith, General Manager

Executive Session 10:06 a.m.

The regular meeting was recessed into Executive Session in accordance with ORS 192.660(2)(i) "To review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing."

Regular Session 10:59 a.m.

The regular session reconvened, and President Abbott welcomed staff to the meeting.

Others Present: Sunnetta Capovilla, Executive Assistant
Wade Carey, Energy Services Manager
Chris Chandler, Public Affairs Manager
Amanda Downey, Accounting Specialist
Randy Grove, Director of Engineering & Operations
Brandon Hignite, Finance & Resource Planner
Becky Johnson, Customer & Financial Services Supervisor
Gail Malcolm, Project Manager
Teri Turner, Human Resources Manager

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of August 16, 2017 & September 12, 2017
- b) Accounts Payable Check Register for August, 2017
- c) Uncollectibles for August, 2017
- d) Directors' Cash Report as of August 31, 2017

Board Governance Policies

II.C Financial Condition

This board 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." Central Lincoln has completed the fiscal year that ended June 30, 2017 and preliminary results with notes were presented. Central Lincoln did not expend more funds than had been budgeted for the fiscal year and expects to

show a profit considerably higher than forecast, due to increased sales and revenue associated with colder-than-normal weather. Central Lincoln's quarterly performance dashboard was also reviewed.

Resolution No. 934
Authorization to Enter a Master Resource Agreement with NIES

A Master Resource Agreement (MRA) to replace the previously-signed Resource Agreement with NIES (Northwest Intergovernmental Energy Supply) was reviewed. The MRA streamlines processes allowing NIES to respond more quickly to member requests and includes more specific member authorization requirements. Staff brought the MRA to the Board because, as the coastal economy strengthens, Central Lincoln may need to serve a new large customer in the near future. The proposed MRA requires Central Lincoln to appoint an authorized representative. After discussion, the following motion was made:

Motion: Mr. Kaliher moved and Mrs. Matheny seconded to adopt Resolution No. 934 giving the General Manager authority to sign the Master Resource Agreement with NIES, and appointing Brandon Hignite as Central Lincoln's authorized representative. **Aye:** Kaliher, Matheny, Tymchuk, Benfield, Abbott.

Resolution No. 935
Authorizing NIES to Execute Loan Document with CoBank

In order to be able to provide wholesale power to Central Lincoln and to other NIES members, NIES is required to execute power purchase agreements with wholesale power suppliers. These wholesale power suppliers may require NIES to provide a letter of credit issued by an eligible financial institution. NIES has negotiated and executed a Credit Agreement and related documents with CoBank, and CoBank will issue letters of credit as necessary to meet NIES' credit obligations for wholesale purchase agreements. Staff recommended the Board approve Resolution 935 which will allow NIES to obtain a letter of credit on Central Lincoln's behalf. After discussion the following motion was made:

Motion: Mrs. Matheny moved and Mr. Benfield seconded to adopt Resolution No. 935 allowing NIES to obtain a letter of credit on behalf of Central Lincoln PUD for the reasons stated above. **Aye:** Kaliher, Matheny, Tymchuk, Benfield, Abbott.

Resolution No. 936
Governance Policy Modifications

At the August meeting, Ms. Smith presented the Board with proposed changes to the review dates of various policies to better align timing with availability of data to provide for performance feedback discussions. The board was in agreement with the proposed changes, and a resolution was brought before the Board to solidify those recommendations. After discussion the following motion was made:

Motion: Mr. Kaliher moved and Mrs. Matheny seconded to adopt Resolution 936 which modifies the review dates of certain Board Governance Policies. **Aye:** Kaliher, Matheny, Tymchuk, Benfield, Abbott.

Resolution No. 937
Adoption of Rate Schedules 405 and NM1-NM4 (Net Metering)

At the May 2017 Board Meeting, staff presented draft Rate Schedules 405 and NM1-NM4 (Net Metering Schedules). Final versions of these Rate Schedules were included for Board consideration along with Resolution 937 which approves the changes. Schedule 405 has been changed to reflect final BPA rates for the BP-18 Rate Period, and the NM Schedules reflect Central Lincoln's avoided cost of power. These Rate Schedules will be effective October 1st and affected customers will see charges on their bills starting in November. After discussion, the following motion was made:

Motion: Mrs. Matheny moved and Mr. Benfield seconded to adopt Resolution No. 937 which approves new rate schedules for 405, NM1, NM2, NM3 and NM4 effective October 1, 2017. **Aye:** Kaliher, Matheny, Tymchuk, Benfield, Abbott.

Contract Award
Two Work-Ready Service Trucks

Central Lincoln sent out a Request for Proposals on July 21, 2017 for two service trucks to replace similar vehicles in the Florence area. Three proposals were received, and all three met the minimum requirements and criteria listed in the RFP. Staff recommended awarding the contract to the lowest bidder, Versalift Northwest, for \$327,788. After discussion, the following motion was made:

Motion: Mrs. Matheny moved and Mr. Kaliher seconded to award a contract to Versalift Northwest LLC for two work-ready service trucks for an amount not to exceed \$327,788. **Aye:** Kaliher, Matheny, Tymchuk, Benfield, Abbott.

Two-Year Contract Renewal
Smart Energy Grocer Program

In 2015, after BPA stopped offering the Energy Smart Grocer Program, the Central Lincoln Board approved a direct contract with CleaResult to continue this program offering. The contract was based on an Exemption from Bidding and Central Lincoln is not currently aware of any other vendors who have experience with this program and knowledge of Central Lincoln's customer base. The program continues to be a successful efficiency product, and due to the expiration of the initial two-year agreement, staff requested an additional two-year contract with CleaResult based on an Exemption from Bidding. After discussion, the following motion was made:

Motion: Mr. Benfield moved and Mr. Kaliher seconded to approve a two-year contract renewal with CleaResult for the Smart Energy Grocer Program for an amount not to exceed \$247,500. **Aye:** Kaliher, Matheny, Tymchuk, Benfield, Abbott.

October 18, 2017 Board Agenda – Toledo City Hall

Board Meeting - 10:00 a.m.

Executive Session: Land Purchase Discussion
Governance:

- * Aims/Ends
- * Communication/Counsel to the Board

Resolution: Land Purchase – Mossy Lane
Contract Amendment Request: Lease Crutcher Lewis - NOC
Governance Policy Modifications
Consent Agenda - Minutes, Check Register, Uncollectibles,
and Directors' Cash Report

Manager's Report

Community Solar Update

The Five-Year Capital Improvement Plan (CIP) includes \$750,000 for a community solar project over the next two fiscal years. The project is intended to provide a choice for customers who want to participate in a renewable power project but who may not have the financial means or physical infrastructure required to invest in rooftop solar. There are two customer participation models under consideration: 1) The customer purchases a share of the system and receives monthly bill credits, and 2) The customer purchases a block of power from the system at a premium price. Mr. Carey shared information with the Board identifying the major hurdle at this point which is finding a program model and pricing that would garner customer participation while managing financial risk to the utility. After reviewing all current alternatives, it was determined that the timing is not quite right, but the funds would remain in the CIP until the timing is better. Central Lincoln will continue its focus on electric vehicle strategies as reported at the August 16th meeting.

NOC Solar Panel Array

Ms. Malcolm reported that the 78 solar panels on top of the parking structure at the new Northern Operation Center (NOC) are functioning properly; and she shared an example of how the generation data will be presented once the system is connected.

Advanced Power Strips

Mr. Carey reported that of the 5,000 advanced power strips Central Lincoln had purchased through the Energy Efficiencies Incentive program, 2,133 have been distributed to customers for \$4.99 each. As noted in last month's board meeting, that money is being distributed to the Project Care program. All advanced power strips that are not sold by September 30, 2017, will be dispersed over the next two years at various outreach events such as home shows.

Retirement Plan Update

Central Lincoln received the annual actuarial valuation of the Pension Plan and Trust as of July 1, 2017 from Milliman. Mr. Hignite reported that after years of increases to the required employer pension contribution, that amount has now decreased for the second year in a row. This trend will likely continue. It has been seven years since Central Lincoln closed its pension plan to newly-hired employees and began offering a 401(k) plan with matching funds. The combined pension and 401(k) plan percentage cost of payroll is down approximately 4% from last year. Those costs will continue to trend downward as new employees join Central Lincoln.

Overhead Rates for 2017

The Board reviewed how overhead costs are calculated when charging customers for billable work. Those overhead costs include payroll taxes, employee health and retirement benefits, warehousing component management, administrative expense, facilities and engineering services. A two-year average of actual costs is used to calculate these rates.

Gardiner Business Requests

Central Lincoln continues to work with a potential new business in the Gardiner area for current and future service needs.

South Beach Property

Mr. Freeman reported that a Phase Two Environmental Study has been completed for the former South Beach Operations Center property, and results should be available in a few weeks. Preliminary surveying and re-platting work is scheduled for October.

Directors' Discussion

Disaster Preparedness

During the Houston hurricane disaster, it was reported that a communications app called Zello was used to locate victims; and Mr. Kaliher wondered if this is something Central Lincoln could consider as part of its emergency preparedness program. Staff will look into this technology.

Board Position in 2019

Mr. Kaliher announced that he does not intend to run for another term on Central Lincoln's Board of Directors, as he will be moving out of the area. He represents Subdivision 2 which includes Depoe Bay, Otter Rock, Lincoln Beach, Siletz, and Toledo. Unless Mr. Kaliher moves sooner, his current four-year term will end December 31, 2018. His seat will be on the November 2018 General Election ballot. The candidate chosen by voters will begin serving in January 2019.

There being no further business, the meeting adjourned at 2:22 p.m.

Larkin Kaliher, Secretary

Curt Abbott, President