

Minutes of Regular Board Meeting October 18, 2017

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Toledo City Hall on Wednesday, October 18, 2017. Vice President Matheny called the meeting to order at 10:00 a.m. and asked that roll be called.

Directors present: Judy Matheny, Vice President
Ron Benfield, Treasurer
Larkin Kaliher, Secretary & Assistant Treasurer
Keith Tymchuk, Board Member

Also present: Debra Smith, General Manager
Brian Barth, Director of Shared Services
Sunnetta Capovilla, Executive Assistant
Chris Chandler, Public Affairs Manager
Mark Freeman, Director of Employee, Customer & Community Services
Randy Grove, Director of Engineering & Operations
Brandon Hignite, Finance & Resource Planner
Patrick Tupper, Engineering Associate II - Telecommunications
Teri Turner, Human Resources Manager

Executive Session 10:05 a.m.

The regular meeting was recessed into Executive Session in accordance with ORS 192.660(2)(e) "To conduct deliberations with persons designated by the governing body to negotiate real property transactions." Director Curt Abbott joined the meeting at this time.

Regular Session 10:15 a.m.

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

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of September 26, 2017
- b) Accounts Payable Check Register for September 2017
- c) Uncollectable Accounts for September 2017
- d) Directors' Cash Report as of September 30, 2017

Board Governance Policies

I. Aims/Ends

The Board's policy statement regarding Central Lincoln's "Organizational Purpose" identifies areas most important to the Board such as providing safe and reliable electricity at the least (actual) cost and at reasonable risk. Ms. Smith provided a list of staff's activities in keeping with this policy:

- Completion of a cost of service analysis (COSA) occurred in March 2016 and all changes were incorporated in Central Lincoln's rate schedules last year. Another COSA is planned for 2019.

- Tracking safety and reliability statistics through a quarterly dashboard report showing current year and historical results. Submitted an application to APPA's RP3 program which will ultimately allow comparisons of benchmark performances against other comparable utilities.
- Respectful workplace training has been provided to employees twice in the last four years.
- Staff is active in the communities Central Lincoln serves, and the Board receives an updated Customer and Community Connections Calendar twice a year.

II.G Communication and Counsel to the Board

This Board policy states "With respect to providing information and counsel to the Board, the General Manager may not permit the Board to be uninformed." Ms. Smith discussed ways in which this is being accomplished: (see attached)

- All Board Policy monitoring reports have been submitted to the Board in the month required.
- The Board is made aware of changes and influences on policy by scheduling discussion items on the board agenda and attending or receiving reports on the activities of PPC (Public Power Council), NRU (Northwest Requirements Utilities), and OPUDA (Oregon PUD Association). The General Manager also provides real-time communication about emerging important issues.
- The Board is kept informed about issues concerning Board policy and compliance as required.
- Staff provides consistently formatted memoranda for Board communication clearly indicating whether action is required or requested.
- An inventory of current resolutions is provided on a biannual basis.
- Management periodically discusses with the Board economic development opportunities which would significantly impact loads or generate substantial community interest.

Customer and Community Connections Calendar

Central Lincoln values connection with its customers and its community; and strives to be involved and visible in the communities it serves. Ms. Chandler provided a calendar with highlights of Central Lincoln activities:

- The Customer Forum in July was held in Waldport and was well-received with attendees sharing they were largely pleased with Central Lincoln's services and approach.
- For the first time in at least ten years, customers were given the opportunity to contribute to Project Care and save electricity by purchasing advanced power strips during the month of September. Central Lincoln is honoring Public Power Month with food drives at the Florence, Newport and Reedsport offices during October.
- Coastlines is mailed out with Central Lincoln's customer bills and made available online. The October issue of Coastlines highlights the importance of community-owned electric utilities and the public power difference.
- Central Lincoln actively participated in eight community parades this year, and was highlighted in APPA's October Public Power Magazine.
- 2018 is Central Lincoln's 75th anniversary of providing service. Plans are in the works for celebrating this milestone.

Economic Development

Ms. Chandler provided the Board with a brief economic development update within Central Lincoln's service area. Projects discussed included:

- The new Samaritan Pacific Communities Hospital, an investment of approximately \$57 million in Newport.
- The Marine Studies Initiative of Oregon State University's Hatfield Marine Science Center in South Beach, which will include a new 100,000 square foot building, and construction of student housing, \$60 million has been raised for this project.
- After a strong start, and the hiring of an Economic Development Catalyst, the City of Florence Economic Development Committee is rebuilding after the loss of its chair and some key members.
- Central Lincoln's remodel of the Southern Operations Center in Florence, and the remodel of Florence's city hall are expected to provide solid economic benefit in the Florence area.
- Significant effort by local communities and coastal economic development professionals resulted in legislation passed to work toward establishing marine-related industry as a recognized key industry in Oregon.
- The former I-P mill in Gardiner which has sold to an investor who is activity working to recruit new industry and jobs to the site.
- The Jordan Cove liquefied natural gas project in Coos Bay that will have significant impact on the coastal economy when needed permits are secured.
- The Tesla Motor Company paying a consultant to site various Level 2 Tesla charging stations on the Oregon Coast, including in Waldport.

Resolution No. 938

Land Purchase for Substation 138 Relocation

Substation 138 (SS138) is a 69kV switching station located on Mossy Lane in Toledo. The substation was identified in Central Lincoln's System Vulnerability and Risk Assessment Report as having a high risk of flooding; and has in the recent past been flooded several times. A 9.5-acre parcel adjacent to SS138, that is 30' higher in elevation and well above the flood zone, was recently logged and became available for purchase. Management has been negotiating the purchase of this property including an access road easement to the site from Arcadia Drive for the past six months and has come to an agreement with the owner of the land. After discussion, the following motion was made:

Motion: Mr. Tymchuk moved and Mr. Benfield seconded to adopt Resolution No. 938 giving the General Manager authority to execute all documents necessary to purchase the property described as Township Section Range 11-10-05-00 portion of tax lot 2302 along with an easement for access from Arcadia Drive in Toledo, Oregon for a purchase price of \$250,000.
Aye: Benfield, Kaliher, Matheny, Tymchuk, Abbott.

Resolution No. 939

New Rate Schedule 360

Central Lincoln makes changes to its rate schedules from time to time so that the schedules more accurately reflect the cost of service for various customer classes and services provided. It is possible new customers with loads larger than those the current Rate Schedules addresses may desire to receive service; therefore Rate Schedule 360 was created to meet that need. After discussion the following motion was made:

Motion: Mr. Kaliher moved and Mr. Tymchuk seconded to adopt Resolution No. 939 approving new Rate Schedule 360 with an effective date of November 1, 2017. Aye: Benfield, Kaliher, Matheny, Tymchuk, Abbott.

Contract Approval - Amendment
Lease Crutcher Lewis - NOC

The total anticipated cost of changes for construction services, provided by Lease Crutcher Lewis to build the Northern Operations Center, is more than 10% of the original contracted amount. The additional costs were due in part to adding back two alternate projects that were set aside during the 30% design process; one for concrete paving in heavy use areas and another for canopies over truck bay doors to deter water. Lease Crutcher Lewis was the low bidder for moving services and that cost also became part of its overall billing. The roadwork required for the project was more extensive than originally planned, resulting in added costs. In addition, Central Lincoln initiated change orders to either enhance capacity or upgrade materials where needed. The total of all changes was \$2,432,135 (12.65%) and was within the original budget for building the NOC. A wrap-up summary of all costs, including land, was requested by Mr. Abbott, and staff will provide that summary in November. After discussion, following motion was made:

Motion: Mr. Tymchuk moved and Mrs. Matheny seconded to authorize an amendment to the construction services agreement with Lease Crutcher Lewis in the amount of \$2,432,135 for an overall total not to exceed \$21,635,277. Aye: Benfield, Kaliher, Matheny, Tymchuk, Abbott.

November 15, 2017 Board Agenda – NOC

Board Meeting - 10:00 a.m.

Executive Session: GM Performance Evaluation
Governance:
* Financial Condition & Dashboard
Resolution: Governance Policy Modifications
Dark Fiber Lease
FY17 Audit Report – Kenneth Kuhns
Health Care – Board Compensation
Conservation Quarterly Report
Property Tax Report
Consent Agenda - Minutes, Check Register, Uncollectable
Accounts, and Directors' Cash Report

Manager's Report

Proposed Governance Policy Modifications

During a workshop in July 2016, the Board requested a number of updates and modifications to the Board's Policy Manual. Many of those modifications have been made during the past 15 months. The last five updates were proposed as follows:

1. Draft Cover Page – Pulls the package together
2. Draft Introduction – Provides context for the Policy Governance Model
3. Redline Table of Contents - With proposed modifications and additions

4. Redline Aims/Ends Policy: Organizational Purpose – Includes expanded information on measuring and benchmarking reliability
5. Redline Executive Limitations Policy: Asset Protection – Changes language for purchases exempted from competitive bidding
6. Redline Governance Process: Annual Board Planning Cycle – Adds language clarifying the Board’s role in setting agendas; makes other small corrections
7. Addendum – Incorporates Public Power Council Glossary of “Northwest Electric Industry Terms.”

The Board was in agreement with these changes, and it was noted that a Resolution formalizing and adopting these modifications will be brought to the next Board meeting.

SDIS Checklist

The District currently carries workers compensation, property and liability insurance through Special Districts Insurance Services (SDIS). SDIS offers discount opportunities for clients using best practices. This year, Central Lincoln met all of the criteria in each of the five categories and will receive a 10% premium credit for 2018. For 2017 Central Lincoln earned a total credit of \$17,105.

Directors’ Discussion

Customer Email

Mr. Kaliher noted he received an email from a customer asking about rates and comparisons with other utilities, and a response was provided.

Board Position

Mr. Kaliher reported the sale of his house in Toledo is set to close on October 31st pending an appraisal and a few conditions. Management will review with the District’s attorney the timing of resignation requirements for Mr. Kaliher’s Board position.

OPUDA (Oregon PUD Association)

- Annual Meeting: This year’s Annual Meeting was held in Garibaldi and hosted by Tillamook PUD in September. The Board provided feedback on location, speakers and the diversity of topics.
- Next OPUDA Meeting: Mr. Abbott discussed his concerns over a proposed new length of board terms and term limits that are up for discussion at this week’s board meeting. In his absence, he asked that members attending pay special attention to this topic, as such efforts would open ORS 261 in order to make these types of modifications.

There being no further business, the meeting adjourned at 1:22 p.m.

Larkin Kaliher, Secretary

Curt Abbott, President