Minutes of Regular Board Meeting October 16, 2019

A regular meeting of the Board of Directors of the Central Lincoln People’s Utility District was held at the Newport Office on Wednesday, October 16, 2019. Vice President and Assistant Treasurer Abbott called the meeting to order at 10:00 a.m. and asked that roll be called.

Directors present: Curt Abbott, Vice President & Assistant Treasurer  
Paul Davies, Secretary  
Judy Matheny, Treasurer  
Jim Chambers, Board Member

Directors Absent: Keith Tymchuk, President

Vice President and Assistant Treasurer Abbott welcomed additional staff and visitors to the meeting:

Randy Grove, General Manager  
Brent Barth, Information Technology Support Specialist II  
Donna Beckham, Utility Joint Use Coordinator  
Zack Blackwood, Information Technology Support Specialist I  
Chris Chandler, Public Affairs Manager  
Mark Freeman, Director of Employee, Customer & Community Services  
Brandon Hignite, Director of Shared Services  
Ty Hillebrand, Director of Engineering & Operations  
Gail Malcolm, Senior Project Manager  
Ken Murray, Information Technology Manager  
Bill Reinhart, Controller  
Teri Turner, Human Resources Manager  
Keith Simovic, Moss Adams

Consent Agenda

The Board approved the following Consent Agenda items as presented:
  a) Minutes from September 18, 2019  
  b) Accounts Payable Check Register for September 2019

Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
  a) Accounts Receivable Aging Analysis as of September 30, 2019  
  b) Cash Report as of September 30, 2019  
  c) Contribution Margin Analysis Fiscal YTD

FY19 Audit Report

Keith Simovic from Moss Adams, LLC was present to review Central Lincoln’s FY19 Audit and findings. The FY19 Audit Report states that Central Lincoln’s financial statements present fairly the financial position of the District and the Pension Trust Fund as of June 30, 2019 and 2018.
Mr. Simovic commented that Central Lincoln’s reporting is “very fair and accurate” and that Central Lincoln was given a “clean opinion.” The report included a few recommendations for consideration by management and the Board of Directors, recognition of the partially resolved recommendations from the prior year’s audit, as well as those control deficiencies that were fully resolved since the 2018 audit. Mr. Simovic also commented that staff was fully cooperative and put in a lot of extra work to make the audit process a success.

**Board Governance Policies**

**Policy I Aims/Ends-Organizational Purpose**

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. Mr. Grove provided a list of staff activities in keeping with this policy (see attached), including:

- A cost of service analysis (COSA) was completed in March 2019 and changes were reflected in Central Lincoln’s rates for FY 20. The next COSA will be completed in three years.
- Staff provides safety and reliability information in a quarterly dashboard report showing current year and historical data. In April of 2018, Central Lincoln was designated an RP3 utility by the American Public Power Association, scoring 92.2%, earning Platinum status.
- Central Lincoln provided respectful workplace training to all employees in January 2019 and is using a video version of that training as part of the onboarding process for all new employees.
- Central Lincoln is active in the communities it serves, and the Board is presented with a Customer & Community Connections Calendar twice per year.

**II.A Staff Treatment**

The Board policy states that “dealings with staff will not be inhumane, unfair, unprofessional, undignified or disrespectful.” A report was submitted to the Board (see attached) outlining areas in which Central Lincoln:

- Operates with personnel procedures in compliance with current law. The Employee Manual is updated regularly and is available to employees through a password-protected site. Managers and supervisors receive regular training on personnel law, reasonable suspicion and leadership skills.
- Acquaints staff members with their rights under this policy with written acknowledgements anytime the Employee Manual is updated or policies have been changed or created that might have potential disciplinary consequences.
- Provides for effective handling of grievances through employee policies 530 “Complaint Resolution Procedure,” 431 “Non-Discrimination/Non-Harassment Policy,” and 435 “Whistleblower Policy.”
- Protects against wrongful conditions through the implementation of a Wellness Program and a Safety Committee.
- Provides an environment that promotes employee engagement through an annual Employee Forum, third-party employee engagement survey, regular meetings of the Labor Management Committee as well as the employee-led Wellness Team and Safety Committee.
• Reports to the Directors in a timely manner any labor issues that may have deleterious financial impacts to Central Lincoln. Also, the Labor Management Committee and use of interest-based bargaining have shown to be effective tools in reducing potential conflicts.

II.G Communication & Counsel to the Board

The Board policy states “With respect to providing information and counsel to the Board, the General Manager may not permit the Board to be uninformed.” Mr. Grove discussed ways in which this is being accomplished:

• All Board Policy monitoring reports are submitted to the Board in the month required.
• The Board is made aware of changes in, 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). In addition management provides real-time communication about important emerging issues.
• The Board is kept informed about issues concerning Board policy and compliance as required.
• Staff provides consistently-formatted memorandums for Board communication clearly indicating whether action is required or requested.
• An inventory of current resolutions is provided on a biennial basis.
• Management periodically discusses with the Board economic development projects which could significantly impact load or generate substantial community interest. In the past year, those included:

Toledo
• Port of Toledo – Construction is underway for a large shop building that will provide an enclosed work space at the shipyard which services vessels up to 660 tons and 135’ in length.
• GP Toledo Recovery Facility – GP is developing its Juno Technology to consume mixed paper and is talking to Central Lincoln engineering staff about a potential load of 1.7 MW.

Newport
• Surf View Village Apartments – Construction of 110 apartment units is underway at NE 60th St. and Hwy 101 in Newport.
• Samaritan Pacific Communities Hospital Remodel and Expansion – Construction of the new hospital is complete and the retrofit and remodel of the old building is underway.
• Community Ice – Construction of a commercial ice plant located near the International Terminal in the Yaquina Bay is complete and represents the first phase of a multi-phase industrial and commercial development.

South Beach
• OSU Marine Studies Initiative Building – Construction is nearing completion for a classroom research facility with a tsunami vertical evacuation assembly area.
• OSU Student Housing Project – This project is in the planning phase.
• South Beach Beautification Project – Material procurement is underway for the undergrounding of distribution lines and installation of decorative lighting along Hwy 101 in South Beach.
Seal Rock
• PacWave – The construction process is underway for three buildings west of Driftwood State Park to serve as a wave energy test/monitoring facility and connection to Central Lincoln facilities. The goal is for the facility to be operational by early 2022.

Florence
• Florence Streetscape Project - This beautification project includes underground communication infrastructure and the addition of dark sky ornamental lighting along Highway 101 is nearing completion.
• Cannery Station – Construction of this mixed use development project is underway. The project is to be implemented in eight phases over ten years and includes a memory care and assisted living center, 42-unit apartment building, 10 residential duplexes and eight commercial spaces.
• Residential Housing – 16 town homes are near completion on 32nd St. and planning for a 104-unit affordable housing complex is underway.

Reedsport
• AnandaPure – Construction of a large CBD manufacturing facility in Reedsport is nearly complete.

Winchester Bay
• RV Parks – Approximately 40 new RV sites are under construction.

**CONTRACT AWARD**

Staff issued a request for proposal (RFP) in August of 2019 for two tree clearance trucks to replace two units in Newport and Reedsport. One proposal was received from Altec Industries. After discussion, the following motion was made:

**Motion:** Mr. Chambers moved and Mrs. Matheny seconded to approve an agreement with Altec Industries, Inc. for two tree clearance trucks, built to Central Lincoln specifications for an amount not to exceed $563,162.00. **Aye:** Abbott, Chambers, Davies, Matheny.

**Confirm Next Meeting Agenda**

The Board decided to change the location of November’s Board meeting from Depoe Bay City Hall to the Newport Headquarters building. Next month’s meeting will be held as follows:

**November 20, 2019 Board Agenda – Newport Office**

Board Meeting 10:00 a.m.

Consent Agenda – Minutes, A/P Check Register
A/R Analysis, Cash Report, Contribution Margin
Financial Condition and Dashboard
Response to 2019 Audit
Health Care Costs Update
Conservation Quarterly
Property Tax Report
Executive Session:
- IBEW Contract Negotiation Update
- HQ Update

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General Manager's Report

S&P Global Ratings Report
As part of our bond covenants, Central Lincoln maintains a credit rating with S&P Global. Every three years S&P Global performs a rating review in which it requests, and Central Lincoln provides, data which is applied to criteria for the U.S. Municipal Retail Electric and Gas Utilities: Methodology and Assumptions document. S&P Global affirmed Central Lincoln’s AA- rating with a stable outlook. S&P believes Central Lincoln is in a strong financial position and likes our power provider, BPA.

Customer and Community Connections Calendar Update
The Board was given the Central Lincoln Customer & Community Connections Calendar for review.

Drone Show & Tell
A short video showing drone footage that was taken in the Florence and Swisshome areas was presented. Ty Hillebrand shared challenges with vegetation and inspecting structures which are inaccessible and how drone technology can be helpful. The drone can also be used to view an aerial perspective of proposed projects. The drone footage was shot by Central Lincoln employees, Zack Blackwood, Drone pilot and Brent Barth assisting.

SS137 Update Leveling Project
Ty Hillebrand gave a brief summary of the SS137 (Toledo Memorial Field) leveling project. 66 vertical piers were installed to level the foundation of the substation. The project is now complete and the substation should be back on line within the next week.

Directors' Discussion

OPUDA Annual Meeting
Board members reported on the OPUDA Annual Meeting held in September. All who attended found the meeting very informative and were glad they had participated.

Mr. Chambers said he watched an interview on television in which Central Lincoln’s former general manager Debra Smith was interviewed about a Seattle incident during which multiple poles were compromised and fell and how Seattle City Light will begin inspecting and replacing bad order poles. Ty Hillebrand explained that Central Lincoln has an inspection program in place to address poles that need replacement.

Mr. Abbott stated that because there was an executive session on the agenda for next month he suggested the meeting be moved to the Newport office. All directors in attendance agreed.

There being no further business, the meeting adjourned at 12:00 p.m.

Paul Davies, Board Secretary  
Keith Tymchuk, Board President