

Minutes of Regular Board Meeting April 21, 2010

The Regular Meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Florence office on the 21st day of April, 2010 at 10:00 a.m. PDT. President Matheny called the meeting to order and asked that the roll be called.

Members present: Curt Abbott
Ron Benfield
Larkin Kaliher
Judy Matheny
Tom Tymchuk

Others present: Paul Davies, General Manager
Brian Barth, Accounting and Finance Manager
Julie Brown, Executive Assistant
Chris Chandler, Communication, Community and Econ. Devel. Mgr
Doug Dawson, IT and Communications Manager
Dennis Hinton, Customer and Energy Services Manager
Bruce Lovelin, Chief Engineer and Systems Engineering Manager
Mike Wilson, Power Manager

Visitors Recognized

President Matheny welcomed the District's staff to the meeting.

Consent Agenda

The Board took action to approve the following consent agenda items as presented:

- a) Minutes of the March 17, 2010 Regular Board Meeting;
- b) Vouchers for March, 2010;
- c) Petty Cash for March, 2010;
- d) Uncollectibles for March, 2010;
- e) Directors' Cash Report dated April 21, 2010

Budget Forecasting, pg. 3

Mr. Davies reported on Budget Forecasting, pg.3 in the Governance policy. After discussion it was the consensus of the Board to increase the 6 million dollars in the *Renewal and Replacement and Construction Fund* safety reserve fund to 7 million dollars. It was determined that a discussion would be held with Central Lincoln's Bond Counsel, Mr. Harvey Rodgers, on the impact of reducing the \$900,000.00 storm reserve fund. (See attached.)

Asset Protection, pg. 6

Mr. Davies reported on the Governance Policy's section on *Asset Protection, pg. 6*. He briefly discussed a memo regarding this matter. It was determined that Central Lincoln's Disaster Preparedness Plan shall be updated and presented to the Board at an upcoming meeting. (See attached.)

Customer Feedback, pg. 9

After a discussion on *Customer Feedback, pg. 9* of the Boards Governance Policy, it was decided that no changes would be made to the current policy. (See attached.)

Annual Board Plan, pg. 7

After a brief discussion on *Board Planning, pg. 7* of the Governance Policy, it was determined that no changes be made to the current Plan. (See attached.)

Single Source No. SQ-03-10

Mr. Davies asked Mr. Dawson to report on this. Mr. Dawson stated that Central Lincoln's operational bandwidth requirements for SCADA, AMI, SmartGrid, Voice, Radio and Local Area Network continue to increase. Single Source No. SQ-03-10 would overlay the existing OC-3 Synchronous Optical Network system that connects Newport and South Beach, with an OC-48 SONET system, internetworking the two systems, at a cost of \$62,000.00. Mr. Dawson recommended that the purchase of the Lucent-Alcatel DMX/DMXtend OC-48 SONET equipment from LightRiver Technologies be exempt from competitive bidding;

- *Light River Technologies* is the only vendor who has a lab where *Factory Acceptance Testing* can be accomplished on the Districts equipment;
- The sole source will be a substantial cost saving to the District in both staff time and maintenance cost;
- There is consistency of user interface for maintenance and programming to our existing Lucent platform.

After discussion the following motion was made:

Motion: Mr. Abbott moved that Single Source No. SQ-03-10 be awarded to *LightRiver Technologies* for the above stated reasons, at a cost of \$62,000.00. Mr. Tymchuck seconded the motion. Aye: Kaliher, Benfield, Abbott, Tymchuk, Matheny. (See attached.)

Rural Utility Service Resolution and Application

Mr. Davies noted that Resolution No. 857 is a *Rural Utility Services Application and Resolution* and was being submitted to the Board for approval of Central Lincoln's Class A membership in RUS. He explained that this membership is part of the ongoing process of establishing a line of credit for the NIES organization, of which Central Lincoln is a member and from which we will purchase Tier II Power when needed. After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Benfield seconded that Resolution 857 which authorizes Central Lincoln Class A Membership in the National Rural Utilities Cooperative Finance Corporation, be approved. Aye: Kaliher, Benfield, Abbott, Tymchuk, Matheny. (See attached.)

Department of Energy Smart Grid Contract

Mr. Davies gave an overview to the Board on Central Lincoln's Advanced Metering Infrastructure (AMI) Project and how it will relate to the U.S. DOE Smart Grid program. He then asked Mr. Lovelin to update the Board on the Smart Grid Program and Contract.

- Mr. Lovelin reviewed the agreement with Cooper Cannon Power Systems to procure an Advanced Metering Infrastructure Power Line Carrier System.
 - He explained that after much review, it is Central Lincoln's recommendation to suspend implementation of the Cooper AMI PLC system, and to continue discussions with Cooper Power Systems on the new RF (Radio Frequency) vendor Eka Systems and its application at Central Lincoln, and to proceed with a RFP for a RF AMI System, to be concluded in the late summer or early fall of this year. This RFP will be brought before the Board for approval.
 - The timeline requirements of the U.S. DOE Smart Grid Grant will still be met.
- Mr. Lovelin then reviewed the provisions of the U.S. DOE Contract. After review he concluded that it was staff's recommendation, that the U.S. DOE Smart Grid Contract be approved. After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Kaliher seconded that the U.S. Department of Energy Smart Grid Contract be approved. Aye: Kaliher, Benfield, Abbott, Tymchuk, Matheny.

May Board Meeting Agenda

10:00 a.m. -

Regular Board Meeting

Compensation and Benefits, pg.7,
General Manager's Comp. pg. 23

Financial Condition, pg. 4

Board Action- Review & Assess
Consent Agenda -

Minutes, vouchers, petty cash, uncollectibles, and
Director's cash report.

After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Benfield seconded to reschedule the September Board Meeting and the Customer Forum Meeting, to September 22nd in Yachats, and the October Board Meeting to October 27th in Newport. Aye: Kaliher, Benfield, Abbott, Tymchuk, Matheny.

Manager's Report

Organizational Chart

Mr. Davies discussed a staff organizational chart and memo, showing projected staffing levels from the present to 2015. (See attached.)

Capital Planning

Mr. Davies asked Mr. Dawson, Mr. Wilson and Mr. Lovelin to give an overview of their department's Capital Plans for the next three years. He explained that a complete five-year plan with expenses and a budget would be presented to the Board at the May19th meeting. (See attached.)

Identity Theft Prevention Program

Mr. Davies asked Mr. Barth to report on this matter. Mr. Barth said he was required by FTC regulations to report on Central Lincoln's *Identity Theft Program* annually. He reported that

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the current prevention program is running smoothly and no changes were necessary for the coming year, and that there have been no incidents involving identity theft with District accounts. (See attached.)

Siuslaw Bank

Mr. Barth discussed opening a checking account with the Siuslaw Bank in Mapleton, who is a Central Lincoln pay station. The Board voiced support for this.

Correspondence

Discussed briefly was a letter from a customer in Florence thanking Central Lincoln for providing excellent service; and a letter from a Commercial customer concerning conservation rebates.

Legislative Issues

Mr. Davies asked Ms. Chandler to discuss Legislative issues. She discussed;

- Recent meetings with Aquamarine Power representatives regarding the Oyster wave energy device;
- A recent OPUDA Legislative Oversight Committee meeting with Oregon Legislative Representative Tobias Reed;
- Correspondence from NW RiverPartners regarding a planned spill and bargaining to help salmon;
- The Credit for Clunkers Program. Some 189 inefficient refrigerators and freezers have been hauled away and dismantled, and the parts have been recycled.

Director's Discussion

OREGON PUD ASSOCIATION

A discussion on Oregon PUD Association issues was held.

The meeting adjourned at 3:05 p.m.

List of vouchers, cash report, uncollectibles, and manager's financial report were all given to the Board prior to the meeting

Ron Benfield, Secretary

Judy Matheny, President