

Minutes of Regular Board Meeting May 19, 2010

The Regular Meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Newport office on the 19th day of May 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
Dennis Hinton, Customer and Energy Services Manager
Bruce Lovelin, Chief Engineer and Systems Engineering Manager
Mike Wilson, Power Manager
Theresa Wisner, Aquamarine Power Consultant

Visitors Recognized

President Matheny welcomed the District's staff and visitors to the meeting. Ms. Chandler introduced Ms. Theresa Wisner a consultant from Aquamarine Power who discussed the Oyster II wave energy converter. (See attached).

Consent Agenda

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

- a) Minutes of the April 21, 2010 Regular Board Meeting;
- b) Vouchers for April, 2010;
- c) Petty Cash for April, 2010;
- d) Uncollectibles for April, 2010;
- e) Directors' Cash Report dated May 19, 2010.

Conservation Update

Mr. Davies asked Mr. Hinton to update the Board on this matter. Mr. Hinton discussed the Bonneville Power Association Conservation Rate Credit activity summary for FY 2010-2011. (See attached).

Financial Condition, pg. 4

Mrs. Matheny asked Mr. Davies to report on the District's *Financial Condition*, in accordance with the Board's Governance Policy. He stated that the Operating Budget and the Capital Budget are anticipated to come in on plan. The August report to the Board will reflect actual for FY-10. (See attached).

Compensation and Benefits, pg. 7

Mrs. Matheny asked Mr. Davies to report on *Compensation and Benefits* in accordance with the Board's Governance Policy. Mr. Davies reported that salaries for non-union personnel are based on a market survey performed annually (Northwest Utilities Salary, Wage and Benefits Survey). He reported that Union negotiations have been completed through March 31, 2012. It is anticipated that medical costs will increase by 10% next year, reinsurance costs are estimated to increase by 5%. The total results in a 6% increase in monthly premiums for plan participants and will take effect July, 2010. (See attached).

Budget Forecasting, pg. 3

Mrs. Matheny asked Mr. Davies to report on *Budget Forecasting* in accordance with the Board's Governance Policy.

Mr. Davies explained that the proposed changes to the Aims/Ends priorities that were made at the April Board meeting were noted in red on the report.

Mr. Davies asked Mr. Barth to further explain the changes. Mr. Barth reported that after discussions with Central Lincoln's Bond Counsel, Mr. Harvey Rodgers and Bond Advisor, Mr. Alan Dash, the following changes were made to the *Renewal and Replacement and Construction Fund*:

- Increasing the reserve from 6 million to 7 million dollars;
- Removing the \$900,000.00 storm fund reserve.

After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Tymchuk seconded to increase the Renewal and Replacement and Construction Fund to 7 million and to remove the \$900,000.00 earmarked for storm funding from the Aim/Ends priorities. Aye: Benfield, Abbott, Tymchuk, Matheny. Nay: Kaliher.

Mr. Davies then reported on the 5 Year Projected Operating Capital Plan for 2011-2015, a Budget comparison, and discussed a *Bonneville Power Administration Summary of 2012-2013 Expense Changes* and the impact these would have for a Central Lincoln rate increase this year. After discussion the following motion was made;

Motion: Mr. Kaliher moved to accept the FY 2011 Budget as presented in the 5 Year Plan and Mr. Abbott seconded the motion. Aye: Benfield, Abbott, Tymchuk, Kaliher, Matheny. (See attached).

General Manager's Compensation, pg.23

A discussion was held on *the General Manager's Compensation* in accordance with the Board's Governance Policy. The following motion was made:

Motion: Mr. Abbott moved that the General Manager's salary be increased by 4% per year for the next three years, and to postpone any further discussion on this matter until 2013. Mr. Benfield seconded the motion. Aye: Benfield, Abbott, Tymchuk, Kaliher, Matheny.

Resolution 858
Authorizing Depositories of the District's Funds

A brief discussion was held on Resolution No. 858 which authorizes the Siuslaw Bank in Mapleton, a Central Lincoln pay station, to be one of Central Lincoln's depositories.

(5/19/10)

After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Benfield seconded, that Resolution No. 858 authorizing Siuslaw Bank as one of Central Lincoln's depositories is adopted. Aye: Benfield, Abbott, Tymchuk, Kaliher, Matheny. (See attached).

June Board Meeting Agenda

10:00 a.m. -

Regular Board Meeting

Tour of Substation No.233

Board Action- Review & Assess

Consent Agenda

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

Manager's Report

Disaster Recovery Plan

Mr. Davies reviewed Central Lincoln's current Disaster Recovery Plan. After discussion it was determined that actions for more specific scenarios should be added to the plan. The plan will be revisited at a later Board meeting. (See attached).

Tier II Power Supply

Mr. Davies discussed a timeline for procuring and arranging Tier II Power Supply for 2015-2019, which will be due to Bonneville Power Administration in 17 months. (See attached).

Legislative Report

Mr. Davies asked Ms. Chandler to report on current event issues. She discussed Wind Power Sales; Credit for Clunkers; Smart Grid news releases; and acknowledgements to Central Lincoln employees Brad Trommlitz, and Ken Dennis for their volunteer services to the community.

Correspondence

Mr. Hinton discussed a response he wrote to a customer concerning conservation funding for commercial use.

Mr. Davies read a thank-you letter from a Florence customer who was acknowledging the good work of serviceman Colin Farrell, who repaired a street light by the customer's home.

AMI

Mr. Davies asked Mr. Lovelin to report on the current status of the Advanced Metering Infrastructure project. Mr. Lovelin reported that they would be contracting with R.W. Beck to help write a new RFP. They expect to go out for bid the first of August, the bid awarded in October and the contract executed by December 1st to begin installation in March 2011.

5/19/10

Oregon PUD Association

Mr. Davies read a letter from Mr. Tom Tymchuk discussing nominations for Oregon PUD Association offices for the 2011 President –Elect position, since it will be Central Lincoln’s turn to fill the President’s position for 2012. It was the consensus of the Board that Mr. Curt Abbott will be nominated as OPUDA President –Elect 2011, and Mr. Ron Benfield will be nominated as Treasurer.

Director’s Discussion

Residential Exchange

Mr. Davies reported on the current status of the Residential Exchange

OREGON PUD ASSOCIATION

Mr. Abbott reported on current Oregon PUD Association issues.

The meeting adjourned at 1:15 p.m.

A 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