

Minutes of Regular Board Meeting January 19, 2011

The Regular Meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Newport office on Wednesday January 19, 2011 at 10:00 a.m. PST. 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
Brandon Hignite, Electric Policy Analyst
Dennis Hinton, Customer and Energy Services Manager
Bruce Lovelin, Chief Engineer, Systems Engineering Manager
Gary Nieborsky, Distribution Engineering and Operations Manager
Mike Wilson, Power Manager
Dana Jenkins, Lincoln County Clerk
Theresa Wisner, Oregon Outreach Coordinator
John Fedorko, Aquamarine Power, Director North America,
Steve Uerlings, Barker Uerlings President
Michael Hoyt, Barker Uerlings Senior Account Manager,

Visitors Recognized

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

Oath of Office

The Oath of Office was administered by Dana Jenkins, the Lincoln County Clerk, to the newly appointed Directors, Mr. Ronald Benfield, Mr. Larkin Kaliher and Mr. Tom Tymchuk.

Mr. Jenkins left the meeting at this time.

Election of Officers

President Matheny declared that, as this was the first meeting of 2011, it was appropriate to elect new officers for the ensuing year. She asked for nominations.

Mr. Tymchuk nominated the following slate of officers: Mr. Kaliher President, Mr. Benfield, Vice President, Mr. Abbott, Secretary, and Mr. Tymchuk, Treasurer. Discussion was held and the following motion was made:

Motion: Mr Tymchuk moved and Mr. Abbott seconded that the nominations be closed and the slate of officers be approved for 2011. Aye: Kaliher, Benfield, Abbott, Tymchuk, Matheny.

At this time the meeting continued with Mr. Kaliher serving as President.

Aquamarine Power
Wave Energy

Ms. Theresa Wisner Oregon Outreach Coordinator and Mr. John Fedorko of Aquamarine Power gave an update to the Board on the seven areas of interest to Central Lincoln for the placement of ADCP's (Acoustic Doppler Current Profiler) in eleven different sites along the Oregon coastline. Mr. Fedorko stated that a two year testing period is going to be necessary to get the data required to obtain the land rights for the development to proceed. (See attached.)

District Property and Liability Insurance

Mr. Davies introduced Mr. Steve Uerlings President, and Mr. Michael Hoyt, Senior Account Executive, from Barker Uerlings Insurance. Mr. Uerlings explained that they were agents of record for the District's property and liability insurance. He then presented a review of Central Lincoln's 2011-2012 renewal summary. (See attached.)

Consent Agenda

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

- a) Minutes of the December 15, 2010 Regular Board Meeting;
- b) Vouchers for December, 2010;
- c) Petty Cash for December, 2010;
- d) Uncollectibles for December, 2010;
- e) Directors' Cash Report dated January 19, 2011.

Intention to Advertise for Bid

Mr. Davies stated that the following bids are going to be *advertised for bid*, and that staff will return to the Board at a future date for permission to *award the bids*.

- Mr. Lovelin discussed an RFP for a replacement to the SCADA operating system (combined with the District's outage system);
- An RFP for AMI Meter Installation;
- The Surplus Sale of Cooper Cannon AMI Equipment;
- Mr. Nieborsky briefly discussed a RFP for a Reedsport Bucket Truck.
(See attached.)

Communication and Counsel to the Board

Pg, 8 Governance Policies

Mr. Davies explained that a current and updated version of Central Lincoln's Resolutions was included with the Board's packet per Communication and Counsel to the Board Policy pg. 8 of the Governance Policy.

Appointment of Trustee's to District's Pension Plan for 2011

Motion: Mrs. Matheny moved and Mr. Abbott seconded that in compliance with Article XVI, paragraph 1 of the District's Pension Trust Plan, Brian Barth, Nancy Evans, and Mike Wilson are re-appointed as Plan Trustees for the Pension Trust Plan for 2011. Aye: Benfield, Abbott, Tymchuk, Matheny, Kaliher.

**Appointment of Trustee's to the District's Deferred Compensation
and 401K Plans for 2011**

Motion: Mr. Tymchuk moved and Mrs. Matheny seconded that Brian Barth, Nancy Evans and Sue Tyler will continue to serve as Deferred Compensation and 401 K Plan Trustees for the year of 2011. Aye: Benfield, Abbott, Tymchuk, Matheny, Kaliher.

Meetings and Workshops- 2011

Motion: Mr. Benfield moved and Mr. Abbott seconded that the Directors be authorized to attend meetings and workshops that are of benefit or interest to Central Lincoln for 2011. Aye: Benfield, Abbott, Tymchuk, Matheny, Kaliher.

2011 Board Meeting Dates and Locations

Discussion was held regarding the Board meeting schedule for 2011, including dates and locations, as follows:

February 16 th	Overleaf Lodge Yachats (Employee Forum)
March 16 th	Newport
April 20 th	Florence
May 18 th	Newport
June 15 th	Florence
July 20 th	Waldport
August 17 th	Reedsport
September 21 st	Depoe Bay (Customer Forum)
October 12 th	Newport
November 16 th	Newport
December 21 st	Toledo

It was the consensus of the Board to accept the dates and locations of the 2011 Board meetings.

Emergency Executive Succession, pg. 5

Mr. Davies discussed Resolution No. 856, which the Board signed in March of 2010, which states that Michael L. Wilson would continue as the Acting General Manager in Mr. Davies absence for 2010. Mr. Davies stated that Mr. Wilson would continue to act as G.M. in his absence for 2011.

**Single Source SQ-02-11
15Kv Fault Interrupter (VFI)**

Mr. Davies asked Mr. Nieborsky to discuss Single Source Request SQ-02-11 for a 15Kv Fault Interrupter at a purchase price of \$91,684.00. Mr. Nieborsky stated that the City of Newport received a grant to underground facilities and beautify the OSU drive area in South Beach from Hwy 101 to NOAA.

- He explained that in order to accomplish this and to provide protection to our facilities, it is necessary to purchase and install a 6-way VFI.

1/19/2011

- Trayer manufacturing is the only manufacturer that meets Central Lincoln's specifications, (per Board Resolution 835 and Item (5) of ORS 279B.075- there is only one source that meets the quality or specifications required of the goods or services.) Therefore staff requests that the Board exempt the purchase of the VFI manufactured by Trayer from competitive bidding.

After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Benfield seconded that the Single Source No SQ-02-11 for a 15kv Vacuum Fault Interrupter (VFI) at the purchase price of \$91,684.00 be authorized per ORS 279B.075 Item (5) as there is only one source that meets the quality or specifications required of the goods or services. Aye: Benfield, Tymchuk, Abbott, Matheny, Kaliher.

February Board Meeting Agenda

The following items are to be included on the agenda for the February 16th Board Meeting scheduled to be held at the Overleaf Lodge in Yachats:

Workshop – 10:00 a.m.
Overleaf Lodge Resort

Employee Forum, facilitated by Ms. Chris Waugh

Board Meeting - 1:00 p.m.

Review Board-GM Relations, Conservation Update
Procurement Resolution, Bond Sale Resolution, Financial
Condition, pg. 4

Consent Agenda:

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

Manager's Report

Residential Exchange Settlement

Mr. Davies reviewed a Residential Exchange Settlement proposal from Bonneville Power Administration:

- He explained that the Board needs to either accept or reject this Settlement by February or March of 2011;
- He discussed a memorandum from Northwest Requirements Utilities (NRU) which gave an update for the NRU members about the staffs views regarding key issues surrounding the IOU Exchange and the proposed Settlement Agreement ;
- NRU feels that the Settlement Agreement would be beneficial for NRU members, good for public power, positive for the region as a whole.
- Mr. Davies also met with Georgia Pacific in Toledo to discuss the settlement.
(See attached.)

Power Supply

A discussion on Central Lincoln's future Tier II Power purchases was held.

- Whether to stay with NEMS (Northwest Energy Management Services) or to move to BPA for future purchases was discussed;
- A timeline of Load Forecasts and BPA Rate Period dates was discussed.

- An offer by the City of McMinnville for a power purchase agreement to NESC (Northwest Energy Supply Cooperative) and NIES (Northwest Intergovernmental Energy Supply) for the output of their 4.9 MW high capacity resource was discussed.
 - A decision was made to support NEMS in a Specific Resource Investigation to further investigate this resource for potential acquisition by NESC and NIES to serve loads. (See attached.)

Utility Organization and Staffing

Mr. Davies updated the Board on personnel matters and Central Lincoln's proposed personnel plans for the year 2015, showing a comparison from 2003 staffing levels. Any reductions in staffing will be made from employee retirements. A current Organizational Chart of the District personnel was also discussed.

OPUDA Annual Meeting

Mr. Davies gave the Board an update on the Oregon PUD Association Annual meeting that Central Lincoln will be hosting in October of 2011. He discussed the proposed agenda, and current updates for the event.

Directors Discussion

Oregon PUD Association

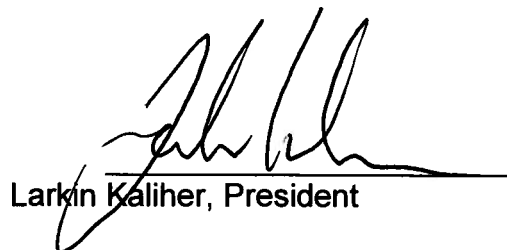
A discussion on Oregon PUD Association issues was held.

The meeting adjourned at 2:10 p.m.

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



Curt Abbott, Secretary



Larkin Kaliher, President

