

Minutes of Regular Board Meeting June 15, 2011

The Regular Meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Florence office on Wednesday June 15, 2011 at 10:00 a.m. PDT. President Kaliher 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 & Economic Devel. Mgr.
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
Mr. Everett Moreland, LLP Attorney, a partner w/ Hershner Hunter

Staff & Visitors Recognized

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

2011 Restated Pension & Trust Plan

Mr. Kaliher asked Mr. Moreland, an LLP Attorney with Hershner Hunter, if he would like to address the Board. Mr. Moreland stated that he was at the meeting to discuss Central Lincoln's 2011 Restated Pension & Trust Plan and to answer any questions the Board might have.

- He stated that the 2011 Restatement incorporates the amendments to the Trust which the Board has adopted since the Board last restated the trust in 2001;
- The 2011 Restatement also makes several housekeeping changes to the Trust;
- He stated that none of the changes will affect the amount of a Trust Member's benefits.

After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Benfield seconded that the 2011 Restated Pension & Trust Plan be approved. Aye: Abbott, Tymchuk, Benfield, Matheny, Kaliher.

(See attached.)

Mr. Moreland left the meeting at this time.

Consent Agenda

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

- a) Minutes of May 18, 2011 Regular Board Meeting;
- b) Vouchers for May, 2011;
- c) No. 1340 Uncollectibles for May, 2011;
- d) Directors' Cash Report dated June 15, 2011.

FY 2011-2015 Capital Plan

Mr. Davies stated that the memo he had submitted for this month's board packet had not changed from the May Board meeting. His recommendation to the Board would be to;

- Complete a Bond sale of \$10,000,000; adjust the rates for the primary metered customers (Georgia Pacific and NOAA) in Oct. 2011; and adjust the remainder of the rate classes in July of 2012.
- Without a Bond sale, the residential class would require an 8 1/2% rate increase over the next two years. After discussion the following motion was made:

Motion: Mr. Abbott moved and Mrs. Matheny seconded that the Five Year Capital Plan for 2011-2015 be approved. Aye: Abbott, Tymchuk, Benfield, Matheny, Kaliher.
(See attached.)

Bond Resolution No. 864

Mr. Davies asked Mr. Barth to discuss Resolution No. 864. Mr. Barth explained that this Resolution was a Declaration of Intent to Reimburse. *The District declares its intent pursuant to Section 1.150-2 of the Federal Income Tax Regulations, to reimburse itself from the proceeds of the Reimbursement Obligations for expenditures it makes for the Project.* The principal amount of the Obligations will not exceed \$10,000,000. Mr. Barth stated that interest rates are at an all time low and it is an opportune time to sell Bonds.

After discussion the following motion was made:

Motion: Mr. Benfield moved and Mr. Abbott seconded to approve Resolution No. 864, a Resolution declaring Intent to Reimburse, which will not exceed \$10,000,000. Aye: Abbott, Tymchuk, Benfield, Matheny, Kaliher. (See attached.)

Toledo Franchise Agreement

Mr. Davies asked Mr. Barth to discuss this franchise. Mr. Barth explained that this franchise had been submitted by the City of Toledo and was requesting an increase in the franchise fee to a standardized rate of 4.25%. He further explained that this amends their franchise Ordinance No. 1340 and repeals Ordinance No. 1337. Mr. Barth stated that it was necessary for the Board to execute an Acceptance of this Ordinance. After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Tymchuk seconded that the Toledo Franchise Ordinance No. 1340 be accepted and the Ordinance Acceptance be executed. Aye: Abbott, Tymchuk, Benfield, Matheny, Kaliher. (See attached.)

Single Source No SQ-04-11 Telecommunications Fiber Optic Cable

Mr. Davies explained that Single Source No. SQ-04-11 had originally been presented to the Board in October of 2010 and had been approved for a \$76,000 purchase of AFL Telecommunications Fiber Optic Cable for the Smart Grid project. He stated that this was a request for an additional \$265,000.00 purchase of Telecommunications' Fiber Optic Cable on the same Single Source No. SQ-04-11.

A discussion on issuing an RFP as opposed to a Single Source Qualification followed. This will be considered for future purchases.

After discussion Mrs. Matheny moved that Single Source No. SQ-04-11 be accepted based on the qualifications listed. Aye: Abbott, Tymchuk, Benfield, Matheny, Kaliher.
(See attached.)

APPA Voting Delegate

It was the consensus of the Board that Mr. Abbott is the APPA Voting Delegate and Mr. Kaliher is the Alternate Delegate for the upcoming American Public Power Association National Meeting June 19th – 22nd in Washington D.C.

July Board Meeting Agenda

Workshop –	BPA Power Transmission agents Theresa Rockwell and Diego Ochoa, APPA National Meeting review, AMI review, Executive Emergency Succession, and Trustee for the Pension and Trust Plan appointment.
Board Meeting - 10:00 a.m. Consent Agenda:	Minutes, vouchers, petty cash, uncollectibles, and Director's cash report.

Manager's Report

Letter of Resignation

Mr. Davies reported that he had received Mr. Mike Wilson's letter of intent to retire effective July 13, 2011. He congratulated Mr. Wilson, and thanked him for his 30 years of service with Central Lincoln. Mr. Wilson stated that he had enjoyed his years with the District and was grateful for the variety of experience he was able to have while working here. The Board congratulated him on his retirement and thanked him for his service as well.
(See attached.)

Office Closures

A discussion was held on the temporary closures of the Reedsport, Waldport, Toledo and Depoe Bay offices due to staff training.

- A memo detailing the number of customer calls and walk-ins throughout the District over a four week period was reviewed;
- Correspondence from four Reedsport customers expressing concern over the office closure were discussed;
- A letter will be drafted responding to a letter from the Reedsport Chamber of Commerce concerning the office closure;
- It was restated that the offices will remain closed until training is fully completed;
- Future discussions will be held to assess costs to the utility per office, and to assess Central Lincoln's customer's changing needs once AMI is fully implemented throughout the District. (See attached.)

6/15/2011

APPA

A letter soliciting support for American Public Power Association Electric Market Reform Initiative was discussed.

Power Resource Update

Mr. Davies noted that Bonneville Power Administration is requesting a decision by September of 2011 on how Tier II Power (aMw) will be purchased for the 2015-2019 period. He asked Mr. Hignite to give an update on this issue. Mr. Hignite reported that it was staff's recommendation to purchase 50% from Northwest Energy Management Services (NEMS) and 50% from BPA for a more diversified portfolio. Discussion continued on Power purchasing. (See attached.)

Director's Discussion

NWPPA

A brief discussion on the Northwest Public Power Association's Annual meeting in Reno, NV. on May 22-26th was held.

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

The meeting adjourned at 11:30 a.m.

Curt Abbott, Secretary

Larkin Kaliher, President