

**OVERTON POWER DISTRICT NO. 5
BOARD MEETING**

August 21, 2019

3:00 P.M.

Mesquite, Nevada

PRESENT: Mrs. Judy Metz, Chair
Mr. Jack Nelson, Vice Chair
Mr. Mike Young, Secretary / Treasurer
Mr. Robert Bunker, Trustee
Mr. Richard Jones, Trustee
Mr. Chad Leavitt, Trustee
Mr. Doug Waite, Trustee
Mr. Byron Mills, Attorney

Mr. Mendis Cooper, General Manager
Mrs. Teresa Romero, CFO / Assistant General Manager
Mr. Bruce Hughes, Chief Operations Officer
Mr. Jon Jensen, Chief Information Officer
Mrs. MeLisa Garcia, Accounting Supervisor
Mrs. Becky LaGrow, Executive Assistant

Note: The minutes of this meeting have been tape-recorded and will remain on file in the District's main office for a period of one-year for public examination.

CALL TO ORDER

ORDER OF BUSINESS: At 3:02 p.m. Mrs. Judy Metz called the meeting of the Overton Power District No. 5 Board of Trustees to order. The agenda items were addressed in the following order:

PUBLIC COMMENTS

There were no public comments.

ACCEPTANCE OF THE AGENDA

A motion was made by Mike Young and seconded by Chad Leavitt to accept the OPD5 agenda as posted. The Board voted seven (7) ayes, zero (0) nays in approval.

APPROVAL OF THE MINUTES

A motion was made by Mike Young and seconded by Doug Waite to approve the minutes of the May 15, 2019 Board Meeting. The Board voted seven (7) ayes, zero (0) nays in approval.

CHAIR'S REPORT

Mrs. Judy Metz shared the three thank you notes received from scholarship recipients. NREA Annual Meeting is being held on October 11, 2019.

ATTORNEY'S REPORT

Mr. Byron Mills had no report at this time.

MANAGER'S REPORTS

• ENGINEERING & OPERATIONS

Mr. Jon Jensen reported on:

- *AMI Substations* – Operation and Construction Teams have completed the AMI Substation installation; all substations are up and functioning.
- *AMI Meters* – Estimates are approximately one thousand eight hundred (1800) meters need to be changed out before the end of the year. Once completed, preparations can begin for the prepay program to become active in 2020.
- *Transformer Repairs* – There is one transformer in Sandhills Substation and two in Tortoise Substation that need repair. The repairs will take approximately three weeks to complete.
- *Paiute Substation* – The foundations have been poured in preparation for equipment installation which will begin next month and take approximately two months to complete.
- *Paiute Line* – One more utility corridor crossing approval is needed, then the line design phase can begin.
- *Desert Drive* – Crews have been working on Desert drive near the new library to put the overhead lines underground.
- *Governor's Electric Highway* – Commissioning of the electric vehicle charging stations in Mesquite and Glendale for the Governor's Electric Highway by the end of the month.

• CONSTRUCTION

Mr. Bruce Hughes reported on the six (6) unplanned outages over the past two months. One was caused by birds, three were blown fuses, one was a relay failure, and one was due to a switching error. These outages affected three hundred sixty-one (361) customers for an approximate total of three hundred thirty-four (334) customer hours.

Mesquite crew – AMI meter installation, Dinosaur substation, structure replacement, and overhead to underground in the Bunkerville area.

Overton Crew – Numerous pole replacements, AMI and security at Moapa substation, AMI meter changes, and right-of-way clearing.

Safety Meeting - June – The topics were: Grounding Training. **July** – Driver Awareness

Vehicles Purchased – Line truck for Mesquite and a single man bucket truck for Overton. Richard Jones asked if an electric vehicle had been purchased. Yes, Keith is driving it back and forth to Overton. There is a level 2 charging station at the Mesquite warehouse.

Personnel Training – Kyle Leavitt attended foreman training

Hook-ups – **June** - Four (4) commercial and thirty-two (32) residential for both valleys.

July – Forty residential.

No Loss Time Record - To date the record stands at 1 year, 10 months and 12 days.

Mike Young asked if the switching error was followed up with a meeting? Yes, there is a debriefing by supervisors with employees; then supervisors report to the general manager.

Bob Bunker asked if all AMI, both residential and commercial, would be completed by the end of the year? The majority will be done; there are some commercial properties that may take longer as they require scheduling with the business owner.

- **FINANCE AND ADMINISTRATION**

Mrs. Terry Romero reported on:

CFC – CFC Board of Directors has approved the yearly patronage capital distribution for 2019. OPD5 will receive a patronage capital check from them at the end of September in the amount of \$81,966.

- **GENERAL MANAGER**

Mr. Mendis Cooper reported on the following items:

- *SCLAIP Contract* – MeLisa Garcia has been working with an MMP group on this contract. They were able to attend the Colorado River Commission meeting that approved this contract that does not expire unto 2054.
- *NV Energy Update* – OPD5 received the first billing from NV Energy since the termination of the long-term power agreement. While reviewing the bill, staff found an error and have notified NV Energy.
- *Lincoln County Power District No. 1 (LCPD)* – Mendis and staff met with the general manager and engineer of LCPD discussing jointly owned facilities and possible changes in the coming months.
- *CREDA* – In addition to current duties, Mendis has been asked by the Executive Director, Leslie James, to serve on the legislative committee and the by-laws committee.
- *NREA* –
 - Jack and Mendis will be attending a board meeting and an executive director orientation in the coming weeks.
 - Mendis participated in NREA's REAN teleconference last month.
 - LCPD General Manager, Dave Luttrell and Mendis had a meeting with the PUC head of staff to informally get direction and discuss some current issues.
 - Mt. Wheeler CEO, Kevin Robison and Mendis met with the interim CEO of Valley Electric Association (VEA), Richard Peck to discuss NREA, VEA's future at NREA and other issues.
 - Due to possible conflict of interest, NREA lobbyist, Jim Wadhams and his son Jesse are now contracted with the law firm Black & LoBello. NREA still has the same people and the same primary representation; they are just associated with a new firm.
- *NV Energy Pole Replacement* – OPD5 staff planned for potential problems and communicated with each other and customers making them aware of the potential for an outage. NV Energy crews did an amazing job and as a result, there was no outage as they made the repairs "barehanded".

- **ACCOUNTING**

Mrs. MeLisa Garcia gave the financial report for July 2019, a copy of which is on file.

REVIEW AND POSSIBLE APPROVAL OF AN ATTACHMENT TO THE MORGAN STANLEY COMMODITIES GROUP CONTRACT

The Board approved a contract between Morgan Stanley Commodities Group (MSCG) and OPD5 in 2016. Under new U.S. Resolution Stay Rules, MSCG is identified as a Global Systemically Important Bank and Affiliate (G-SIB) and the contract between MSCG and OPD5 is classified as a Qualified Financial Contract (QFC) by the International Swaps and Derivatives Association (ISDA).

“The ISDA 2018 U.S. Resolution Stay Protocol (US Stay Protocol) was created to allow market participants to comply with regulations issued by the Board of Governors of the Federal Reserve System (12 C.F.R. §§ 252.2, 252.81-88), the Federal Deposit Insurance Corporation (12 C.F.R. §§ 382.1-7) and the Office of the Comptroller of the Currency (12 C.F.R. §§ 47.1-8) (US Stay Regulations). The US Stay Regulations impose requirements on the terms of swaps, repos and other qualified financial contracts (QFCs) of global systemically important banking organizations (G-SIBs).” - IDSA

Due to these recent changes in law applying to banks and other financial institutions now classified as G-SIB's, the IDSA requires MSCG to attach this protocol to their existing qualified contracts. The new law identifies steps that financial institutions must take to protect customers, like OPD5, in the event of a systemic financial crisis or a default by the financial institution. These changes are procedural in nature and do not affect the pricing, term, or other significant parts of the contract. By attaching this protocol to the contract, OPD5 gains an enhanced creditor position and certain protections if a default occurs. There is no fiscal impact to OPD5.

After discussion by the Board, a motion was made by Mike Young and seconded by Jack Nelson to approve the ISDA attachment to the contract between Morgan Stanley Commodities Group and OPD5. The Board voted seven (7) ayes, zero (0) nays in approval.

REVIEW AND POSSIBLE APPROVAL OF OPD5 RATE POLICIES

Over the past two years, OPD5 has utilized the National Rural Utilities Cooperative Finance Corporation (NRUCFC) to perform a revenue requirements study, a cost of service study, and a rate design study. NRUCFC is a national company with vast experience in many phases of electric cooperative business.

NRUCFC thoroughly examined three separate years of OPD5's data and performed these studies for each of the three separate years. These studies established the basis for OPD5's fixed and unbundled rate charges for demand charge, base charge, and energy charge. The new rates were presented and approved at the June 2019 Board Meeting. Staff made the changes to rates where required and modified all the policies regarding outline and structure. These modifications are presented to the Board for final review and approval. Mike Young said it was nice to see everything in a uniform format. Richard Jones asked if there had been any comments from the customers. There have been only two comments; Staff was able to show the changes will not affect the overall bill significantly.

After discussion by the Board, a motion was made by Mike Young and seconded by Bob Bunker to approve the rate policies 1-111 through 10-111 as presented to become effective September 1, 2019. The Board voted seven (7) ayes, zero (0) nays in approval.

REVIEW AND POSSIBLE APPROVAL OF OPD5 2019-2021 STRATEGIC PLAN

The Board appointed a committee to develop an updated strategic plan. The committee has utilized support from OPD5 vendors and staff to identify key strategic objectives, to review the mission statement, and to add the applicable components to the plan.

The Strategic Plan is created for a three-year planning period. It establishes the direction of the company which gives staff guidance in direction and decision making.

The work of the committee was presented at the June 2019 Board Meeting for comment and discussion by the full board. The comments and suggestions from the June Board Meeting have been incorporated into the strategic plan for final review and comment.

Mike Young liked that the language was simple and to the point.

After discussion by the Board, a motion was made by Judy Metz and seconded by Jack Nelson to approve the OPD5 2019 – 2021 Strategic Plan as presented. The Board voted seven (7) ayes, zero (0) nays in approval.

REVIEW AND POSSIBLE APPROVAL TO INVEST IN COOPERATIVE FINANCE CORPORATION SECURITIES

Staff received authorization to invest \$1,000,000 in CFC short-term securities in four consecutive months for four-month terms. One of the investments reaches maturity this month and a second investment reaches maturity next month before the September board meeting.

Staff is seeking approval to roll over or re-invest the capital, including interest received from both investments in Cooperative Finance Corporation Securities as presented for another four-month term when they mature.

OPD5's investment in CFC short term securities, have yielded higher returns than traditional banking accounts. However, interest rates have declined over the course of the past few months due to market forces, a perceived slowdown in the global economy, and the possibility of further rate decreases by the Federal Reserve. Short term securities are currently yielding approximately a 2.3% return on investments. Approval to re-invest or roll over investments in Cooperative Finance Corporation (CFC) investment programs offers OPD5 the potential to collect increased savings interest compared to traditional savings accounts.

After discussion by the Board, a motion was made by Mike Young and seconded by Chad Leavitt to roll over or re-invest the capital, including interest received from two investments in Cooperative Finance Corporation Securities as presented for another four month term The Board voted seven (7) ayes, zero (0) nays in approval.

REVIEW AND POSSIBLE APPROVAL OF A CONTRACT WITH INSITE TOWERS

Staff received an inquiry from InSite Towers regarding the possibility of locating a 100 ft. monopole tower within the Falcon Ridge Substation in Mesquite. The proposed tower is designed to accommodate wireless telecommunication carriers desiring to improve wireless service in the area. InSite Tower has an established anchor tenant with the potential to add three additional tenants in the future.

The OPD5 staff reviewed InSite Towers' design and proposed operation to ensure construction of the tower would not interfere with or limit OPD5's current or future operations. The OPD5 staff does not anticipate any conflict with OPD5's current or future operations at the substation site.

The OPD5 substations are secure areas, so OPD5 requested InSite Towers in their planning and design to reconfigure the substation fencing to provide access to the tower without entering the substation and to include fencing on the interior to prevent access to the substation from the tower area.

InSite Towers will be responsible for all permitting, zoning, and construction costs.

InSite Towers desires to complete this project by leasing, not purchasing the land in the substation. The lease would be for a 60 ft. by 60 ft. area in the substation. The term of the lease is 55 years, an initial term of ten years and additional five-year renewal terms, renewable up to nine times.

It is easy to recognize the monetary benefit of leasing the land to InSite Towers, however OPD5 staff sees this project as an important benefit to the community. Once the tenants are located on the tower, the local communities will see improved wireless coverage and enhanced services that may include the benefits of new 5G technology. Staff views the relationship with InSite Towers as an opportunity. OPD5 can facilitate the addition of advanced technology and associated benefits to our area by partnering with InSite Towers.

Finally, approval of the contract does not guarantee that the tower and other facilities will be constructed. Occasionally, permitting, zoning, or lack of interest from tenants stop the project from moving past the planning and development phase of the project.

Potential revenue for OPD5 is an option fee of \$2,000 paid to OPD5 during the zoning and permitting process and monthly income of \$1,500 per month plus \$250 per month for each customer added thereafter, paid to OPD5, if the project is approved.

After discussion by the Board, a motion was made by Mike Young and seconded by Chad Leavitt to approve the contract with InSite Towers to lease a portion of Falcon Ridge Substation for installation of a tower and other telecommunication facilities. The Board voted seven (7) ayes, zero (0) nays in approval.

REVIEW AND POSSIBLE APPROVAL OF THE GENERAL MANGER'S PERFORMANCE BONUS

The Board met with the general manger and performed a job review; asking questions and gave direction and feedback during the review process. After the review, the board proposed a performance bonus for the general manager. Judy Metz stated that Mendis Cooper has been doing an outstanding job and the Board unanimously agreed on giving the general manager a performance bonus that was written into his current contract.

Mike Young conformed Mendis is exceeding expectations, communications and staffing have improved. Richard Jones has given this a lot of thought over the past two months. The NV Energy deal that Mendis was able to procure was monumental, but he was not the only one involved. Richard suggested a \$6,000 bonus for Mendis and a \$3,000 bonus for Terry. Byron Mills stated no action can be taken for Terry as it was not on the agenda.

After discussion by the Board, a motion was made by Richard Jones and seconded by Mike Young to present Mendis Coper with a \$6,000 performance bonus. The Board voted seven (7) ayes, zero (0) nays in approval.

PUBLIC COMMENTS

There were no public comments.

BOARD COMMENTS

Mike Young – The Watts Up newsletter has professional quality, loaded with information and looks great.

APPROVAL OF NEXT MEETING DATE

A motion was made by Jack Nelson and seconded by Doug Waite to approve Wednesday, September 18, 2019 as the next Board Meeting date. The meeting will be held in the Overton Office at 3:00 PM. The Board voted seven (7) ayes, zero (0) nays in approval.

EXECUTIVE – CLOSED DOOR SESSION

There was no Executive Session.

ADJOURNMENT

The Board voted unanimously to adjourn at 4.30 PM.

Chair

Vice Chair

Secretary / Treasurer

DRAFT