NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT
REGULAR SESSION
DECEMBER 5, 2017

PRESENT: Howard Gonser, President
Dan Williams, Vice President
Connie Karp, Secretary
Roger Howe, Treasurer
Clay Smith, Director

President Gonser called the Regular Session to order at 5:30 p.m.

EXECUTIVE SESSION

President Gonser recessed the Regular Session to convene into Executive Session as authorized by ORS 192.660 (2)(g) to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations.

Those present for the Executive Session included the Board of Directors, General Counsel James Foster; General Manager Roger Kline; Principal Engineer & Strategic Asset Planner Paul Titus; Assistant General Manager/Director of Power Resources Kurt Conger; Executive Assistant Kathy McBride; Financial Analyst Amy Augustus; Power Resources Administrative Assistant Korenna Colquitt; Power Analyst Justin Brock; Operations & Engineering Manager Pat Morehart; Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall; Emergency Management & Special Project Kevin McCarthy; and Contract Risk Specialist Sue Powers.

At 5:52 p.m. the Board adjourned from Executive Session to return to Regular Session.

REGULAR SESSION

The following individuals were present during the Regular Session:

Counsel: James Foster

NWCPUD Staff: General Manager Roger Kline; Assistant General Manager/Director of Power Resources Kurt Conger; Principal Engineer & Strategic Asset Planner Paul Titus; Executive Assistant Kathy McBride; Financial Analyst Amy Augustus; Power Resources Administrative Assistant Korenna Colquitt; Power Analyst Justin Brock; Operations & Engineering Manager Pat Morehart; Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall; Emergency Management & Special Project Kevin McCarthy; Contract Risk Specialist Sue Powers; Director of Corporate Services Cyndi Gentry; Senior Financial Analyst Mackenzie Wolfe; and Senior Financial Analyst Becky Holce
Visitors: Northwestern Mutual Representative Doug Kirchhofer; District Consultant Marijane ThompSEN

{{Director Williams moved to direct staff to update the Design LLC Customer B District Delivery Rate to 8.4763 mills per kWh effective for all energy consumption from January 1, 2018 forward. Director Smith seconded the motion; it was then passed unanimously.}}

Public Comment

There was no public comment.

Adoption of 2018 Budget

Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall stated that staff recommends that the Board adopt the 2018 Budget (Revenue, $42,601,080; Expenses, $42,453,050; and Net Income, $148,030) as noted in his memorandum. A copy of Hall’s memorandum is hereto attached and marked as Exhibit 1.

Hall asked if the Board has any questions.

Director Williams asked if there were any changes to the 2018 Budget since the Board was presented with the Proposed Budget back on November 14, 2017.

Hall responded that there have been no changes to the Proposed Budget since the Board was presented with the Budget back on November 14, 2017. At that time, the Budget reflected a net income of $148,030. Last week, Hall accidently included the prior PowerPoint Presentation version which showed a positive net income of $244,531.

{{Director Smith moved to adopt the 2018 Budget for Northern Wasco County People’s Utility District as recommended and presented by staff; Revenue, $42,601,080; Expenses, $42,353,050; and Net Income, $148,030. Director Howe seconded the motion; it was then passed unanimously.}}

Consideration of Tariff Rates

Hall went over the recommendations in his memorandum regarding the adoption of rate proposals. A copy of Hall’s memorandum is hereto attached and marked as Exhibit 2.
Staff is recommending that the Board amend Rate Schedules 110 and 135 making said rates effective all year long instead of from November through April. The estimated loss in revenue is $40,000 per year.

Hall stated that the next recommended rate action is to update Rates 20 and 21. These rates are calculated off Rate Schedule 100. The last time Rates 20 and 21 were updated was in 2013. Hall noted that these rates are based on fix charges. The total income difference between the current and proposed rates is about $10,000 per year.

Some discussion occurred regarding the recommended rate increase for Rates 20 and 21.

Kline stated that historically the District has not included Rates 20 and 21 in the Tariff Rates Schedule. Staff if bringing them forward recognizing it is a bigger jump than staff would like to have seen.

{{Director Smith moved to approve amending Rates 20 and 21, and Rate Schedules 110 and 135, effective January 1, 2018 as recommended by staff. Director Karp seconded the motion; it was then passed unanimously.}}

Per Diem Proposal:

Hall presented to the Board two handouts on a Per Diem Policy Proposal and Frequently Asked Questions (FAQ) regarding the Per Diem Policy. A copy of these handouts is hereto attached and marked as Exhibits 3 and 4.

Hall noted that this policy will be presented to the Board for adoption at the January 2, 2018 Regular Session Board Meeting. Staff is recommending that the Policy would become effective on February 1, 2018.

Hall stated that Financial Analyst Amy Augustus drafted the Per Diem Policy. It will save time on the administrative side; it is not intended to be a cost savings. It will improve efficiencies.

Some discussion occurred on the proposed Per Diem Policy as to the first and last day of travel being compensated up to 75% of the daily rate.

Financial Analyst Amy Augustus answered some of the questions raised by members of the Board. Augustus pointed out that Staff and the Board can request less than the allowed per diem, they just can’t ask for more than the per diem standard rate.

Recommendation to approve Conservation Potential Study Contract with EES Consulting
Director of Corporate Services Cyndi Gentry went over her memorandum regarding Contract approval for a Conservation Potential Study. A copy of Gentry’s memorandum is hereto attached and marked as Exhibit 5.

Gentry informed the Board that approximately every 10 years the District conducts a Conservation Potential Study. It is now time to have a Study completed. The District went out for bids and received three bids. When Gentry’s memorandum was written staff did not have the approval of General Counsel James Foster. Staff has now received contract approval.

Gentry stated that the recommendation is for the Board to authorize staff to enter into a Contract with EES Consulting to conduct a Conservation Potential Study at a cost of $28,340.

Some brief discussion occurred regarding the Conservation Potential Study.

{{Director Smith moved to authorize staff to enter into a Contract with EES Consulting to conduct a Conservation Potential Study at the cost of $28,340. Director Howe seconded the motion; it was then passed unanimously.}}

Recommendation to approve Telecom Upgrade Contract with Class 5 Technologies

Director of Corporate Services Cyndi Gentry went over her memorandum regarding the approval of a Contract with Class 5 Technologies for the Telecom Upgrade Project. A copy of Gentry’s memorandum is hereto attached and marked as Exhibit 6.

Gentry informed the Board that she is not sure how old the current phone system is. Currently staff is purchasing old and refurbished phones when the District needs another telephone.

Gentry stated that Class 5 Technologies is a state vendor so the District did not need to go out for bids. The cost for the Telecom Upgrade Project is $35,213. Gentry noted that the cost will shift, but she does not anticipate by much.

Some discussion occurred regarding the proposed upgrade of the District phone system.

{{Director Howe moved to authorize staff to enter into a Contract with Class 5 Technologies for the Telecom Upgrade Project for the approximate cost of $35,213; contingent upon receiving General Counsel’s approval. Director Smith seconded the motion; it was then passed unanimously.}}}
Retirement Program Update

Kline stated that some of the great benefits offered at Northern Wasco County People’s Utility District is the retirement savings program; 401(k) and 457. Kline noted that he participates in both and is appreciative of the matching options.

Kline stated that the question raised initially was the ability for the District to participate as a consumer owned entity. The District’s Nationwide Representative has changed and services have declined. Kline recognizes that there are some benefits through the grandfathering of the District’s Retirement Plan. However, the District is not getting full service which lead to the conversation with Doug Kirchhofer, Northwestern Mutual.

Senior Financial Analyst and Nationwide Plan Administrator Becky Holce informed the Board that both the 401(k) and 457 Plans have guaranteed returns on the fixed rate portion, 3.5%.

Kline does not want to put anyone’s retirement at risk. Kline wants to ensure that the District is providing enough information to our staff. Lack of service lead Kline to have a conversation with Kirchhofer.

Kline would like to know if the Retirement Plan Trustees are alright with the District continuing the conversation with Kirchhofer or with someone else’s support, with no decision being made now. This is by no means a decision point to change the District’s Retirement; it is just to gather more information to ensure that our staff is best cared for.

Doug Kirchhofer, Northwestern Mutual, provided the Board with his insurance services background and what services his company could provide, such as assistance in recordkeeper selection; ensuring retirement plans are optimally designed; and that costs are being optimized.

Kirchhofer informed the Board that he has no visual to the District’s 401(k) Plan even though his company can track over 100,000 401(k) plans in the country. Kirchhofer was able to get some general information on the District’s 401(k) Plan; 401(k) Adoption Agreement and the Plan Lineup.

Kirchhofer stated that at some point in time the District lost their Plan Advisor, which created some plan design staleness.

Kirchhofer stated that his company could assist in retaining extra money for plan participants. Northwestern Mutual is not married to any recordkeeper. Kirchhofer stated that they could help produce an RFP and assist in reviewing the bids to determine what is most suitable at no cost to the District. They would provide guidance on what is optimal and they would not push a product.
Kirchhofer presented the Board with a handout. A copy of Kirchhofer's handout is hereto attached and marked as Exhibit 7.

A lengthy discussion occurred after various questions were raised by members of the Board of Directors. Some of the items discussed included the number of licensed insurance agents, the number of years of experience that Kirchhofer has as a financial consultant, the 20% requirement under the Fixed Rate Account; and the number of investment funds available under the 401(k) Retirement Plan.

Kirchhofer noted during the discussion that the 401(k) Retirement Plan has 83 funds. His company would be able to make assumptions, identify the proper risk and profile for the group. If you were to optimize the lineup by using similar funds with similar performance in the market, it is possible to save $540,000 over a 10-year period for plan participants. Kirchhofer stated if the 457 Plan is similar to the 401(k) Plan it could be over a $1 million savings over 10 years.

During the discussion Director Howe stated that he does not care about the time and expense; he wants to ensure that we are being careful in this examination.

General Counsel James Foster had some questions of Kirchhofer. Foster stated that he is not an expert on retirement. He feels it is important for the Board to know whether Kirchhofer is representing the District on a fee basis, or working on selling the District products.

Kirchhofer replied that his company has the capacity to do either one. The District's Retirement Plans are currently not fee based. Plan level design fees are paid by the District; the participants pay by fund.

Further discussion continued on Plan fees, the ability to modify the Plan, and that the Board of Directors are eligible to participate in the Retirement Plan as an employee of the District.

Principal Engineer & Strategic Asset Planner Paul Titus stated as a Trustee of the Retirement Plans he would like to see more numbers and how they affect everything. The District has $2.2 million invested in the Fixed Rate Account, which represents 35% of the funds.

Kirchhofer stated his recommendation for the next step is to have a servicing representative of the Retirement Plans and then have him present the data. There will be no fees associated with providing this information to the District.
Foster urged the Board not to necessarily take it under advisement, but to consider and understand the steps we are taking and whether the District is going to issue a Request for Proposals (RFPs).

Kline stated that it is his recommendation that we continue to gather information on the Retirement Plans with the assistance of Doug Kirchhofer.

Holce stated as Plan Administrator that she has an obligation so she spoke to the District’s Nationwide Representative back east purely by accident. The Nationwide Representative is aware that the District is unhappy with our regional Nationwide Representative and the lack of services provided to staff. Holce was told that Nationwide could find someone else, or find a third party to provide services under the Retirement Plans. Holce was told that if the District went with a third party ultimately the 3.5% fixed rate would go away and would become less than 1%. Nationwide currently has one client with a fixed rate of 0.68%.

[[[It was the consensus of the Board of Directors that General Manager Roger Kline continue the review and consideration of the District’s Retirement Plans with Nationwide.]]]

Other:

President Gonser and other members of the Board read Thank You Cards received by the District for the first Annual Volunteer Day held on October 9, 2017. President Gonser also mentioned the District Staff and Board getting a “Thumbs Up” in The Dalles Chronicle publication on Sunday, December 3, 2017.

General Counsel Foster stated that there may be a point when the Board wants to direct General Manager Kline to find an ERISA Attorney to look at this retirement issue.

Some discussion occurred regarding the retirement presentation.

Foster noted that he has received two completed Board Performance and Review Checklists from members of the Board of Directors.

President Gonser reminded the Board to turn in their completed Checklist by Friday, December 15th to General Counsel Foster.

**APPROVAL OF FUTURE MEETINGS/TRAVEL/OR RELATED MATTERS**

January 3, PPC Forum – Clay Smith, Howard Gonser, Dan Williams and Connie Karp

January 4, PPC Executive Committee - Clay Smith, Howard Gonser, Dan Williams and Connie Karp and Roger Howe
January 19 - OPUDA Meeting – Clay Smith, Howard Gonser, Dan Williams, Connie Karp and Roger Howe
January 31, NRU Board Meeting - Clay Smith, Howard Gonser, Dan Williams, Connie Karp and Roger Howe
January 31, PPC Forum - Clay Smith, Howard Gonser, Dan Williams, Connie Karp and Roger Howe
February 1, PPC Executive Committee – Clay Smith, Howard Gonser, Dan Williams, Connie Karp and Roger Howe

2018 OPUDA Voting Delegates:

As incoming Northern Wasco County People’s Utility District Board President Dan Williams will appoint Directors Howe and Smith as the District’s 2018 OPUDA Voting Delegates and Director Karp as Alternate.

There being no further business the meeting adjourned at 7:23 p.m.

[Signature]
President

ATTEST:

[Signature]
Secretary
DATE: December 5, 2017

TO: Board of Directors

FROM: Harvey Hall, CFO

SUBJECT: 2018 Operations and Maintenance Budget Proposal for Adoption

**Background:**
Last year the Board approved a 2017 Operating and Maintenance Budget that forecasted a $1.6M shortfall. In the Spring of this year the Board approved an average of 11% rate increase effective May 1, 2017 to address part of this shortfall and looked to use Rate Stabilization funds to bridge to 2018.

With a combination of the rate action, strong load weather, better than expected commercial and industrial load and other good news the District will looking at a breakeven cashflow year.

**Recommended Action:**
Staff recommends that the Board adopt the following proposed 2018 Year Budget:

<table>
<thead>
<tr>
<th>Revenue: $42,601,080</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses: $42,453,050</td>
</tr>
<tr>
<td>Net Income: $148,030</td>
</tr>
</tbody>
</table>

Harvey Hall
CFO
## NORTHERN WASCO COUNTY PUD
### 2018 BUDGET

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget</th>
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<tbody>
<tr>
<td><strong>REVENUE/REIMBURSEMENTS</strong></td>
<td>$(42,601,080)</td>
</tr>
<tr>
<td>OPERATING REVENUE</td>
<td>$(40,887,338)</td>
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<tr>
<td>OTHER OPERATING REVENUES</td>
<td>$(261,002)</td>
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<tr>
<td>NON-OPERATING INCOME</td>
<td>$(755,391)</td>
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<tr>
<td>ADMINISTRATION CREDITS</td>
<td>$(688,848)</td>
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<tr>
<td>REIMBURSEMENTS</td>
<td>$(3,500)</td>
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<tr>
<td>GAIN/LOSS ON SALE OF GENERAL PLANT</td>
<td>$(5,000)</td>
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<td><strong>TOTAL EXPENSES</strong></td>
<td>42,453,050</td>
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<tr>
<td>O&amp;M LABOR</td>
<td>3,667,722</td>
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<tr>
<td>LABOR &amp; MISCELLANEOUS EARNINGS</td>
<td>3,667,722</td>
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<td>O&amp;M NON-LABOR</td>
<td>38,785,327</td>
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<td>COMPUTER SUPPORT &amp; SUPPLIES</td>
<td>241,807</td>
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<td>DEPRECIATION, AMORTIZATION &amp; INTEREST EXPENSE</td>
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<td>DUES, MEMBERSHIPS &amp; SUBSCRIPTIONS</td>
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<td>EDUCATION, TRAINING &amp; TRAVEL</td>
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<td>EMPLOYER PAID BENEFITS</td>
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<td>FACILITIES MAINTENANCE</td>
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<td>FLEET MAINTENANCE</td>
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<td>FEES, LICENSES &amp; PERMITS</td>
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<td>MISCELLANEOUS EXPENSES</td>
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<td>OUTSIDE SERVICES EMPLOYED</td>
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<td>OVERHEADS &amp; BENEFITS APPLIED</td>
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<td>POSTAGE</td>
<td>49,237</td>
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<td>PROPERTY &amp; LIABILITY INSURANCE</td>
<td>201,105</td>
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<td>PUBLIC RELATIONS &amp; MARKETING</td>
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<td>REBATE PROGRAMS</td>
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<td>SAFETY PROGRAM</td>
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<td>SUPPLIES, MATERIALS AND TOOLS</td>
<td>175,422</td>
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<td>TAXES</td>
<td>1,694,000</td>
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<tr>
<td>TRANSMISSION COSTS</td>
<td>3,067,186</td>
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<tr>
<td>UTILITIES</td>
<td>41,205</td>
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<tr>
<td>OVERHEAD &amp; BENEFITS SPREAD</td>
<td>$(3,525,646)</td>
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DATE: December 5, 2017
TO: Board of Directors
FROM: Harvey Hall, CFO
SUBJECT: 2018 Rate Proposal for Adoption

Background:
- Rates 110 & 135 are a 10% and 35% temporary reduction for eligible disabled and senior customers each year from November to March. At an estimated cost of $40,000 per year the District could offer the discount year-round to customers.

- The District has two rates that have not been updated since 2013 – Rate 20 and Rate 21. These are flat monthly rates. The financial impact of this rate will be about $10,000 annually.

Recommended Action:
The Board adopt the following staff rate proposed changes:
Amend Rates 110 and 135 to be year-round rates effective January 1, 2018

- Amend Rates 20 and 21 to the following proposed monthly rates:

<table>
<thead>
<tr>
<th>LIGHTS RATE 20</th>
<th>CURRENT</th>
<th>PROPOSED</th>
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<tbody>
<tr>
<td>FL1 FLASHING</td>
<td>$12.58</td>
<td>$21.37</td>
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<tr>
<td>FL2 FLASHING</td>
<td>$12.68</td>
<td>$21.48</td>
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<tr>
<td>FL3 FLASHING</td>
<td>$15.07</td>
<td>$23.95</td>
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<tr>
<td>QUINTON SCOREBOARD</td>
<td>$11.25</td>
<td>$20.00</td>
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<tr>
<td>RED BEACON LIGHT</td>
<td>$13.90</td>
<td>$22.75</td>
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<tr>
<td>Rc1 RECTIFIER</td>
<td>$12.05</td>
<td>$20.82</td>
</tr>
<tr>
<td>Rec RECTIFIER</td>
<td>$20.79</td>
<td>$29.88</td>
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<tr>
<td>TRAFFIC LIGHTS</td>
<td>$56.04</td>
<td>$66.39</td>
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<table>
<thead>
<tr>
<th>TV Amp RATE 21</th>
<th>CURRENT</th>
<th>PROPOSED</th>
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</thead>
<tbody>
<tr>
<td>T27</td>
<td>$16.07</td>
<td>$25.00</td>
</tr>
<tr>
<td>T36</td>
<td>$24.18</td>
<td>$33.40</td>
</tr>
<tr>
<td>T37</td>
<td>$41.20</td>
<td>$51.02</td>
</tr>
<tr>
<td>T38</td>
<td>$16.18</td>
<td>$25.11</td>
</tr>
<tr>
<td>T49</td>
<td>$27.95</td>
<td>$37.29</td>
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<tr>
<td>T54</td>
<td>$24.02</td>
<td>$33.23</td>
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<tr>
<td>T59</td>
<td>$28.21</td>
<td>$37.57</td>
</tr>
<tr>
<td>T60</td>
<td>$46.07</td>
<td>$56.07</td>
</tr>
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</table>

Harvey Hall
CFO
Northern Wasco County PUD

PER DIEM

Effective Date: 02/01/2018

Revision Date:

Travel Meals Reimbursement

Employees in travel status (travel requiring an overnight stay), traveling more than 45 miles from their home office on NWCPUD business are eligible for per diem reimbursement.

Per Diem will not be provided for same-day travel. (The IRS considers meal allowances for same-day travel to be taxable to the employee.)

Employees will be reimbursed for meal expenses based on a daily Per Diem rate per day for breakfast, lunch and dinner. See US Governmental Services Administration website for daily rates and breakdown. For all travel in Oregon refer to the Portland rate, travel outside of Oregon will be city specific.


Receipts are not required (under any circumstances) for reimbursement of travel meals using per diem rates.

First & Last day of travel

First and last days of travel will be reimbursed up to 75% of the daily rate.

Departure day – the day you leave your home or office.

Return day – the day you return to your home or office.

Meals - Conferences

NWCPUD does not reimburse meals included with a conference unless there is a business or health reason for an alternate meal.

*Conference/Meeting Agendas may be required when requesting reimbursements for meals. All meals provided by the conference/meeting will not be reimbursed.

Upon return from trip, the request for per diem reimbursement must be submitted within 30 Days.
FREQUENTLY ASKED QUESTIONS

1. **What is per diem?**
   Per diem is the allowance for meal expenses with overnight travel more than 45 miles from their home office. The General Services Administration (GSA) establishes per diem rates.

2. **How do I find the current per diem rate?**

3. **Do I need to submit receipts?**
   No, receipts are not required under any circumstances.

4. **Are taxes and gratuity (tips) included in the Meals and Incidental expense (M&IE) rate?**
   Yes, the M&IE rate does include taxes and tips in the rate. You will not be reimbursed separately for those items.

5. **Is per diem taxable?**
   No, not if the employer does not reimburse more than the allowable standard federal rate.

6. **How do I receive my per diem?**
   Once the travel has been completed the employee will complete the expense report and submit to Accounts Payable. Once the request for reimbursement has been approved thru the invoice approval process the check will be issued to the employee in the next check run.

7. **Can I use my PUD Purchase card to pay for meals during travel?**
   No.

8. **Can I receive my per diem before I travel?**
   No, per diem is reimbursed after travel has been completed. If you have concerns before your trip please speak to your Supervisor.

9. **Do I have to request per diem for meals I didn’t consume?**
   No, you can request less than the GSA rates for meal expenses.

**EXAMPLE**

Sarah is leaving for PDX Monday morning at 4:00am to attend the SEDC conference in Atlanta, GA. She will be arriving back at PDX Friday evening at 10:00pm. The first class is Tuesday morning and the final class is Thursday. SEDC will be providing lunch during the class and dinner on Wednesday. Before the trip Sarah up the GSA M&IE rate for Atlanta, GA and determined the rates are $16.00 (B), $17.00(L) and $31.00(D). Even though Sarah left before breakfast, she is only entitled to 75% of the daily rate or $48.00 for Monday. The same is true for Friday. The total meal per diem for this trip is $206.00

<table>
<thead>
<tr>
<th></th>
<th>SUN</th>
<th>MON</th>
<th>TUE</th>
<th>WED</th>
<th>THURS</th>
<th>FRID</th>
<th>SAT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PER DIEM</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breakfast</td>
<td>$16.00</td>
<td>$16.00</td>
<td>$16.00</td>
<td>$16.00</td>
<td></td>
<td></td>
<td>$48.00</td>
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<tr>
<td>Lunch</td>
<td></td>
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</tr>
<tr>
<td>Dinner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$48.00</td>
</tr>
<tr>
<td>1st and last day 75%</td>
<td>$16.00</td>
<td>$16.00</td>
<td>$16.00</td>
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<td>$16.00</td>
<td>$16.00</td>
<td>$76.00</td>
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<tr>
<td><strong>Meal Per Diem Total</strong></td>
<td>$48.00</td>
<td>$47.00</td>
<td>$16.00</td>
<td>$47.00</td>
<td>$48.00</td>
<td>$506.00</td>
<td></td>
</tr>
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</table>
DATE: December 5, 2017

TO: PUD Board of Directors

FROM: Cyndi Gentry

SUBJECT: Contract Approval: Conservation Potential Study

Approximately every 10 years, the PUD conducts a Conservation Potential Study for use in updating and adjusting our programs. It is time to complete one, in advance of BPA requesting our program plan in 2018. We budgeted $30,000 for a consultant to complete the study.

We went out for three bids.

- One company failed to submit a bid
- One company simply stated that they are unable to complete the study within our budget
- EES Consulting submitted a bid of $28,340

The recommendation is to proceed with EES Consulting on the Conservation Potential Study, pending General Counsel approval of the contract.
DATE: December 5, 2017

TO: PUD Board of Directors

FROM: Cyndi Gentry

SUBJECT: Contract Approval: Telecom Upgrade

Our phone system is past due for an upgrade. The software is outdated, and Toshiba (current system/phones) no longer has a phone division to support customers. The budget for this upgrade was estimated at $40,000.

Our telecom vendor is Class 5 Technologies, formerly NW Communications, out of Bingen & Vancouver, WA. They are an approved State of Oregon vendor, ORPIN supplier #86327.

The quote for the upgrade is approximately $35,213. The final cost will depend on a final determination of how many and what types of phones and hands-free headsets we need. The current breakdown follows, and includes hardware and software.

- Products $28,360
- Labor $ 4,444
- Warranty $ 2,409

The terms are on-half down, and balance paid on completion. The recommendation is to proceed with the telecom upgrade, pending General Counsel approval of the contract.
## FACTS FOR 2017

### Our Business
For nearly 160 years, Northwestern Mutual has helped its policyowners and clients achieve financial security. Through its subsidiaries, Northwestern Mutual Investment Services, LLC (NMIS) and Northwestern Mutual Wealth Management Company (NMWMC), a variety of company sponsored retirement plans are offered including 401(k), profit sharing, defined benefit, SEP/SIMPLE IRA, 403(b) and 457 plans.

### Purpose
Northwestern Mutual is committed to developing an enduring relationship with those it serves, along with innovative solutions for your company sponsored retirement plan. Working with a representative will provide you with expert guidance, access to top quality platform providers and the confidence that your employees are well served.

### Size
- Over 17,000 employer sponsored plans and over 100,000 SEP and SIMPLE IRA accounts
- $24.0 billion in assets
- $4.8 billion in annual sales
- 336 offices with 5,700 producing representatives across the U.S.

### Industry Leader
Northwestern Mutual has been ranked among the Top 10 independent broker-dealers, as measured by total revenues, by leading investment industry publications.
- Financial Planning magazine, June 2017
- Financial Advisor magazine, April 2017

### Investment Fiduciary Support: NMIS as 3(21) Fiduciary or Third-Party as 3(38) Fiduciary

### Services
#### Participant Communication
- Enrollment Meetings
- Investment Education
- Retirement Preparation
- Rollover Services

#### Plan Management
- Plan Design Assistance
- Provider/TPA Selection & Review
- Plan Implementation & Conversion
- Plan Benchmarking Information

#### Investment Support
- Investment Research
- Investment Performance Monitoring
- Plan Investment Changes
- Investment Performance Data

#### Compliance Assistance
- Fiduciary Education
- Sample Investment Policy Statement
- ERISA 404(c) Education
- Plan Due Diligence Documentation

### Other Business Needs & Services
#### Executive Benefits
- Supplemental Executive Retirement Plans
- Nonqualified Retirement Plans

#### Succession Options
- Health, Life, and Disability Income Insurance

### Providers
1. Principal Financial Group
2. John Hancock Retirement Plan Services
3. AMERICAN FUNDS
4. Fidelity Investments
5. OneAmerica
6. Empower Retirement
7. Transamerica Retirement Solutions
8. Voya Financial
9. IN THE BUSINESS OF YOUR SUCCESS
10. Nationwide
11. Securian

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For more information on Northwestern Mutual or to find a financial representative near you, visit www.northwesternmutual.com.
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1. Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI (founded 1857) and its subsidiaries, including Northwestern Mutual Investment Services, LLC (founded 1968) and Northwestern Mutual Wealth Management Company (founded 2000). NMIS is an introducing broker-dealer and an Investment Adviser registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. NMWMC is a limited purpose federal savings bank. It is not a broker-dealer or insurance company and does not offer insurance products or brokerage products. Investment products and trust services are not insured by the FDIC, are not deposits or other obligations of, or guaranteed by Northwestern Mutual Investment Services or Northwestern Mutual Wealth Management Company or their affiliates, and are subject to investment risks, including possible loss of the principal amount invested.

2. NMIS is the registered broker-dealer. Rankings reported are based on the combined revenues of NMIS and NMWMC. NMWMC is not a registered broker-dealer.

3. NMIS has agreements with over 100 insurance and mutual fund companies ("providers") that offer retirement plan investment products. These providers typically offer group annuities or mutual funds as funding vehicles for retirement plans.
Each organization has unique strengths that contribute to our unparalleled capabilities:

- **Infinity Benefit Solutions**: Plan design experts for all types of employer sponsored retirement plans.

- **Northwestern Mutual**: Unmatched reputation for individual risk assessment and holistic financial planning.

- **Rixtrema and Envestnet**: Cutting edge technology that allows for quick and accurate evaluation of investments across numerous fiduciary criteria.

Our 401k advisory team is the only in the country with access to the resources of all four organizations.