



MINUTES

QLife Regular Board Meeting
Thursday, December 5, 2019
511 Washington St, Deschutes Conference Room

Call to Order President Hege calls the meeting to order at 12:09 PM.

Roll Call Scott Hege, Rod Runyon, Dale Lepper, John Amery, Keith Mobley, Carrie Pipinich, Tom McGowan, Dakota McCoy, Tyler Stone, Matthew Klebes, Stephanie Krell, Mike Middleton, Tonya Moffitt (via phone), Dan McNeely (via Skype) and Erik Orton (via Skype).

Changes to the Agenda

There are no changes to the agenda.

[[Mr. Runyon moves to approve the agenda. Mr. Lepper seconds the motion, which passes unanimously.]]

Approval of the Consent Agenda

[[Mr. Runyon moves to approve the consent agenda. Mr. Lepper seconds the motion, which passes unanimously.]]

Annual Financial Audit Report

Ms. Moffitt informs the Board that the audit has been completed and reports that she has an unmodified or clean opinion. There were no changes to note from the prior fiscal year. She also mentions that statements are subject to Oregon State minimum standards for compliance and internal control and reports that there were no findings for violation of minimum standards.

Mr. Mobley asks how Mr. Middleton feels about the relationship with the auditors and Mr. Middleton says that working with them has been a pleasant and positive experience.

Financial Report

Mr. Middleton presents the financial report to the Board. Accounts Receivable has increased slightly from last month and everything is current. There are no changes in the Capital fund and the Maupin fund is also doing well. He notes that LS Networks receipts have not arrived yet and Mr. Stone adds that we will not see any receipts because they utilize the system for free.

President Hege asks for clarification on the agreement for use of the system and Mr. Amery explains that they pay franchise fees to the City of Maupin and the City pays QLife.

President Hege brings attention to a \$1,335 payment from Gorge Net and asks what the payment is for. Mr. Middleton clarifies that this is a quarterly payment which is submitted to finance with accounting details.

Discussion Items

Columbia Gorge Community College Scholarship Recipient

Dakota McCoy introduces himself to the Board, gives a brief background on how he came to be a student of CGCC and thanks them for the scholarship support provided by QLife.

Aristo Report

Mr. Amery presents his report to the Board. He notes that the Wasco County work crew will be clearing out the last of the vegetation at no cost to QLife. He also informs the Board that there is an upcoming meeting with BPA this month.

President Hege asks if the vegetation clearing is already underway and Mr. Amery replies that they plan to begin soon.

Northern Wasco PUD Audit

Mr. Stone informs the Board that the PUD audit has been completed and we have received a bill. QLife consists of 7% of the total attachments and have been billed \$6,867.61. He adds that the audit did not include any compliance issues that may arise and warns that there may be future invoices.

President Hege asks if the audit is still underway and Mr. Stone replies that the external audit is complete and now PUD will audit the external audit. Mr. Lepper wonders how PUD calculated the 7% and Mr. Stone informs him that they counted the attachments as a percentage of the total.

Mr. Stone continues by noting that there is a termination notice and a proposed new agreement in the Board packet. These documents will need to be reviewed by legal counsel to determine how QLife will proceed. He adds that the PUD invoice is unbudgeted so it will need to be deducted from the contingency or reserves accounts.

President Hege asks if there is a possibility that PUD will perform a full audit again and Mr. McGowan refers to a clause in the proposed agreement, which stipulates that PUD can audit every two to three years depending on attachment activity. Mr. Lepper states that if QLife has little activity over the next few years but another provider has high activity, QLife could be left with the bill. President Hege asks if future audits would be as comprehensive and Mr. McGowan does not believe so because of the emphasis put on attachment applications and oversight going forward.

Mr. Stone informs the Board that he and Mr. McGowan have had meetings and have been sharing information. Mr. McGowan has been pleasant to work with even though they have philosophical disagreements. Mr. Stone's concern stems from how PUD is spending the money attachers already pay through pole attachment fees and make-ready costs.

Mr. Stone notes that there are a few of possible outcomes for QLife; we could look for alternate routes to serve customers when PUD quotes come back too high, we could deny service to potential customers because the expense is too great to serve them, or we could sit down with other attachers and discuss a joint response to PUD surrounding the pole agreement. He encourages the Board to think about how Mr. Stone should respond.

Mr. Amery bring attention to a current customer QLife is attempting to serve. He notes that the existing pole is overloaded, outdated and set to be replaced. He wonders how PUD plans to make that equitable for attachers who would be required to replace a pole. Mr. McGowan replies that PUD will be looking at pole load analysis and going forward, consideration will be made once that information has been gathered.

Lone Pine Update

Mr. McNeely and Mr. Orton call in via Skype at 12:56 PM.

Mr. Stone notes to the Board that the pole near the Lone Pine project has a \$9,000 replacement cost and must be replaced. President Hege asks if we could hold off on the pole replacement and Mr. Stone replies that if PUD has a quick turnaround approving the pole replacement, we could hold off until January 2020 in order to meet the project deadline.

Mr. Lepper presents an Excel table detailing the funding estimate which covers the cost of the project and where the funding will be coming from. He adds that the grant from Columbia Gorge Health Counsel has been secured and there has been a funding commitment from Mid-Columbia Medical Center (MCMC). In speaking with MCMC's consultant, she expressed that if we requested 65% of the total project cost from USAC, it may appear as if we are double dipping. The consultant recommended we leave out the funds that have already been secured when we submit our application to USAC. Once the application is submitted, Mr. Lepper believes that it could take between three months to one year to receive funding.

President Hege wonders if it does take close to a year to receive funding, would we be able to find other funding in the interim but Mr. Lepper is unsure of that answer. He plans to meet with the CEO of MCMC to find out. Mr. Stone expresses to the Board that QLife should look at sharing in the risk MCMC is taking in this project. It would be ideal for QLife to add an additional segment past Water's Edge and he believes it would make a great Capital project.

Mr. Stone reminds the Board of MCMC's timeline with a March 17, 2020 opening date and notes that the next step is to put the project out to bid. Mr. McNeely adds that permitting is underway, environmental and archaeology reports were completed last year and the design work is 95% complete.

President Hege asks for confirmation that segment two has an OPC of \$100,000 and Mr. McNeely confirms. Mr. Stone asks the Board for approval to complete engineering and proceed in putting the project out to bid. President Hege requests that if QLife is investing in segment two, he would like to see a Return on Investment (ROI) and an estimate on how quickly the investment could be returned to the Capital fund.

[[The Board is in consensus to continue moving forward with the Lone Pine project and bid process.]]

Port Build Update

Mr. McNeely does not have an update since the last meeting. He is still waiting on SHPO permits to be completed.

The Board enters into Executive Session at 1:15 PM under ORS 192.660 (2)(g) Competitive trade or commerce negotiations and (2)(m)(D) & (E) Discuss information regarding security of telecom systems and data transmission.

Executive Session

The Board exits Executive Session at 1:43 PM.

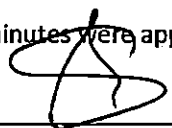
Ms. Krell informs the Board that she has received SDIS insurance renewal for 2020 coverage and asks the Board if Mr. Stone can sign the renewal paperwork.

[[The Board is in consensus for Mr. Stone to sign SDIS Insurance renewal forms.]]

The meeting is adjourned at 1:44 PM

The next regularly scheduled board meeting is set for Thursday, January 23, 2020.

These minutes were approved by the QLife Board on 1/23/20.


~~Lee Weinstein, Secretary~~
Scott Hege, President