



## MINUTES

QLife Regular Board Meeting  
Thursday, February 28, 2019 | 12:00 PM  
Deschutes Room, Wasco County Courthouse

**Call to Order** President Hege calls the meeting to order at 12:04 PM and welcomes our two new board members, Lee Weinstein and Rod Runyon. Mr. Weinstein and Mr. Runyon both give the board a brief biography and describe why they would like to serve on the QLife board.

**Roll Call** Tyler Stone, Stephanie Krell, Scott Hege, Rod Runyon, Darcy Long-Curtiss, Mike Middleton, John Amery, Tawnya Williams, Dale Lepper, Keith Mobley, Tonya Moffitt (Merina & Company), Erik Orton (via Skype) and Dan McNeely (via Skype)

### **Action Items**

***[Ms. Long-Curtiss moves to approve Order #18-005 to appoint Rod Runyon as a QLife Board Member. Mr. Lepper seconds the motion, which passes unanimously.]***

***[Ms. Long-Curtiss moves to approve Order #18-006 to appoint Lee Weinstein as a QLife Board Member. Mr. Lepper seconds the motion, which passes unanimously.]***

### **Approval of the Agenda**

There are no changes needed to the agenda.

***[Ms. Long-Curtiss moves to approve the agenda. Mr. Lepper seconds the motion, which passes unanimously.]***

### **Approval of the Consent Agenda**

There are no changes or comments regarding the consent agenda.

***[Mr. Weinstein moves to approve the consent agenda. Ms. Long-Curtiss seconds the motion, which passes unanimously.]***

### **Audit Report**

Tonya Moffitt of Merina & Company presents the June 2018 audit report to the board. Previously the City of The Dalles was performing all record keeping and she reports that 2018's audit was slightly different than previous audits due to the fact that Wasco County is now in charge of record keeping. The audit reveals a clean opinion, also known as an unmodified opinion, which is the highest level that can be given on financial statements by auditors. This means that there were no significant "red flags" that came up when reviewing financial statements. Both the City and the County were very forthcoming with information that was requested by Merina & Company.

Ms. Moffitt brings attention to the report on page A; the management and discussion analysis. This analysis displays two years of data and compares 2017 to 2018. She notes that it is a snapshot of information and shows how the Agency is doing financially.

Mr. Runyon asks about a \$12K in the audit listed as “known unlikely misstatement” reported as “immaterial”. Ms. Moffitt explains that there is a calculation used by auditors to figure out a percentage of total assets. Being that QLife’s assets are over \$3 Million, \$12K is not considered material or cause for concern when this calculation is used.

Mr. Middleton elaborates on her point and explains that invoices were found in laptop bag which were connected to the 2018 fiscal year and the vendor had yet to be paid. This new information was immediately addressed with Merina & Company and it was determined by the auditor that there was no cause for concern due to the calculation previously explained by Ms. Moffitt. Going forward, invoices are being more closely watched by QLife staff so that this does not happen in the future.

Mr. Runyon brings attention to “detailed notes” on page 6, which states that the agency does not have a formal deposit policy for custodial credit risk. He wonders if it’s Ms. Moffitt’s opinion that QLife should have a formal policy. Ms. Moffitt is not concerned that there is no policy because the funds are in a collateralized bank.

Mr. Runyon asks Ms. Moffitt about the memo to Mr. Middleton which suggests that the Agency limit users to Eden, the accounting software. He wonders if there have been problems in the past to present that suggestion. Ms. Moffitt notes that some users have access to areas that they didn’t need access to so limiting users in Eden would provide greater internal efficiency. Mr. Middleton also notes that there are limitations with Eden’s security setup which can prove difficult. For instance, AP and AR work closely together to overlap and provide backup to each other. With numerous people managing Eden over the years, Mr. Middleton believes it’s important that his team review user access.

Mr. Runyon also notes that the report recommends bank reconciliations be reviewed and approved more timely and wonders why that is not currently happening in a timely fashion. Ms. Moffitt attributes that to the transition of financial accounting from the City of The Dalles to Wasco County. She mentions that toward the end of the year, reconciliations were becoming timely. Mr. Middleton also mentions that reconciliations are now reviewed on a monthly basis by the Treasurer and Mr. Stone to improve timeliness.

President Hege asks Ms. Moffitt if she considers the transition of record keeping complete, which Ms. Moffitt confirms.

### **Financial Reports**

Mr. Middleton presents his financial report to the Board. He begins with the General Fund and points out that we are in the seventh month of the fiscal year. Revenues for the Operations Fund will run about \$12K under budget if things stay on the current track. Receivables are also in good shape with only \$34K in delinquent payments; \$16K comes from one customer who is in collections and the remaining balance is from one vendor. Their balance is due to a lost check and a lost invoice. Our staff was able to address that issue and one check has already arrived in February after this report was made. Overall, we want staff to be more diligent moving forward so we don’t fall behind in delinquent payments.

Interest for the Operations Fund is below the budgeted amount but Mr. Middleton does not believe this is an issue because we are allocating the interest which is currently sitting in the Capital Fund.

Expenses have spiked recently for materials and services due to \$28K which is split between Engineering and Network Management lines, an annual insurance payment, and annual pole connection fees. Our staff looked at the \$28K that was paid to the Engineering and Network Management lines and discovered that roughly \$9K of that total should have been allocated to the Capital Fund. It has since been adjusted and will be reflected in the February analysis. Mr. Middleton thinks these spikes have been resolved but if he finds that patterns persist in the February analysis, he may need to bring a budget change to board. It is Mr. Middleton’s opinion that if the downward trend on revenue continues, QLife may not want to have the full transfer out that is scheduled for the final month of the year. Overall the General Fund is doing well.

Mr. Middleton reports that the Capital Fund revenues are consistent because of the transfers that are set up from the Operations Fund. We do not currently have any other revenue streams since Maupin hasn’t started earning any revenue yet. The interest lives in this fund and it is slightly above what was budgeted for the fiscal year but he is not concerned

with that information. During budget planning, we recycled numbers that were previously used by the City of The Dalles which is the core reason for the overage in interest. We will budget more conservatively next year and have a more accurate budget going forward. The revenue is significantly greater than expenses so overall the fund is in a strong position.

Mr. Middleton reports on the Maupin fund and notifies the board that the grant funds are moving forward and being billed to Maupin. Those funds received are being placed in the grant revenue line. Currently, the majority of expenses are going to the primary system which means that the project is moving toward completion. There are no major changes to report from last month. He recommends that fund transfers back to the General Fund should begin next fiscal cycle in order for Maupin to slowly pay back that money as revenue starts flowing in.

Mr. Stone wants to be certain that bills have been sent out to Maupin so that the money is not misspent elsewhere. Mr. Middleton is going to confirm that bills have been sent. Mr. Stone notes that Maupin is almost complete with the exception of about 30 customers waiting to be hooked up. Mr. Amery was onsite earlier in the week and a conference call was had between all the interested parties to work through system clean up and logistics.

Mr. Weinstein mentions that his firm has been hired by the City of Maupin and the Chamber of Commerce to write a press release and wants the board to provide input so that news about the project can get out across the state. President Hege would like to see a full audit of Maupin project from start to finish which Mr. Stone states is planned once the project is closed out.

#### **Action Items**

***[Ms. Long-Curtiss moves to approve Order #18-007 to reappoint Mike Middleton as QLife Budget Officer. Mr. Weinstein seconds the motion, which passes unanimously.]***

Mr. Stone states that since this is the first meeting of the year, we want the board to have the opportunity to rotate chair and vice-chair positions as well as nominate a secretary. He also explains the responsibilities of each role.

***[Mr. Runyon moves to nominate Mr. Weinstein as QLife Secretary. Ms. Long-Curtiss seconds the motion, which passes unanimously.]***

***[Mr. Weinstein moves to nominate Ms. Long-Curtiss as QLife Vice-Chair. Mr. Lepper seconds the motion, which passes unanimously.]***

***[Ms. Long-Curtiss moves to nominate President Hege as QLife Chair. Mr. Runyon seconds the motion, which passes unanimously.]***

#### **CGCC Scholarship**

Mr. Stone explains the CGCC Scholarship to the board which QLife has participated in for many years and revolves around the robotics program. President Hege mentions that there is an upcoming luncheon on March 13 and invites any board members interested to attend.

#### **Discussion Items**

##### **Aristo report**

Mr. Amery informs the board that the damaged fiber around East 15<sup>th</sup> Street and Jefferson has not yet been resolved due to the snow. The plan is to remove the vegetation and then repair the fiber once the snow melts. President Hege asks if we have secured a contractor for the project. Mr. Amery confirms that a contractor won the award and will move forward soon. Mr. Amery notes that the contractor associated with the St. Mary's project is having some difficulty internally getting across the railroad but is confident that they will be able to resolve those issues soon.

Mr. Amery expresses that we have had some difficulties over the years with the software that QLife utilizes, OSPInsight. Efforts are being made with Commstructure to improve the quality of the documentation and Mr. Amery feels that they

are moving toward a better product. President Hege asks Mr. Amery if Maupin will be loaded into the OSPInsight software. Mr. Amery confirms that Commstructure has mapped Maupin into the software.

### **Maupin Update**

Mr. Orton and Mr. McNeely call in on Skype around 1:00 PM. Mr. McNeely updates the board on the Maupin project and announces that they are just a few weeks out from running the underground fiber and finishing the last piece. President Hege asks if we received all of the drops that QLife ordered. Mr. McNeely explains that they were in fact delivered, but he is not completely clear on the issues they have experienced in Maupin. Mr. Orton is confident that the issues with the drops are going to be resolved soon. He also reports that he was informed that they only have 15 customers remaining to connect. Of those 15, some would be new customer because they requested service after the initial drops were ordered. When the drops were purchased, Commstructure ordered 20% above the required drops with the knowledge that new customers would likely sign on.

Mr. Stone notes that Gorge Net and LSN are bringing together their inventory to compile a list and compare that list with the remaining areas QLife has to serve. He also notes that Gorge Net is using LSN to install their drops which means that a Memo of Understanding will need to be drafted by Mr. Mobley and list LSN as the lead entity of system. QLife and Gorge Net will then go through a contact at LSN for any turn ups or turn downs in Maupin.

President Hege asks Mr. McNeely about the conduit. Mr. McNeely explains that Maupin's new civic center is moving their aerial fiber underground around the building. This process has stopped the contractor from completing this small section of the project but he believes it will be moved in in the next two weeks. President Hege is wondering if this has affected the project from being lit. Mr. McNeely says that it only affects this isolated section and everything else is lit. President Hege is curious of the speed tests that have been run. Mr. Amery says that the Maupin Mayor reported a 100MB upload and download speed which he was very pleased with. Mr. Mobley asks Mr. Orton if he has any customer feedback and Mr. Orton reports that everyone is excited and the city is planning to host workshops for residents to take full advantage.

### **Lone Pine Update**

Mr. Orton has submitted an OPC for the Lone Pine project to QLife and Commstructure is waiting for notice to proceed or if to proceed from the board. Mr. Stone explains that MCMC is currently our one confirmed customer and QLife has conduit in about 70 residential sites (not to include the current houses, only future builds) that are not currently being served. This project would extend QLife fiber to the location by MCMC. He explains to the board that the OPC details the possible routes that QLife could take and aims to help the board decide whether or not to go forward with the project. Mr. Stone believes that feedback from MCMC and their need for this project is crucial but without MCMC's partnership, Mr. Stone would not recommend moving forward.

Mr. McNeely and Mr. Orton go over the four possible concepts with the board. Mr. Amery explains that as they started researching the project, challenges arose that were not anticipated; boring the river, place poles along the freeway and archeological and environmental costs. Mr. Amery asked Mr. Orton to include an aerial quote because the initial quote came back much higher than he anticipated. Mr. Orton recommends the board go forward with the primary underground solution because other options would include overhead fiber over the railroad. He notes that the project area is almost exclusively underground so the options that include any aerial fiber do not make as much sense. Mr. Amery stresses to the board that there will be risks with each concept.

Mr. Lepper wants more detail on what area the OPC covers. Mr. Amery explains that it begins around Wasco County's public works building and covers all the land up to the entrance of Lone Pine Village and would meet existing conduit at that point. Mr. Orton adds that this expansion would allow QLife to extend out from there, for instance, to the state police building, hotels or bridge crossing.

President Hege asks Mr. Stone how he would propose going forward with the project and how they would get their revenue returned. Mr. Stone agrees that that would be the primary challenge, as it has been with other projects. QLife

has MCMC confirmed as customers but the residential lots are not guaranteed due to other service competitors and the fact that not all lots are sold at this point. Mr. Stone suggests that if we go forward, we approach other commercial businesses in the area. He stresses that there is no guarantee that future customers will commit to QLife but that this expansion has great potential. If MCMC is willing to commit financially, Mr. Stone thinks it would be worth going forward with the project.

President Hege asks Mr. Lepper if this project is something MCMC needs. Mr. Lepper explains that MCMC is in support of this project due to their need for dark fiber and informs the board of their new urgent care center which is to be completed this summer. President Hege does not believe a decision can be made until more analysis of costs are completed and return with a cost-sharing breakdown to the board. He believes QLife should move forward in research with MCMC to see the viability of this expansion and come back to board with more information.

***[Ms. Long-Curtiss moves to approve Work Order #18 Amendment 1. Mr. Lepper seconds the motion, which passes unanimously.]***

### **St. Mary's Backbone Replacement Update**

Mr. Amery informs the board that when they bored the freeway, there was \$25K in additional costs due to more rock than was anticipated but the increase in cost still remains under the contingency. He notes that the OPC included a line item for prevailing wages and the bids submitted were below that value so he does not expect to spend the full cost for prevailing wages. There have been no contingency costs to date. Aristo maintenance costs have not yet begun since splicing has not been completed. President Hege asks when the project should be wrapping up. Mr. Amery informs him that the contractor is waiting for permission from the railroad to continue construction. If everything runs smoothly, he anticipates the project to be completed by the end of April 2019.

***[Ms. Long-Curtiss moves to approve Work Order #17 Amendment 1. Mr. Weinstein seconds the motion, which passes unanimously.]***

### **Discussion Items Continued**

#### **Holiday Inn Express**

Mr. Stone states that since the last board meeting, he made a decision on behalf of QLife to authorize them to drop conduit in the area while it was under construction so that we will be able to access that zone. Mr. Amery adds that there is potential for new customers currently in the region and in future development. There is some additional construction that QLife will likely have to arrange. Mr. Stone notes that Gorge Net has a credit with QLife of roughly \$14K from a previous build and this may be when they choose to redeem that credit.

#### **SDIS Renewal**

Mr. Stone informs the board that our annual insurance had a small increase this year and the city Maupin was notified that they needed to add SDIS to their insurance.

The Board enters into Executive Session at 1:53 PM

The Board exits Executive Session at 2:04 PM

***[Ms. Long-Curtiss moves to approve Work Order #20 contingent on funding. Mr. Weinstein seconds the motion, which passes unanimously.]***

The meeting is adjourned at 2:09 PM.

The next meeting will be decided once a survey has gone out for the best date.

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These minutes were approved by the QLife Board on April 4, 2019.

  
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Lee Weinstein, Secretary