

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
327 N. WENATCHEE AVENUE
WENATCHEE, WA 98801**

REGULAR COMMISSION MEETING

April 30, 2018

AGENDA

STUDY SESSION

10:00 A.M.

1. Pledge of Allegiance and Safety Minute – Court Hill
2. Approval of the Agenda - Any item on the Regular Agenda shall be subject to transfer to the Consent Agenda upon request of any Commission member
3. Quarterly District Performance Plan Update
4. Quarterly Energy Resources Update
5. Broadband Long Range Technology Plan
6. Peshastin Wastewater Treatment Facility Improvement Project

BUSINESS SESSION

1:00 P.M.

Consent Agenda

7. Minutes:

April 16, 2018 Regular Meeting and April 12, 2018 Strategy Partners Meeting

8. Vouchers:

Accounts Payable Summary Report dated April 25, 2018:

- a. Vouchers totaling \$10,955,912.73;
- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 11, 2018 through April 24, 2018 in the amount of \$15,108.36;
- c. Approval of the net Payrolls, Warrant Nos. 235912 through 235938 and Advice Nos. 651805 through 652576 for the pay period ending 04/15/2018 in the amount of \$1,991,735.71; and

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- d. Approval of Warrant Nos. 24360 through 24412 totaling \$13,961.88 for claim payments from the workers' compensation self-insurance fund for the period ending April 23, 2018.

Regular Agenda

9. A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A SUBSTITUTE CREDIT FACILITY RELATING TO THE DISTRICT'S OUTSTANDING CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2008B (NON-AMT); APPROVING FORMS OF CERTAIN DOCUMENTS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

10. Manager Items

11. Commission Items

12. Commission Travel

13. Follow-up on Delegation of Action Items from Previous Board Meeting

14. Delegation of Action Items

15. Additional Public Comment*

16. Matters of general business as may necessarily come before the Commission

17. Executive Session: To discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i); and To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by RCW 42.30.110(1)(b)

* Members of the public are encouraged to ask specific questions after each item presented. This agenda item is for additional comments/questions related to matters not on the agenda.

This agenda and resolutions (if any) may be revised by the Commission as appropriate.

RESOLUTION NUMBER _____

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A SUBSTITUTE CREDIT FACILITY RELATING TO THE DISTRICT'S OUTSTANDING CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2008B (NON-AMT); APPROVING FORMS OF CERTAIN DOCUMENTS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

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(Eleventh Supplemental Resolution)

FACTUAL BACKGROUND AND REASONS FOR ACTION

1. Public Utility District No. 1 of Chelan County, Washington (the "District"), by Resolution No. 87-7925 adopted by the Commission of the District (the "Commission") on December 21, 1987, as amended and restated by Resolution No. 91-8887 adopted by the Commission on February 19, 1991, consolidated the District's separate electric utility systems, those being the Distribution System, the Lake Chelan System, the Rocky Reach System and the Rock Island System (each as defined in the hereinafter defined Master Bond Resolution) into one system known as the "Chelan Hydro Consolidated System" (the "Chelan Hydro Consolidated System"). In 1992, the District's water system and wastewater system were consolidated into the Chelan Hydro Consolidated System.

2. Pursuant to Resolution No. 07-13067, adopted by the Commission on March 12, 2007 (as amended and supplemented from time to time, the "Master Bond Resolution"), the Commission (i) discontinued the consolidation of the Rock Island System and the Rocky Reach System into the Chelan Hydro Consolidated System, (ii) otherwise renewed and affirmed the Chelan Hydro Consolidated System, (iii) renamed the Chelan Hydro Consolidated System the "Consolidated System," and (iv) created an issue of bonds with a lien on Revenues (as defined in the Master Bond Resolution) junior to the lien of the Senior Consolidated System Resolution (as defined in the Master Bond Resolution). On July 1, 2015, the final remaining obligations issued under the Senior Consolidated System Resolution were retired.

3. Pursuant to Resolution No. 08-13258, adopted by the Commission on February 11, 2008 (the "Fourth Supplement"), the Commission supplemented the Master Bond Resolution to provide for the issuance and delivery of the District's Consolidated System Revenue Bonds, Refunding Series 2008B (AMT) in the initial aggregate principal amount of \$92,880,000 (the "Series 2008B Bonds").

4. Pursuant to Resolution No. 09-13452, adopted by the Commission on April 27, 2009 (the "Fifth Supplement"), and as permitted by the American Recovery and Reinvestment Act of 2009 ("ARRA"), which included provisions that permitted the District to refund certain of its outstanding Bonds that were subject to the alternative minimum tax ("AMT"), including the Series 2008B Bonds, with Bonds that are not subject to the AMT, the District amended certain provisions of the Fourth Supplement, "refunded" (as that term is used in Sections 56 and 57 of the Code) the Series 2008B Bonds and reissued such Series 2008B Bonds on June 3, 2009 as a Series of Bonds designated as the "Public Utility District No. 1 of Chelan County, Washington

Consolidated System Revenue Bonds, Refunding Series 2008B (Non-AMT)” (the “Outstanding 2008B Bonds”), which are currently outstanding in the aggregate principal amount of \$61,195,000.

5. The payment of the purchase price of the Outstanding 2008B Bonds was initially secured in part by a Standby Bond Purchase Agreement, dated as of March 1, 2008 (the “Original Credit Facility”), by and among the District, U.S. Bank National Association, in its capacity as Trustee and Tender Agent, and U.S. Bank National Association, in its capacity as the provider of the Original Credit Facility, which terminated by its terms on March 7, 2013.

6. On March 6, 2013, the District entered into a replacement Standby Bond Purchase Agreement, dated as of March 1, 2013, as amended by the First Amendment to Standby Bond Purchase Agreement, dated March 22, 2013, and as further amended by the Second Amendment to Standby Bond Purchase Agreement, dated April 17, 2015 (as amended, the “2013 Replacement Credit Facility”), in each case, by and among the District, U.S. Bank National Association, in its capacity as Trustee and Tender Agent, and Union Bank, N.A. in its capacity as provider of the 2013 Replacement Credit Facility, which is scheduled to terminate by its terms on April 17, 2019.

7. The District now desires to enter into a Standby Bond Purchase Agreement (as further defined herein, the “2018 Substitute Credit Facility”) with Barclays Bank PLC (as further defined herein, the “2018 Substitute Credit Facility Provider”) to substitute the 2018 Substitute Credit Facility in place of the 2013 Replacement Credit Facility prior to the expiration of the 2013 Replacement Credit Facility, as extended, in accordance with Section 4.09 of the Fourth Supplement.

8. Section 12.1(a)(ii) of the Master Bond Resolution provides that the District may from time to time and at any time adopt a Supplemental Resolution, without the consent of or notice to any Owner, to supplement any provision in any Supplemental Resolution.

9. The Commission hereby deems it advisable and in the best interest of the District to authorize and approve the execution and delivery of the 2018 Substitute Credit Facility and the related documents as provided herein.

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

ARTICLE I ELEVENTH SUPPLEMENTAL RESOLUTION; DEFINITIONS

Section 1.01 Eleventh Supplemental Resolution. This Eleventh Supplemental Resolution is executed and delivered in accordance with the provisions of the Master Bond Resolution.

Section 1.02 Definitions. Unless the context otherwise requires, all terms used and not otherwise defined herein, including the Recitals, shall have the meanings set forth in the Master Bond Resolution, in the Fourth Supplement or in the Fifth Supplement, as and to the extent

applicable. In addition, unless the context otherwise requires, the following terms shall have the following meanings:

“Prior Supplemental Resolution” has the meaning given such term in Section 2.01 hereof.

“Supplemental 2008B Delivery Certificate” means a Certificate of the District, dated March 6, 2013, delivered at the time of the Mandatory Tender and remarketing in connection with the 2013 Replacement Credit Facility setting forth certain terms with respect to such Mandatory Tender and remarketing of the Outstanding 2008B Bonds.

“Tenth Supplemental Resolution” means Resolution Number 13-13775, adopted by the Commission on January 7, 2013, authorizing the execution and delivery of the 2013 Replacement Credit Facility and providing for other matters related thereto.

“2008B Delivery Certificate” means the Certificate of the District, dated March 7, 2008, setting forth certain terms of the Outstanding 2008B Bonds.

“2008B Reissuance Delivery Certificate” means the Certificate of the District, dated June 3, 2009, setting forth certain terms of the Outstanding 2008B Bonds.

“2018 Fee Agreement” means the Fee Agreement between the District and the 2018 Substitute Credit Facility Provider with respect to the 2018 Substitute Credit Facility, as the same may be amended, modified or supplemented.

“2018 Substitute Credit Facility Provider” means Barclays Bank PLC, as the provider of the 2018 Substitute Credit Facility.

“2018 Substitute Credit Facility” means the Standby Bond Purchase Agreement among the District, the Trustee and Tender Agent and the 2018 Substitute Credit Facility Provider with respect to the Outstanding 2008B Bonds, as the same may be amended, modified or supplemented.

“Eleventh Supplemental Resolution” means this resolution, adopted by the Commission on April 30, 2018, and any amendments, modifications or supplements hereto.

ARTICLE II TERMS OF THE OUTSTANDING 2008B BONDS

Section 2.01 General Terms of the Outstanding 2008B Bonds. Except as otherwise provided in this Eleventh Supplemental Resolution, the Outstanding 2008B Bonds shall have the same terms as set forth in the Fourth Supplement, as supplemented and amended, including as supplemented and amended by the 2008B Delivery Certificate, the Fifth Supplement, the 2008B Reissuance Delivery Certificate, the Tenth Supplement and the Supplemental 2008B Delivery Certificate (the Fourth Supplement, as supplemented and amended by the 2008B Delivery Certificate, the Fifth Supplement, the 2008B Reissuance Delivery Certificate, the Tenth Supplement and the Supplemental 2008B Delivery Certificate, the “Prior Supplemental Resolution”).

Section 2.02 Preservation of Rights of Owners of the Outstanding 2008B Bonds. Nothing herein shall alter the rights of the Owners of the Outstanding 2008B Bonds.

ARTICLE III
APPROVAL OF 2018 SUBSTITUTE CREDIT FACILITY AND RELATED
AGREEMENTS AND OTHER DOCUMENTS

Section 3.01 Approval of the 2018 Substitute Credit Facility and the 2018 Fee Agreement. The 2018 Substitute Credit Facility and the 2018 Fee Agreement, in substantially the forms presented to and considered at this meeting, shall be and hereby are approved, and the President and the Vice President of the Commission, the General Manager, the Chief Financial Officer and the Treasurer of the District (each, an “Authorized Officer”), each acting singly, shall be and each of them is hereby authorized, empowered and directed to execute and deliver the 2018 Substitute Credit Facility and the 2018 Fee Agreement with such changes therein as such officer shall deem appropriate and in the best interests of the District, upon consultation with Bond Counsel, such approval to be evidenced conclusively by his or her execution thereof, as so added to or changed.

Section 3.02 Approval of Bond Counsel Fees and Expenses. The District is hereby authorized, empowered and directed to pay from other funds of the District an aggregate amount not to exceed \$60,000 to Orrick, Herrington & Sutcliffe LLP for bond counsel services in connection with the negotiation, execution and delivery of the 2018 Substitute Credit Facility and related agreements and documents.

Section 3.03 Further Action. The Authorized Officers, each acting singly, and the other officers, agents and employees of the District shall be and each of them is hereby authorized, empowered and directed to execute and deliver such other documents, agreements, notices and certificates, in addition to those enumerated herein, and to take such other actions as they deem necessary or advisable in order to carry out and perform the purposes of this Eleventh Supplemental Resolution. All actions taken by the Authorized Officers and the other officers, agents and employees of the District pursuant to or in anticipation of the adoption of this Eleventh Supplemental Resolution but prior to its effective date are hereby ratified, confirmed and approved.

ARTICLE IV
MISCELLANEOUS

Section 4.01 Outstanding 2008B Bonds Subject to the Master Bond Resolution and the Prior Supplemental Resolution. Except as expressly provided in this Eleventh Supplemental Resolution, every term and condition contained in the Master Bond Resolution and in the Prior Supplemental Resolution shall apply to this Eleventh Supplemental Resolution and to the Outstanding 2008B Bonds with the same force and effect as if it were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Eleventh Supplemental Resolution.

The 2018 Replacement Credit Facility does not constitute a “Credit Facility” solely for purposes of Section 4.05(a) of the Fourth Supplemental Resolution and for purposes of Section 13.5 of the Master Resolution.

Section 4.02 Severability of Invalid Provisions. If any one or more of the provisions contained in this Eleventh Supplemental Resolution or in the Outstanding 2008B Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Eleventh Supplemental Resolution, such invalidity, illegality or unenforceability shall not affect any other provision of this Eleventh Supplemental Resolution, and this Eleventh Supplemental Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 4.03 Eleventh Supplemental Resolution as Contract. In consideration of the acceptance of the Outstanding 2008B Bonds by the Owners thereof, the provisions of this Eleventh Supplemental Resolution shall be deemed to be and shall constitute a contract between the District and the Owners of the Outstanding 2008B Bonds to secure the full and final payment of the principal and Purchase Price of, and interest on, the Outstanding 2008B Bonds, subject to the conditions, covenants and terms contained in the Master Bond Resolution and in the Prior Supplemental Resolution.

Section 4.04 Effectiveness. This Eleventh Supplemental Resolution shall be effective from and after its date of adoption.

Adopted at a regular open public meeting this 30th day of April, 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

SEAL