

MINUTES OF REGULAR MEETING OF THE COMMISSION
OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON

November 3, 2014

The regular meeting of the Commission of Public Utility District No. 1 of Chelan County, Washington, was held in the office of the District, 327 North Wenatchee Avenue, Wenatchee, Washington, on November 3, 2014, at the hour of 10:00 a.m., pursuant to proper notice thereof.

Commissioners present were, Randy Smith, and Dennis Bolz, Norm Gutzwiler and Carnan Bergren. Commissioner Ann Congdon attended via telephone. Commissioner Bolz chaired the meeting. In attendance were General Manager Steve Wright, General Council Erik Wahlquist and Clerk of the Board Sheila Salmon.

Others in attendance: Matt Kerec, Bob Goedde, Vicky Malloy, Garry Arseneault, Pat McGrath and Christine Pratt (Wenatchee World).

Commissioner Randy Smith led the Pledge of Allegiance and provided a safety minute.

Commissioner Bolz presented the Agenda for approval. Agenda items 9, 10 and 11 were moved to the Consent Agenda. The Agenda was approved as revised.

Managing Directors presented a preview of Topic Team recommendations that will be presented to Strategy Partners on November 13, 2013 at the Strategy Partner Summit III. (See www.chelanpud.org for the presentations.) The recommendations came from 6 Topic Teams consisting of customer-owners and District staff. Each team focused on one of 6 areas; Parks, Water & Wastewater, Fiber, Electrification, Economic Development, and Reinvestment.

Janet Jaspers, Energy Planning and Resources Manager, presented the Energy Resources 3rd Quarter Update. (See www.chelanpud.org for the presentation.)

The meeting recessed at 11:59 a.m. and reconvened at 1:00 p.m.

A public hearing was held at 1:00 p.m. to present the 2015 Budget Update 2. (See www.chelanpud.org for the presentation) Mark O'Bryan, Strategic Planning Director, reported the focus for the 2015 budget is on providing long-term value customer-owners and community by tackling some delayed or deferred projects and working towards positive net revenue over the next 5 years. Discussions will continue on November 17, 2014 with a second hearing. Staff plans to ask for board approval of the budget on December 1, 2014 during the regular board meeting.

Commissioner Bolz presented the Consent Agenda Items for adoption. He asked if any item on the Consent Agenda should be transferred to the Regular Agenda for further review. No items were requested to be moved to the Regular Agenda.

Commissioner Bolz presented the Consent Agenda items for adoption as follows:

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The minutes of the regular meeting held on October 20, 2014 were presented for approval.

The Auditor's memorandum, dated October 28, 2014, supporting documentation and the District's Computer Report, which certify, pursuant to RCW 42.24.080, that the District received certain goods, services and other considerations specified therein and described as follows were presented for approval:

1. Claims certified by the Auditor for payment and authorization for the Auditor to issue warrants payable by the Treasurer for services, goods and other considerations received by the District in the total amount of \$6,304,884.69;
2. Approval of Customer Deposit Returns and Conservation Incentive payments dated October 28, 2014 in the amount of \$16,203.98; and
3. Approval of the net Payrolls, Warrant Nos. 232343 through 232395 and Advice Nos. 586493 through 587176 for the pay period ending 10/19/2014 in the amount of \$1,594,662.36.

RESOLUTION NO. 14-13910 RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 6, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 09-16 WITH GCA SERVICES GROUP, INC. OF SEATTLE, WA AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE

RESOLUTION NO. 14-13911 RATIFYING FIELD WORK ORDER NOS. 1, 2 AND 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 14-13 WITH WESSLEN CONSTRUCTION INC. OF SPOKANE, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE

RESOLUTION NO. 14-13912 AUTHORIZING AMENDMENT NO. 1 TO SERVICES AGREEMENT (SA NO. 12-061) WITH BLUE LEAF ENVIRONMENTAL, INC. OF ELLENSBURG, WASHINGTON FOR CONDUCTING WHITE STURGEON INDEXING AND MONITORING ACTIVITIES REQUIRED IN THE ROCKY REACH LICENSE

RESOLUTION NO. 14-13913 REJECTING ALL BIDS AND AUTHORIZING REBID OF OVERHEAD AND UNDERGROUND TRANSFORMER PURCHASES (Bid no. 14-60)

A motion was made by Commissioner Bergren, seconded by Commissioner Smith and passed adopting the Consent Agenda consisting of the minutes of the meetings held on October 20, 2014, the above listed vouchers and Resolution Nos. 14-13910 through 14-13913, which are on file in the offices of the District.

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CFO Kelly Boyd presented the Finance 3rd Quarter 2014 Update. (See www.chelanpud.org for the presentation.) CFO Boyd reported 2014 forecast \$87.7 million vs. budget of \$85.7 million is currently exceeding budget and long-term financial policies are on track. She stated that improved power markets, reduced expenditures and other operating revenues are offsetting the impacts of Wanapum Drawdown.

David Nelson, Business Advisor, presented the Major Capital Projects and Top Contracts 3rd Quarter Update. (See www.chelanpud.org for the presentation.)

General Manager Steve Wright reported on items of interest to the District.

Commissioners reported on the various meetings each attended during the weeks of October 20 and 27, 2014.

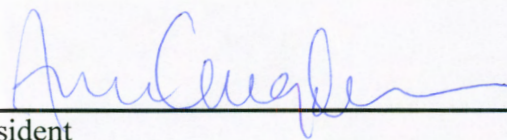
A motion was made by Commissioner Smith, seconded by Commissioner Bergren and pass to set 2 special meetings:

- Tuesday, November 4, 2014 at 1:00 p.m. for the purpose of the Tri Commission meeting to be held at county commission chambers at 350 Orondo Avenue, Wenatchee, WA; and
- Thursday, November 13, 2014 at 7:30 a.m. for the oppose of the Strategy Partner Summit III to be held at Wenatchee Convention Center, Grand Apple Ballroom, 121 N. Wenatchee Avenue, Wenatchee, WA.

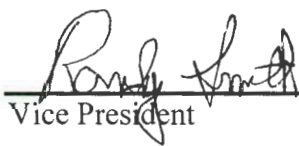
President Congdon convened an executive session at 3:00 p.m., to discuss with legal counsel litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i). He stated that he anticipated the executive session would conclude at approximately 5:00 p.m. The notice of such executive session, including the purpose of the session and the estimated time the session would conclude was properly posted by the Clerk of the Board.

Reconvening in to public session at 4:50 p.m., Commissioner Bolz stated that no decisions were made and no votes were taken during the executive session.

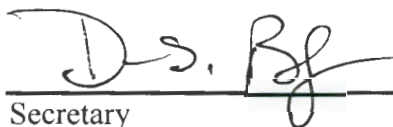
There being no other business, the meeting adjourned at 4:50 p.m.



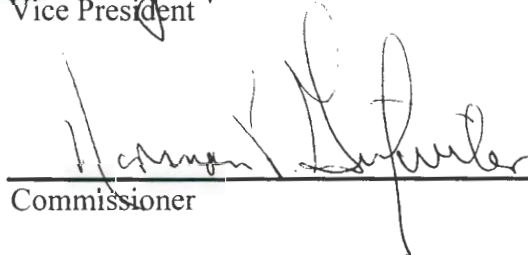
President



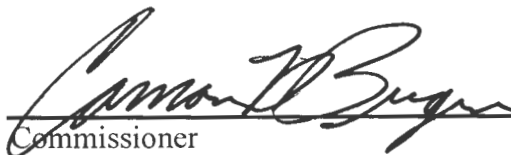
Vice President



Secretary



Commissioner



Commissioner