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

March 6, 2017

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 March 6, 2017, at the hour of 10:00 a.m., pursuant to proper notice thereof.

Commissioners present were Randy Smith, Garry Arseneault, Ann Congdon and Steve McKenna. Commissioner Dennis Bolz was excused. In attendance were General Manager Steve Wright, General Counsel Erik Wahlquist and Clerk of the Board Sheila Salmon.

Others in attendance included: Christine Pratt (Wenatchee World), Steve Keene, Michael Gibb, Clint Campbell, Don and Noreen Summers, Corky Thoreson, Robin Vogel, Jerry Boyce, Jon Walingte, Carolyn Glosenger. Various Staff were also in attendance.

Scot Erickson, Field Services Supervisor, led the Pledge of Allegiance.

Lisa Graves, Real Estate Specialist provided a safety minute.

President Randy Smith presented the Agenda for approval. Agenda item 10 was moved to the consent. The agenda was approved as revised.

Regionalization Study – Ron Slabaugh, Water/Wastewater Manager, provided a Project Fact Sheet. (See www.chelanpud.org for the handout) Commissioners were briefed on efforts to move forward with a study to regionalize water and wastewater treatment programs operating in the Upper Wenatchee Valley. Three local governments, Chelan County and the cities of Leavenworth and Cashmere originally approached the PUD to fund a study under the District's Public Power Benefit program. The Peshastin Water/Wastewater District was added to the study earlier this year. The study is designed to look at efficiencies and cost savings that could be realized through regionalization and consolidating services under one entity. It is scheduled to be complete at the end of 2017.

Chelan and Leavenworth Substation Update – Staff provided an update on Chelan and Leavenworth property evaluations and analysis findings for siting substations in both Leavenworth and Chelan. (See www.chelanpud.org for the presentation Chelan & Leavenworth Substation Property Planning Commission Update.) The mayor of Leavenworth and several residents from the north shore area of Chelan attended the meeting to provide input on sites under consideration for new substations in each location. Commissioners heard positive feedback regarding the options that have been identified for Leavenworth. Many Chelan area citizens, however, expressed concern about the potential visual impacts of the Chelan options. No decisions were reached. Staff will return on March 20, 2017 to seek guidance from the Commission.

The meeting recessed at 12:09 p.m. and reconvened at 1:00 p.m.

Odabashian Recreation Area Status - Jeff Osborn, License Compliance supervisor, provided an update on the Odabashian Natural Area. (See www.chelanpud.org for the presentation) It is a stretch of land along the Columbia River – and in the Rock Island Reservoir – that has been the focus of many community attempts to try and secure. Through the generosity of former PUD employee Cliff Bates and his wife Mary, along with the willingness of the Land Trust to participate in obtaining a conservation easement for the property, Chelan PUD was able to move forward. The new natural area does not include the beachfront that is owned by the Washington Department of Natural Resources. There will be trail access to the beach. The area will remain largely undeveloped with limited amenities and designated trails.

A motion was made by Commissioner Congdon, seconded by Commissioner McKenna and passed to adopt the proposed name of Coyote Dunes Natural Area for the Odabashian Natural Area. The final step in the process to gain approval by the Federal Energy Regulatory Commission (FERC) to approve the new boundaries. It's anticipated that the area will be ready for public use sometime in 2019.

District Financial Policies Update – Heather Irelan, Treasury Analyst, and Mark O'Bryan, Director of Strategic Financial planning, presented District-Wide Financial Policies – Recommendations for 2017 and Beyond. (See www.chelanpud.org for the presentation) Commissioners heard from the Finance Team that it is time to re-evaluate targets and process for the longer-term and refine financial policies to support a sustainable financial path. Strong liquidity is needed in anticipation of future large expenses. Staff will present a resolution for Board consideration at the next regular meeting.

Legislative Update – Shaun Seaman, External Affairs Program Manager, provided the March 6, 2017 Legislative Update. (See www.chelanpud.org for the handout) Items of interest to the District include: Centennial Grant for the Peshastin project, Fuel Mix Disclosure, Distributed Generation, SAO, Retail Telecom Authority, Pole Attachments, Fire Liability, Back-billing, Hydraulic Project Approval (HPA) Fees, Funding Aquatic Invasive Species Program and Public Works Trust Fund. Other key issues include: HR related bills, Electric Vehicles and Carbon Bills – amending stat greenhouse gas emission limits, establishing a carbon pollution tax

President Smith presented the consent agenda which consisted of the minutes of the February 21, 2017 for approval.

The Auditor's memorandum dated February 14, 2017 supporting documentation and 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 describes as follows were presented for approval:

Accounts Payable Summary Report dated February 28, 2017:

1. Vouchers totaling $13,584,829.11;

2. Approval of Customer Deposit Returns and Conservation Incentive payments dated February 28, 2017 in the amount of $25,989.40;

3. Approval of the net Payrolls, Warrant Nos. 235061 through 235084 and Advice Nos. 629234 through 629944 for the pay period ending 2/19/2017 in the amount of $1,734,572.06; and

4. Approval of Warrant Nos. 23181 through 23218 totaling $7,035.21 for claim payments from the workers' compensation self-insurance fund for the period ending February 27, 2017.

   RESOLUTION NO. 17-14123 AUTHORIZING CHANGES TO THE FUNDS APPROVAL PROCESS FOR SERVICES AGREEMENT (SA) NO. 08-050 WITH ACCU-READ, INC. OF SPOKANE, WA TO CONTINUE TO PROVIDE METER READING SERVICES

A motion was made by Commissioner Arseneault, seconded by Commissioner Arseneault and passed adopting the Consent Agenda, consisting of the minutes of February 21, 2017, the above listed vouchers and Resolution No. 17-14123, which are on file in the offices of the District.

Lisa Sanders, Finance Administrative Assistant, reviewed upcoming Commissioner travel arrangements.

Manager Items Included: WSDOT bids on No See-Um road intersection and John Stoll provided an updates on AMI Outreach

General Manager Steve Wright followed-up on Delegation of Action Items from Previous Board Meeting and Delegation of Action items from this meeting.

President Smith convened an executive session at 2:30 p.m. following a 5-minute break 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) for approximately 1.5 hours.

Reconvening the meeting into regular session at 4:12 p.m., President Smith stated no actions and no votes were taken.

There being no other business, the meeting adjourned at 4:12 p.m.

President

Vice President

Secretary

Commissioner

Commissioner