

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

July 5, 2016

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 July 5, 2016, at the hour of 1:00 p.m. (The 10:00 a.m. session was canceled.), pursuant to proper notice thereof.

Commissioners present were Randy Smith, Carnan Bergren, Garry Arseneault and Ann Congdon. Commissioner Bolz was excused. In attendance were Acting General Manager Mike Coleman, General Counsel Erik Wahlquist and Clerk of the Board Sheila Salmon.

Others in attendance: Steve McKenna, Sean Cooper, Chris Brown, Lauren Miche and Christine Pratt (Wenatchee World).

Josh Mitchell, Energy Efficiency, led the Pledge of Allegiance and provided a safety minute.

President Smith presented the Agenda for approval. The agenda was approved as written.

Public Hearing – High Density Load – General Counsel Erik Wahlquist reconvened the public hearing held on June 20, 2016. No public comment was received. President Smith recessed the hearing and continued the hearing to July 18, 2016 at 1:00 p.m.

President Smith presented the consent agenda which consisted of the minutes of the June 20, 2016 regular meeting and the June 28, 2016 Leavenworth Substation Meeting for approval.

The Auditor's memorandum dated June 28, 2016 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:

1. Vouchers totaling \$30,056,659.49;
2. Approval of Customer Deposit Returns and Conservation Incentive payments dated June 28, 2016 in the amount of \$10,543.39;
3. Approval of the net Payrolls, Warrant Nos. 234413 through 234508 and Advice Nos. 616142 through 616882 for the pay period ending 06/12/2016 in the amount of \$1,851,791.68; and
4. Approval of Warrant Nos. 22447 through 22492 totaling \$29,418.31 for claim payments from the workers' compensation self-insurance fund for the period ending June 27, 2016.

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A motion was made by Commissioner Bergren, seconded by Commissioner Congdon and passed adopting the Consent Agenda, minutes of the June 28, 2016 and the above listed vouchers, which are on file in the offices of the District.

General Manager Steve Wright presented the following resolutions for consideration:

RESOLUTION NO. 16-14055 DECLARING ADS, LLC (ACCUSONIC) OF NEW BEDFORD, MA AS THE SOLE SOURCE SUPPLIER OF FLOWMETERS FOR THE LAKE CHELAN HYDRO

RESOLUTION NO. 16-14056 AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO EXECUTE A TASK AUTHORIZATION SERVICES AGREEMENT (SA-TA NO. 16-056) WITH HDR ENGINEERING, INC. OF BILLINGS, MT FOR PROFESSIONAL ENGINEERING SERVICES RELATED TO TRANSMISSION AND DISTRIBUTION ENGINEERING SUPPORT

RESOLUTION NO. 16-14057 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 14-78 WITH ELECTRO-TECHNICAL INDUSTRIES, INC. OF HUMBLE, TEXAS AND AUTHORIZING PAYMENT OF RETAINAGE

RESOLUTION NO. 16-14058 RATIFYING FIELD WORK ORDER NOS. 1-5, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 15-10 WITH MAGNUM POWER, LLC, OF CASTLE ROCK, WASHINGTON, AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE

A motion was made by Commissioner Congdon, seconded by Commissioner Bergren and passed to adopt Resolution Nos. 16-14055 through 16-14058, which are on file in the office of the District.

Commissioners reported on various meetings each attended the weeks of June 20, 2016 and June 27, 2016.

Project Manager George Velazquez and External Affairs Manager Shaun Seaman presented the Diverse Leader Update - Latino-Hispanic and Low-income Customer Engagement. (See www.chelanpud.org for the presentation)

Managing Director John Stoll reported Whispering Ridge residences are back in full utility service.

Chief Financial Officer Kelly Boyd reported the District received \$1.3 Million reimbursement from FEMA towards the 2015 fire costs. She also reported we achieved \$22.5 million of our \$22.6 million budgeted net debt reduction for 2016 with our scheduled principal payment on July 1, 2016. Debt outstanding forecasted for year end is about \$590M with a debt ratio of 43% and

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we are right in line with our strategic plan goal of lowering our debt ratio to less than 35% by 2019, and one year earlier if financial results are as expected. This would bring our 2019 debt outstanding balance below \$370M.

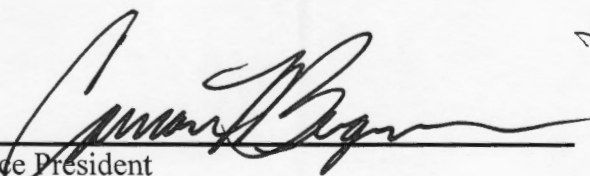
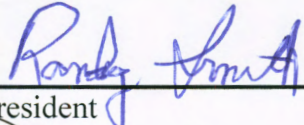
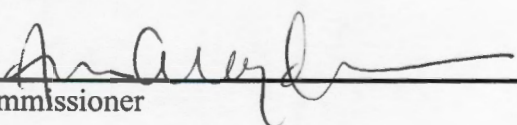
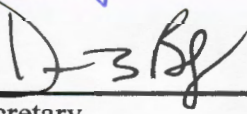
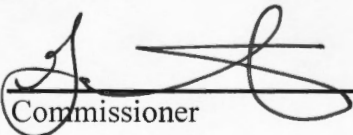
Commissioners reviewed future travel arrangements with Administrative Assistant Lisa Sanders.

A motion was made by Commissioner Congdon, seconded by Commissioner Arseneault and passed to change the start time of the July 18, 2016 board meeting to 9:00 a.m. and to convert the meeting in executive session to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g).

President Smith convened an Executive Session at 2:15 p.m. 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). He said he anticipated reconvening into regular session at 3:15 p.m.

Reconvening at 3:23 p.m., President Smith stated that no action was taken.

There being no other business, the meeting adjourned at 3:23 p.m.

 _____ Vice President	 _____ President
 _____ Commissioner	 _____ Secretary
	 _____ Commissioner