

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

July 24, 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 July, 2017, at the hour of 10:00 a.m., pursuant to proper notice thereof.

Commissioners present were Randy Smith, Garry Arseneault, Dennis Bolz, Ann Congdon and Steve McKenna. In attendance were General Manager Steve Wright, General Counsel Robb Davis and Acting Clerk of the Board Teresa Boushay

Various Staff were also in attendance.

Others in attendance: Laura Jaecks, Nevonne McDaniels, Sarah Mack, Dan Haller

Lance Knudtson, Fleet Services Supervisor, led the Pledge of Allegiance and provided a safety minute.

President Randy Smith presented the Agenda for approval. Resolutions 10 and 11 were moved to the consent agenda. Items 12 and 15 were removed from the agenda. The agenda was approved as revised.

Olds Station Substation – (See www.chelanpud.org for the presentation) Chad Rissman, Director of Distribution Asset Management, and Dan Frazier, Director Shared Services, briefed the Board on how District planning for increased substation capacity to meet future needs of industrial customers in Olds Station and Stemilt's expansion plans, came together on a future substation site that would be close to the load center and save on development costs. Stemilt is offering a 1-acre site away from the highway and north of Stemilt's expansion that has space for expansion capacity, room for the mobile substation if needed and would save on siting and permitting costs. Stemilt has tentatively agreed to provide the site for a substation in exchange for future capacity of up to 5 MVA (MegaVolt Amp) of the planned 28 MVA

Quarterly Board Balanced Scorecard Status Q2 Update – – (See www.chelanpud.org for the presentation) Commissioners reported all areas on track with 2 exceptions: participation in a Mid-C meeting and an Energy Northwest meeting, due to scheduling conflicts.

Business Lines Financial Policies – Retail Electric – (See www.chelanpud.org for the presentation) Kelly Boyd, CFO/CRO, and Mark O'Bryan, Director Strategic Financial Planning, lead the third in a series of discussions on long-term financial guidance for the PUD's electric division for planning and forecasting purposes after 2019, when the current strategic plan ends. Commissioners agreed with added tracking to create the opportunity to put in place smaller rate changes over time if needed, as customers said they prefer.

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Facilities Implementation Plan - (See www.chelanpud.org for the presentation) Dan Frazier, Director Shared Services updated the current efforts on strategic facilities plan. Continued evaluation has eliminated the District's Hawley Street property from consideration as a potential site for a new operations center. Evaluation continues of a combined headquarters and operations center on the "Horan block" property in Olds Station and looks favorable. Frazier plans to continue evaluation of sites for a new headquarters campus over the next month; continue budget and phasing work; determine staff and contract resources and the contract type for the project. Outreach to PUD employees, customer-owners and the community will follow in August and September.

Board Designated Fund – Long Term Facilities – Kelly Boyd, CFO/CRO, provided information on Board action for an initial deposit designating funds for Long-Term Facilities Plan.

A motion was made by Commissioner Arseneault, seconded by Commissioner Bolz and passed directing staff to deposit an initial amount of \$20 million into the Board designated fund for the Long-Term Facilities Plan. The fund was established per Board motion on April 3, 2017 for the purpose of investing in the Long-Term Facilities Plan.

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

The meeting recessed at 11:47 a.m., and reconvened at 1:00 p.m.

President Smith opened a public session at 1:00 pm and moved directly into executive session.

President Smith convened an executive session at 1:02 pm at the beginning of the afternoon 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 review the performance of a public employee, as authorized by RCW 42.30.110(1)(g) 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), for approximately 1 hour.

Reconvening the meeting into regular session at 2:02 p.m., President Smith stated no actions and no votes were taken.

President Smith presented the revised consent agenda which consisted of the minutes of July 10, 2017 regular meeting.

The Auditor's memorandum dated July 19, 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 July 19, 2017:

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1. Vouchers totaling \$12,687,703.82;
2. Approval of Customer Deposit Returns and Conservation Incentive payments for the period July 5, 2017 through July 18, 2017 in the amount of \$20,579.25.
3. Approval of the net Payrolls, Warrant Nos. 235390 through 235417 and Advice Nos. 636739 through 637508 for the pay period ending 7/09/2017 in the amount of \$1,841,583.37; and
4. Approval of Warrant Nos. 23552 through 23619 totaling \$31,690.14 for claim payments from the workers' compensation self-insurance fund for the period ending July 17, 2017

RESOLUTION NO. 17-14156 RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 5, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 16-37 WITH COLVICO, INC. OF SPOKANE, WA AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE.

RESOLUTION NO. 17-14157 RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 AND 2 AND AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 16-57 WITH WIRELESS STRUCTURES CONSULTING, INC. DBA WESTERN UTILITY TELECOM, INC. OF SALEM, OR

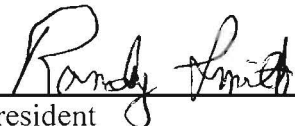
A motion was made by Commissioner Congdon, seconded by Commissioner Bolz and passed adopting the Consent Agenda, consisting of the minutes of the July 10, 2017 regular meeting, the above listed vouchers and Resolution Nos. 17-14156 and 17-14157, which are on file in the offices of the District.

A motion was made by Commissioner Arseneault, seconded by Commissioner Congdon and passed to extend General Manager Steve Wright's employment contract for three (3) years from September 3, 2018, to December 31, 2021 on the following terms:

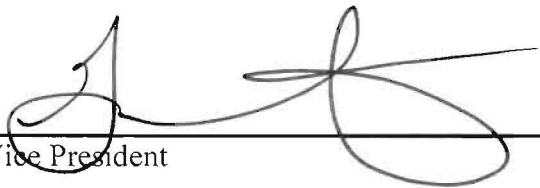
- a. No change to base salary or salary adjustment provisions of the contract;
- b. Add a retention clause providing for a 1% growing to 5% annual year-end retention payment for each year Steve remains with the District beginning at the end of 2017;
- c. Continues to provide annual 401(a) contributions to be adjusted to be equal to the difference between the permissible 401(a) employer match limit on Wright's 457 voluntary contribution and the permissible IRS limit.

And to direct the District's General Counsel to draft the appropriate documents.

There being no other business, the meeting adjourned at 2:10 p.m.



President



Vice President



Secretary



Commissioner



Commissioner