

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington November 5, 2018

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 N. Wenatchee Avenue, Wenatchee, Washington, on November 5, 2018, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Dennis Bolz, President
Garry Arseneault
Ann Congdon
Steve McKenna
Randy Smith

Staff present: Steve Wright, General Manager
Erik Wahlquist, General Counsel
Rebekah Garfein, Clerk of the Board
Various staff

Others in attendance: Stan Donough
Pat McGrath

Call To Order

- President Bolz called the meeting to order at 10:04am

Pledge of Allegiance and Safety Minute

- Ben Field, Senior IT Analyst, led the pledge and provided a safety minute on psychological safety

Agenda

- Resolution 11 was moved to the consent agenda and Commissioners acknowledged a revision to the October 15, 2018 regular meeting minutes; the agenda was approved as revised

Rock Island Hydro Update

(see www.chelanpud.org for presentation)

- Dan Garrison, Director of Hydro Operations, and Brett Bickford, Director of Engineering and Project Management, gave an update on projects at Rock Island Dam
- Reviewed accomplishments in 2018, rehab challenges in Powerhouse 1, schedule evaluation, and recommended schedule going forward
- Plan to postpone HCP check-in until 2021 to facilitate schedule revisions

Quarterly Financial Review and Investment Report

(see www.chelanpud.org for presentation)

- Mark Mullins, Director of Planning, Risk and Analytics, and Heather Ireland, Treasury Analyst Lead, reviewed third quarter financial and investment information

- Bottom-line results are better than budget; delayed work at Rock Island is a large contributor
- Combined District metrics meet targets; metrics within 10% of goal in the 2022 timeframe were highlighted for Board awareness
- Long-term financial metrics are on track with assumed new debt issuance in the next five-year planning horizon

North Mid-Columbia Joint Transmission

(see www.chelanpud.org for presentation)

- Chad Bowman, Director of Transmission and Compliance, gave an update on the North Mid-Columbia Joint Transmission Project
- Reviewed project benefits, history, description, and what has changed since 2016
- There is an off-ramp opportunity due to increased project costs; staff recommends continuing to move forward with this project to reduce regional transmission congestion and provide capacity for growth
- The Board concurred with the staff recommendation to move ahead with this project

Quarterly District Performance Plan Update

(see www.chelanpud.org for presentation)

- Managing Directors reviewed third quarter changes in the District Performance Plan
- Items delayed due to large loads and those completed, but after the deadline were noted

Manager Items

- Kirk Hudson, Managing Director of Generation and Transmission, reported that the Chelan dam is fully back online with both generators running after a large amount of work there over the summer
- Steve Wright, General Manager, reported that leadership for the State Senate Energy Committee toured Rocky Reach last week
 - Discussed the value of hydropower and our approach to least-cost greenhouse gas emissions

Recessed at 11:55am and Reconvened at 1:00pm

Public Hearing – 2019 Preliminary Budget Presentation

(see www.chelanpud.org for presentation)

- Craig Kunz, Manager Strategic Financial Planning, and Debra Vaughn, Strategic Financial Planning Analyst, presented the 2019 preliminary budget
- Top projects include Rock Island hydro and crane modernization, Rock Island and Rocky Reach facilities upgrades, Rocky Reach large unit repairs, new substations, and the new Customer Information System
- There are 20 new positions overall, including 4 previously approved by the Board and 8 positions that will be vacated elsewhere due to attrition and exchanges
 - 5 of the positions are limited assignment

Consent Agenda

- President Bolz presented the consent agenda which included the following items:
 - Minutes of the October 15, 2018 Regular Meeting
 - Vouchers: Accounts Payable Summary Report dated October 31, 2018:
 - Vouchers totaling \$17,515,646.93;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 10, 2018 through October 30, 2018 in the amount of \$46,855.51;
 - Approval of the net Payrolls, Warrant Nos. 236209 through 236230 and Advice Nos. 662063 through 662848 for the pay period ending 10/14/2018 in the amount of \$2,042,910.70; and

- Approval of Warrant Nos. 24887 through 24972 totaling \$61,382.94 for claim payments from the workers' compensation self-insurance fund for the period ending October 29, 2018.
- Charge-Offs to Uncollectible Accounts over \$1,000.00 for September 2018 in the amount of \$2,872.24
- Resolution 11. A RESOLUTION AMENDING SCHEDULE NO. 6 OF THE DISTRICT'S INVESTMENT AND BANKING POLICY ADOPTED BY RESOLUTION NO. 16-14094 TO UPDATE THE LIST OF EMPLOYEES AUTHORIZED TO DISBURSE DISTRICT FUNDS

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Arseneault

To approve the consent agenda as revised including the corrected minutes and Resolution 11

Approved: Unanimously

Resolution 10

(see www.chelanpud.org for resolution)

- Mark Belton, Contract Specialist II, and Marc Ripley, Contracting and Supply Chain Manager, presented Resolution 10
- The opportunity to pursue a previously-identified software solution on an alternate platform will save about 2300 hours of IT support over 5 years
- Resolution 10. A RESOLUTION DECLARING CORRIDOR COMPANY, INC. OF WAKEFIELD, MASSACHUSETTS AS THE SOLE SOURCE SUPPLIER OF CONTRACTS 365 SOFTWARE, AND AUTHORIZING AMENDMENT NO. 1 TO SYSTEM AGREEMENT (SA NO. 17-194) WITH CORRIDOR COMPANY, INC.

Resolution 12

(see www.chelanpud.org for resolution)

- Brett Bickford, Director of Engineering and Project Management, and Katie Yount, Public Records Officer, presented Resolution 12
- Resolution 12. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN ENABLING AGREEMENT (PSA NO. 18-065) WITH PEER TECHNICAL, INCORPORATED FOR TEMPORARY EMPLOYEE SERVICES

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Arseneault

To approve Resolutions 10 and 12 as presented

Approved: Unanimously

Manager Items

- Lindsey Mohns, Business Manager, gave Commissioners an overview of the cryptocurrency rate information that will be presented at a public information meeting on November 7 focusing on changes since September
- Justin Erickson, Managing Director of District Services, reported on:
 - A Certificate of Appreciation was received from the Confederated Tribes of the Colville Reservation for protecting cultural resources during work at the Peshastin Pinnacles
 - Justin Erickson and Tracy Yount, Director of External Affairs, recognized Suzanne Hartman, Communications Manager, recipient of the 2018 Jay Rockey Lifetime Achievement Award from the Public Relations Society of America, Pacific Northwest Chapter
 - Suzanne was named to the Public Relations Society of America College of Fellows earlier this year
 - The 2019 Camping Pilot at Beebe Bridge Park is on hold while the District continues to evaluate reservation systems

- Project was delayed due to concerns with the reservation system options reviewed and handling of customer data including credit card information

Commission Items

- Upcoming Mid-C General Managers and Commissioners Meeting and Tri-Commission Meeting

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Smith

Move to set the following special meetings:

- On November 13, 2018, at 5:30pm at Tijuana's Mexican Restaurant, 709 1st Avenue Southeast, Quincy, Washington, for the purpose of holding a Mid-C Commissioners and General Managers meeting
- On November 20, 2018, at 1:00pm at the Chelan County Office, 400 Douglas Street, Wenatchee, for the purpose of holding a Tri-Commission meeting

Approved: Unanimously

- Commissioner McKenna proposed that Commissioners receive technology support when the paperless boardroom software is implemented including support of Commissioner's choice of technology and District-supplied devices
 - Commissioners support moving forward with BoardEffect software
- Commissioner Bolz was pleased to learn that we test residences, as customers are willing, for evidence of lead in the water and have not had any issues to date

Commissioner Travel

- Lisa Sanders, Finance Admin Assistant, gave an update on Commissioner travel for the next several months

Follow Up on Delegation of Action Items from the 10/15/18 Board Meeting

- Commissioner Congdon requested to review the Board's Balanced Scorecard at the next Board Workshop in the following areas: - these items have been added to the next Workshop agenda
 - Broaden the scope of public partnerships beyond County boarders: Steve Wright will make recommendations for the Board to consider
 - Proposal to combine measures S1- Sustain our public partnership and G3 – Responsible Board Representation
- Justin Erickson - Update the Board on the antenna array project for tracking fish – will be reported at a future Board meeting

Delegation of Action Items

- Kirk Hudson will report on the root cause of B6 and B9 vibration issue, once determined
- Kelly Boyd and Erik Wahlquist will determine implications of proceeding with paperless board meeting software and the right tools to implement

Executive Session

President Bolz convened an executive session at approximately 2:30pm 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), 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), and to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration

would cause the likelihood of decreased price, as authorized by RCW 42.30.110(1)(c) for approximately 120 minutes.

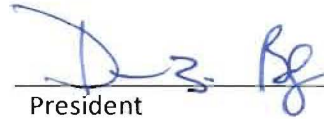
Regular Session Reconvened at 4:05pm

- President Bolz stated no votes were taken and no decisions were made during Executive Session

There being no other business, the meeting adjourned at 4:05pm.



Vice President



President



Secretary



Commissioner



Commissioner