

RESOLUTION NO. 95-10097

**A RESOLUTION ESTABLISHING AN
INDEMNIFICATION POLICY FOR OFFICERS AND
EMPLOYEES OF THE DISTRICT FOR ACTIONS,
CLAIMS OR PROCEEDINGS INSTITUTED
AGAINST THEM WHILE IN THE GOOD FAITH
PERFORMANCE OF THEIR DUTIES AND
IDENTIFICATION OF DUTIES**

WHEREAS, the officers, including commissioners and employees of Public Utility District No. 1 of Chelan County, Washington (District), both present and past, may be subject to actions, claims, or proceedings against them arising out of their performance or failure of performance of duties for or employment with the District, including duties undertaken by such persons with other organizations which the Commission of the District consider to be a part of such persons' duties and/or employment with the District; and

WHEREAS, the law of the State of Washington, RCW 54.16.097, authorizes the Commission of the District, when such claim or action arises, to grant a request by such officer or employee of the District, either past or present, for the appointment of an attorney to defend such person and to pay any obligation for payment arising out of any such claim or action against such person, *providing* that such costs of defense and/or judgement or settlement against such person shall not be paid in any case where the court having jurisdiction of such claim or action has found that such person was not acting in good faith or within the scope of his employment with or duties for the District; and

WHEREAS, the Commission of the District is of the opinion that the officers, including commissioners, and employees of the District are, as a part of their duties with the District, and within the scope of their employment, required to serve on occasion on the board of directors or in the membership of other organizations concerned with the District's business, including, but not limited to, Washington Public Utility District Association, Washington Public Power Supply System, Pacific Northwest Utilities Conference Committee, American Public Power Association, American Public Power Association Legislative and Resolutions Committee, Northwest Public Power Association, Participants' Review Board of the Washington Public Power Supply System, National Hydropower Association, Northwest Hydroelectric Association and the Endangered Species Coalition; and

WHEREAS, the Commission is of the opinion that service with the aforementioned organizations constitutes a part of the official duties of the officers, including commissioners and/or employees, of the District, and that such persons

undertaking such service for the District should be protected by the establishment of a policy of indemnification, in accordance with Washington law, which will reimburse such persons for claims or actions brought against them resulting from their good faith performance or failure of performance of their duties for the District with such organizations;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON AS FOLLOWS:

Section 1. That the District shall, subject to Section 3 hereof, provide an attorney to defend and pay any obligation for payment arising out of any claim, action or proceeding brought against any person who is or was an officer, including commissioner or employee of the District, as a result of such person's good faith performance or failure of performance of duties for or employment with the District.

Section 2. That the official duties of officers, including commissioners and/or employees of the District, include service by such persons, pursuant to appointment by the District, with organizations associated with and necessary to the accomplishment of the District's business and purposes, including, but not limited to, Washington Public Utility District Association, Washington Public Power Supply System, Pacific Northwest Utilities Conference Committee, American Public Power Association, American Public Power Association Legislative and Resolutions Committee, Northwest Public Power Association, Participants' Review Board of the Washington Public Power Supply System, National Hydropower Association, Northwest Hydroelectric Association and the Endangered Species Coalition.

Section 3. The District shall not pay costs of defense and/or judgement or settlement, for any action or claim against any person who is or was an officer or employee of the District, where a court having jurisdiction of such claim, action or proceeding, shall find that such person was not acting in good faith or within the scope of employment with or duties for the District when the person acted or failed to act in the circumstances which gave rise to the claim, action or proceeding for which the person seeks indemnification.

Section 4. The District's obligations hereunder shall be secondary and in addition to, but not in place of, the obligation of all applicable insurance purchased by the District or the associated organization with which a District officer or employee is serving, which service gives rise to the claim or action, both of which shall be deemed to have the primary obligation to defend and/or pay any such judgement or settlement.

Section 5. This resolution is in place of and supersedes Resolution No. 81-6421.

ADOPTED this 13th day of February, 1995.

Robert C. Tilly
President

ATTEST:

David Pflugrath
Vice President

James R. Whel
Secretary

Don F. Kay
Assistant Secretary

Dale R. Boep
Commissioner

SEAL