

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

February 13, 2006

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 February 13, 2006, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were, Gary L. Montague, Norm Gutzwiler, Ann Congdon, Dale R. Boyd and Werner Janssen (via teleconference). In attendance were Interim General Manager Wayne Wright, Attorney Karen Wiggum and Interim Clerk of the Board Melisa McPherren. Various staff members in attendance.

Others in attendance: Evelyn Gilbert, Pete Peterson, Merv Skoglun, Bill Stokes, Rich Cole, Donna Lee Moore and Christine Pratt (Wenatchee World).

President Montague presented the Consent Agenda items for adoption. He asked if any item on the Consent Agenda should be transferred to the Regular Agenda for further review. No items were requested, and President Montague presented the Consent Agenda items for adoption as follows:

The minutes of the regular meeting held on January 30, 2006 and the regular meeting (study session) held on February 6, 2006 were presented for approval.

The Auditor's memorandum, dated February 7, 2006, supporting documentation and the 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 described as follows were presented for approval:

1. Claims certified by the Auditor for payment and authorization for the Auditor to issue warrants payable by the Treasurer for services, goods and other considerations received by the District in the total amount of \$2,771,586.92;
2. Payroll for the period ending January 22, 2006 in the amount of \$1,126,696.67 as certified by the Auditor's memorandum;
3. Customer Deposit Returns payment dated February 7, 2006 in the amount of \$6,379.81; and
4. Electronic funds transfer (ACH) for payment of Combined Quarterly Excise Taxes in the amount of \$10,247.70 for October, November, December 2005 (Wastewater, Chelan Falls Water, Lake Chelan Hydro System).

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RESOLUTION NO. 06-12841 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 05-26 WITH TRAIL-EZE TRAILERS OF MITCHELL SOUTH DAKOTA AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE FIVE TILT DECK EQUIPMENT TRAILERS

RESOLUTION NO. 06-12842 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 05-21 WITH VALLEY TRUCK REPAIR INCORPORATED OF SUNNYSIDE WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE SEVEN (7) TRUCK WORK BODIES

RESOLUTION NO. 06-12843 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 05-18 WITH COAST CRANE COMPANY OF SPOKANE WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE CRANE WITH CHASSIS

Motion was made by Commissioner Gutzwiler, seconded by Commissioner Congdon and unanimously carried adopting the Consent Agenda consisting of the minutes of the January 30, 2006 and February 6, 2006 Commission meetings; the above-listed vouchers; and Resolution Nos. 06-12841 thru 06-12843.

The Commission next considered the matters listed in the Regular Agenda. President Montague stated that Resolution No. 06-12844 was moved to the end of the agenda and would be presented after an executive session.

RESOLUTION NO. 06-12845 APPROVING THE PURCHASE OF VEHICLES AND EQUIPMENT UTILIZING THE STATE OF WASHINGTON INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENT

RESOLUTION NO. 06-12846 APPROVING BIDDING DOCUMENTS FOR UNDERGROUND CONDUIT SYSTEMS INSTALLATION AND AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO PUBLISH NOTICE INVITING SEALED PROPOSALS FOR SAID PROJECT

Commissioner Gutzwiler requested that Resolution No. 06-12846 be revised to include a statement that a two (2) year extension may be an option upon future Commission approval. Resolution No. 06-12846 was modified to include this statement.

RESOLUTION NO. 06-12847 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT (PSA NO. 06-036) WITH ROGER PURDOM OF PENDULUM CONSULTING, LLC FOR

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RELICENSING, ENVIRONMENTAL, AND GOVERNMENTAL AFFAIRS  
CONSULTING SERVICES

Commissioner Congdon requested a review of relicensing/environmental consultants the District has hired over the last two years. Staff will assemble the information requested and share it with the Commission in the near future.

Malaga resident Rich Cole urged the District to utilize internal resources more instead of consultants. Staff explained that we are pairing staff with consultants when they are representing our interests for knowledge transfer, so that in the future, staff would have that knowledge. In addition, there are several situations where consultants have unique knowledge and experience that is vital to helping the District meet its objectives.

RESOLUTION NO. 06-12848 DECLARING OCEAN MARINE INDUSTRIES INC.  
OF CHESAPEAKE VA AS THE SOLE SOURCE SUPPLIER OF A DIDSON  
ACOUSTIC CAMERA FOR INVESTIGATING PREDATOR SMOLT INTERACTION  
IN THE ENTRANCE OF THE ROCKY REACH DAM SURFACE COLLECTOR

Motion was made by Commissioner Boyd and seconded by Commissioner Janssen to adopt Resolution Nos. 06-12845 through 06-12848. The question was called for and the motion carried unanimously to adopt Resolution Nos. 06-12845 through 06-12848, which are on file in the office of the District.

Commissioner Boyd introduced Relicensing Communications Specialist Suzanne Grassell and congratulated her on her recent appointment as President for Northwest Hydroelectric Association (NWEA). NWEA provides a regional voice for the hydropower industry, and is dedicated to the promotion of the region's waterpower as clean, efficient energy while protecting both fisheries and environmental quality.

Human Resources Director Randy Stedman provided Commissioners with an update on the General Manager search. Mr. Stedman reported that 51 applications have been received for the position so far, and helped Commissioners create a matrix for scoring applicants.

Governmental Affairs Director Andrew Munro (via teleconference) updated Commissioners on the progress of the state legislative session. Issues being monitored continue to relate to water, transmission and a renewable portfolio standard initiative.

Director of Safety and Enterprise Risk Management Kathy Lee and Director of Strategic Planning and District Services Dan Sollom presented the results of the recent "safety philosophy" ballots to Commissioners. The Safety Oversight Committee had reviewed the strategic objective of "Put Safety First" and after receiving employee feedback, was concerned that it was sending the wrong message to some that you might not send employees to work if you

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put safety above everything else. The Safety and Risk Department sent out a ballot two weeks ago to employees, and 377 ballots returned with 168 employees nominating the winning slogan "Think Safe, Work Safe, Live Safe." Ms. Lee showed Commissioners the work safely emblem and explained that it would now be used as the new safety logo.

Cashmere resident Donna Lee Moore expressed her approval of the District's new safety logo and urged the District to utilize bright colors to encourage safety awareness.

Treasury Supervisor Debbie Todd and Treasury Analyst Heather Irelan updated Commissioners on potential foreclosure proceedings the District is pursuing in regards to delinquent Local Utility District (LUD) assessment payments. In accordance with RCWs and Resolution No. 05-12815, if any installment of an LUD assessment is delinquent, the District must proceed with foreclosure action. Currently, at least seven properties may require foreclosure action. Payment to avoid foreclosure action may still be made until February 21, 2006. Documents will be filed with the county on all properties that have not been paid or had payment arrangements made. Staff will keep Commissioners informed as the process continues.

Chief Financial Officer Joe Jarvis discussed his recent trip to Washington, D.C. where he met with representatives from the Federal Energy Regulatory Commission (FERC). Mr. Jarvis, along with General Counsel Carol Wardell and Joel Molander from Puget Sound Energy, met with representatives from FERC to talk about the District's negotiated power sales agreement and to stress the importance of it and request expedited approval. The District had expected around a 90-day approval process and received a commitment from FERC for a reply within 30-60 days. FERC staff reviewed the agreement and did not notice anything that would hinder the Commissioners in making their decision.

President Montague publicly announced that the Commission would convene an executive session commencing at 3:00 p.m. for the purpose of discussing with legal counsel litigation or legal risks of a proposed action or current practice that the agency has identified when public discussion of the litigation or legal risks is likely to result in an adverse legal or financial consequence to the agency, as authorized by RCW 42.30.110 (1)(i)(C). He stated that he anticipated the executive session would conclude at approximately 3:30 p.m.

By motion made by Commissioner Boyd, seconded by Commissioner Gutzwiler and carried unanimously, an executive session was convened after a five-minute break at 2:55 p.m. The notice of such executive session, including the purpose of the session and the estimated time the session would conclude was properly posted by the Interim Clerk of the Board.

Reconvening into regular session at 4:12 p.m., the Commissioners reported that they discussed litigation or legal risks of a proposed action or current practice that the agency has identified when public discussion of the litigation or legal risks is likely to result in an adverse legal or

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financial consequence to the agency, as authorized by RCW 42.30.110 (1)(i)(C). No action was taken.

Commissioner Janssen had disconnected his telephonic appearance prior to the Executive Session discussion and rejoined the meeting when it reconvened.

A motion was made by Commissioner Congdon to excuse Commissioner Gutzwiler from the meeting on February 21, 2006. The motion was seconded by Commissioner Janssen and passed unanimously.

A motion was made by Commissioner Congdon to excuse Commissioner Boyd from the meeting on March 6, 2006. The motion was seconded by Commissioner Janssen and passed unanimously.

Staff presented the following resolution for Commission consideration:

RESOLUTION NO. 06-12844 AUTHORIZING AMENDMENT TO THE  
DECLARATION ESTABLISHING THE CONFLUENCE TECHNOLOGY CENTER  
CONDOMINIUM

Attorney Karen Wiggum provided Commissioners with an overview of the Confluence Technology Center Condominium Declaration Amendment, which would be voted on by the Condominium Association Board on February 14, 2006. The District is a 25 percent owner of the Confluence Technology Center (CTC). The amendment would allow California-based Internet company Yahoo! to renovate the building to accommodate offices and data-storage related facilities in a 45,000-square-foot portion of the CTC. The Port of Chelan County, a 75 percent owner of the CTC, and Yahoo! Thursday signed a 10-year, \$6.23-million lease for a large portion of the remaining unoccupied space at the CTC. The lease provided a February 15, 2006 date to meet the contingency of necessary amendments to the Declaration. Approval of a common area use agreement for the CTC with details addressing construction will come before Commissioners in March after details of Yahoo!'s construction plans are reviewed by District staff. Commissioners discussed staff's efforts to work with Yahoo! and the Port to protect District facilities and operations during construction.

Malaga resident Rich Cole expressed his hope to Commissioners that Yahoo! would hire locally and that a stipulation to this effect be included in the lease agreement. Staff explained that the District, as a 25 percent owner of the CTC, is a minority condominium owner and that the lease is between the Port and Yahoo!

President Montague publicly announced that the Commission would convene an executive session commencing at 4:35 p.m. for the purpose of discussing with legal counsel litigation or legal risks of a proposed action or current practice that the agency has identified when public

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discussion of the litigation or legal risks is likely to result in an adverse legal or financial consequence to the agency, as authorized by RCW 42.30.110 (1)(i)(C). He stated that he anticipated the executive session would conclude at approximately 4:55 p.m.

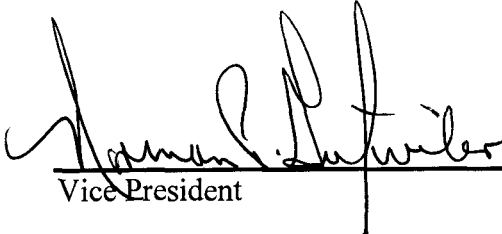
By motion made by Commissioner Gutzwiler, seconded by Commissioner Congdon and carried unanimously, an executive session was convened. The notice of such executive session, including the purpose of the session and the estimated time the session would conclude was properly posted by the Interim Clerk of the Board.

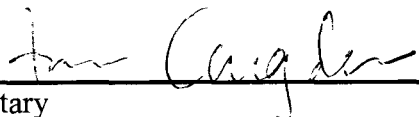
Reconvening into regular session at 4:45 p.m., the Commissioners reported that they discussed litigation or legal risks of a proposed action or current practice that the agency has identified when public discussion of the litigation or legal risks is likely to result in an adverse legal or financial consequence to the agency, as authorized by RCW 42.30.110 (1)(i)(C). No action was taken.

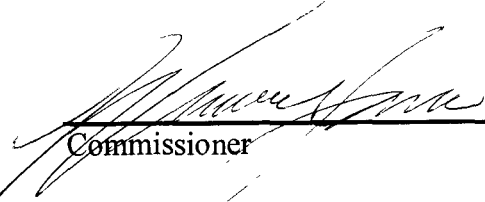
Commissioner Boyd made a motion to adopt Resolution No. 06-12844. The motion was seconded by Commissioner Gutzwiler and carried unanimously to adopt Resolution No. 06-12844, which is on file in the office of the District.

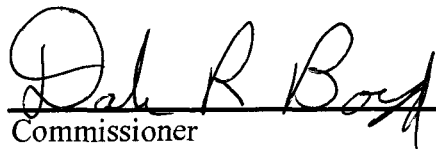
There being no further business, the meeting was adjourned at 4:55 p.m.

  
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President

  
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Vice President

  
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Secretary

  
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Commissioner

  
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Commissioner