

MINUTES OF SPECIAL MEETING (TRI-COMMISSION) OF THE COMMISSION
OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON

March 23, 2010

The special meeting of the Commission of Public Utility District No. 1 of Chelan County, Washington, was held at the Confluence Technology Center, 285 Technology Way, Wenatchee, Washington, on March 23, 2010, at the hour of 1:30 p.m., for the joint Commission meeting between Chelan County PUD (District), Chelan County (County) and the Port of Chelan County (Port) commissioners, pursuant to proper notice thereof.

Chelan County PUD Commissioners present were Dennis Bolz, Randy Smith, Carnan Bergren, Norm Gutzwiler and Ann Congdon. Chelan County Commissioners present were Keith Goehner, Ron Walter and Doug England. Port Commissioners present were JC Baldwin, Mike Mackey and Craig Larsen.

Others in attendance: 12th District Representative Mike Armstrong and Representative Cary Condotta and Senator Linda Evans Parlette (via telephone). 4th District Congressman Doc Hastings attended via telephone. Chelan County Mayors present were Bob Goedde (Chelan), Keith Vradenburg (Entiat), Gordon Irle (Cashmere), Dennis Johnson (Wenatchee), and Rob Eaton (Leavenworth).

Also in attendance were: Mark Urdahl, Judy Bradford, Jeff Smith, Donna Lee Moore, Joe Jarvis, Wayne Wright, Carol Wardell, John Janney, Chad Rissman and Sheila Salmon.

Commissioner Carnan Bergren led the Pledge of Allegiance.

Issues discussed with the five Chelan County Mayors:

Wenatchee Mayor Dennis Johnson stated the Mayors would like to continue discussions with the District, County and Port (Agencies) as plans are developed for the construction of urban clusters (groupings of high density residential and/or commercial property developments) in areas outside of city limits. The Mayors would like to discuss how urban development impacts the need for services provided by the cities and the financial burden that results.

Leavenworth Mayor Eaton thanked the Agencies for their support of that community's Icicle Train Station project. He said ridership has already surpassed earlier estimates and boosted tourism in the community. He added that the new train route also provides

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commuter service for Leavenworth residents traveling to and from the Seattle area. Phase 2 of the project has been approved.

Chelan Mayor Bob Goedde thanked the Port for a \$10,000 grant provided to fund a feasibility study of District-owned property in the downtown business district. The study has been completed and will be presented to the Chelan City Council. The Mayor also thanked the District for authorizing construction of an extension of the Chelan River Gorge trail system.

Entiat Mayor Keith Vrandenberg reported his community is getting a lot of interest in the Columbia River waterfront area, with plans for developing 400 lots and a possible marina. He thanked the District and Port for their support.

Cashmere Mayor Gordon Irle discussed the Sunset Highway road improvement project. The project involves rebuilding the road, extending water and wastewater utilities, and relocating telecommunications and electrical services from Division Street to the old mill property the Port District is developing just west of the current city limits. Total estimated road improvement costs are \$2 million. Approval of a 60 acre annexation, including the old mill site, is expected April 8th. Construction is scheduled to begin in June and be completed this year.

Chelan City Administrator Jim Reinbold reported on the Resource Conservation Manager Program, sponsored by the Washington Department of Commerce in cooperation with Washington State University's energy program. A consortium has been formed by the cities of Wenatchee, Chelan and Entiat, plus the Port. Interlocal agreements have been completed. The City of Wenatchee is serving as the lead agency. The District will provide support for the program and count the conservation savings achieved toward its compliance with Initiative 937.

Issues discussed with Congressman Doc Hastings during a conference call and his responses:

Health Care bill: The Senate passed the bill which cleared the way to debate and approve the reconciliation package. The Senate rules stipulate that should there be any amendment or challenge on a point of order that is sustained in the Senate the bill will go back to the House for confirmation.

Climate Change/Energy bill: He referred to the bill as a tax on energy and stated that he is opposed to the bill that passed out of the House.

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Agricultural legislation: He stated there has been talk in the Senate about immigration reform, but he has not seen any activity in the House. The issue of tariffs imposed by Mexico has yet to be addressed by the Obama administration.

Financial picture: President Obama's budget spends more money than expected income. The deficit will be high. Disbursement of stimulus funds was intended to hold down the unemployment rate and turn the economy around. However, that has not provided the intended results.

Nuclear power: The administration discontinued the leasing of federal lands for the mining of uranium and it is now imported into the United States.

Hydropower as clean energy: He supports hydropower as a renewable energy source.

FFA reauthorization: Passed in the Senate and is pending in the House.

Roundtable discussion and information-sharing:

Chelan County: Working with the tribes and Grant County PUD on the salmon recovery program; completed a 12-bridge replacement project in the Chumstick Valley utilizing local contractors; LINK Transit electric trolley potential; \$6.4 million Nason Creek project to open up side channels for improved fish habitat; Okanogan-Wenatchee National Forest Service targets for prescribed burning to alleviate the impact forest fires have on the county recreation industry; biomass fuel in the national forest; and the mining contamination cleanup of Holden Village is planned for 2012.

Port of Chelan County: Potential development of the Pybus Public Market; prevention of wildland fires by reducing the fuel load; recruitment of a new manager for Pangborn Memorial Airport; responding to more interest from businesses that would like to relocate to Chelan County, and commercial development of the Peshastin and Cashmere mill sites.

Chelan County PUD : Studying the effects of another low runoff on District revenues; turbine rebuilds Chelan and Rock Island hydro projects; stimulus funding application submitted for continuing the fiber network build-out; and strategic planning for the long-term is about to be launched. Commissioner Bolz highlighted two recent programs instituted by District employees: Recycling of water used to rear fish at the Eastbank Hatchery and a new idling program to be installed in 47 trucks will reduce carbon emissions.

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Commissioner Congdon excused herself from the remainder of the meeting at 3:00 p.m.

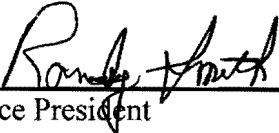
Assessment of the 2010 legislative session with the 12th district delegation – Representative Mike Armstrong, Representative Cary Condotta and Senator Linda Evans Parlette: Currently, the State is looking at a \$2.8 billion budget deficit. It was the consensus of the legislators that the opportunity to make any significant changes this session has passed.

The next Tri-commission meeting will be held on a date and location to be determined.

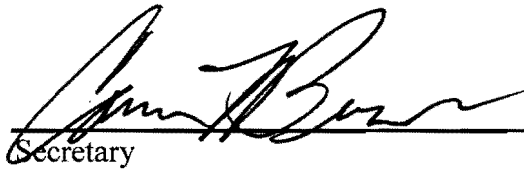
There being no further business, the meeting was adjourned at 3:35 p.m.



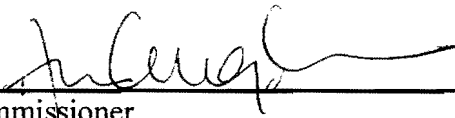
President



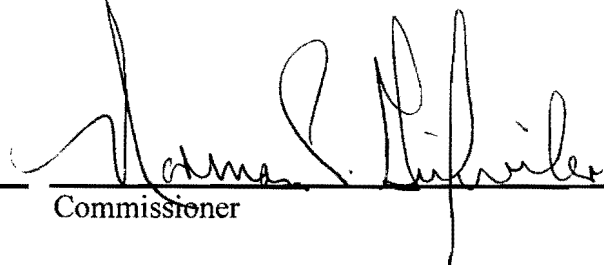
Vice President



Secretary



Commissioner



Commissioner