

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

April 3, 2006

The regular meeting (study session) 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 April 3, 2006, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Gary L. Montague, Norm Gutzwiler and Werner Janssen. In attendance were Acting General Manager Joe Jarvis, General Counsel Carol Wardell and Interim Clerk of the Board Melisa McPherran. Various staff members also in attendance.

Others in attendance: Bill Stokes, Susanna Lee, Herb Diede, Mikael Montague and Christine Pratt (Wenatchee World).

Treasurer Debbie Litchfield and Treasury Analyst Jayme Mitchell presented Commissioners with an opportunity to enter into an interest-rate swap on some of the District's bonds, which total \$957 million. A swap allows the District to refinance or issue debt at a variable rate that is then swapped to fixed interest payments for the life of the debt, obtaining lower interest costs on the debt. Ms. Litchfield and Ms. Mitchell also discussed the refinancing of bonds not to exceed \$140 million. Savings from the transaction, which would take place after March 2008, could range from \$12.6 to \$28 million. Commissioners approved a policy allowing swaps in May 2005. Commissioners also listened to an update on the last swap transaction, which was approved in August 2005. The \$94 million swap, which refinanced some 1996 and 1997 bonds, is expected to save the District over \$16 million.

Staff presented the following resolutions for Board approval:

RESOLUTION NO. 06-12881 APPROVING THE EXECUTION OF ONE OR MORE INTEREST RATE SWAP TRANSACTIONS, DELEGATING TO THE CHIEF FINANCIAL OFFICER OF THE DISTRICT THE AUTHORITY TO ESTABLISH CERTAIN TERMS AND PROVISIONS OF THE SWAP TRANSACTIONS, APPROVING CERTAIN DOCUMENTS AND AGREEMENTS IN CONNECTION THEREWITH, AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

RESOLUTION NO. 06-12882 AUTHORIZING THE NEGOTIATED SALE OF NOT TO EXCEED \$140,000,000 AGGREGATE PRINCIPAL AMOUNT OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, CONSOLIDATED SYSTEM REVENUE REFUNDING BONDS, DELEGATING TO THE CHIEF FINANCIAL OFFICER OF THE DISTRICT THE AUTHORITY TO ESTABLISH CERTAIN TERMS AND PROVISIONS OF THE REFUNDING BONDS, APPROVING CERTAIN

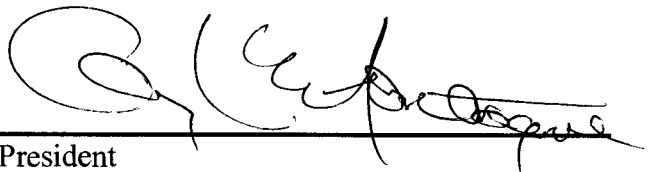
DOCUMENTS AND AGREEMENTS IN CONNECTION THEREWITH, AND  
PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

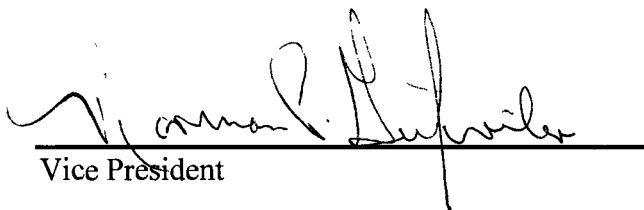
Motion was made by Commissioner Gutzwiler and seconded by Commissioner Janssen to adopt Resolution Nos. 06-12881 through 06-12882. The question was called for and the motion carried unanimously to adopt the resolutions, which are on file in the office of the District.

Commissioner Janssen made a motion to change the start time of the April 10, 2006 board meeting to 7:30 a.m. with an executive session convening from 7:30 a.m. to 10:00 a.m. at 1225 North Wenatchee Avenue for the purpose of evaluating the qualifications of an applicant for public employment, as authorized by RCW 42.30.110(1)(g) and that regular District business would start at 10:30 a.m. in the offices of the District. The motion was seconded by Commissioner Gutzwiler and passed unanimously.

General Counsel Carol Wardell informed Commissioners that the District received the Federal Energy Regulatory Commissioner (FERC) order dated March 28, 2006 granting approval of the District's power sales contract with Puget Sound Energy (PSE). FERC found that the contract is in the public interest. PSE must pay the \$89 million capacity reservation charge to the District by April 27, 2006.

There being no further business, the meeting was adjourned at 2:15 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