

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

April 19, 2010

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 April 19, 2010, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Dennis Bolz, Randy Smith, Carnan Bergren, Norm Gutzwiler and Ann Congdon. In attendance were General Manager Rich Riazzi, General Counsel Carol Wardell and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

Others in attendance: None.

Blake Hancock of the Parks Department led the Pledge of Allegiance and provided a safety minute.

President Bolz 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 to be transferred to the regular Agenda. President Bolz presented the Consent Agenda items for adoption as follows:

The minutes of the regular meeting held on April 5, 2010 regular meeting and April 12, 2010 study session were presented for approval.

The Auditor's memorandum, dated April 13, 2010, 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 \$5,581,263.30;
2. Approval of Customer Deposit Returns payment dated April 13, 2010 in the amount of \$71,222.06;
3. Approval of the net Payrolls, Warrant Nos. 224225 through 224308 and Advice Nos. 507634 through 508291 for the period ending 3/28/2010 in the amount of \$1,409,082.94; and
4. Charge-offs to Uncollectible Accounts in the Amount of \$1,186.57 for the period ending February 2010.

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A motion was made by Commissioner Congdon, seconded by Commissioner Gutzwiler to adopt the Consent Agenda consisting of the minutes of the regular meeting held on April 5, 2010 and study session held on April 12, 2010 and the above listed vouchers, which are on file in the offices.

General Manager Rich Riazzi announced the following resolution was pulled from the agenda to be presented at a later date.

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN AGREEMENT TO PURCHASE REAL PROPERTY AND EASEMENT RIGHTS WITH IMPROVEMENTS OWNED BY KEVIN GATES LOCATED IN THE LOWER SQUILCHUCK CANYON, CHELAN COUNTY WASHINGTON FOR USE AS A WATER RESERVOIR SITE

Next, the Commission considered the matters listed in the Regular Agenda.

RESOLUTION NO. 10-13542 APPROVING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 08-01 WITH GOODFELLOW BROTHERS, INC. OF WENATCHEE, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE CHELAN RIVER PROJECT

A motion was made by Commissioner Smith, seconded by Commissioner Congdon and carried adopting Resolution No. 10-13542, which is on file in the offices of the District.

Commissioner Bergren reported on a tour taken at Rocky Reach Dam.

Commissioners reported on the various meetings each attended during the weeks of April 5, 2010 and April 12, 2010.

Treasury Analyst Brian Bjorklund provided Commissioners the 1<sup>st</sup> Quarter Investment Report as of March 31, 2010. The average rate of return during the first quarter (Q1) decreased 15 basis points to 2.08% on an average invested balance of \$405,768,620. He stated that the District's investment performance since 2008 has been impacted by market forces, regulatory changes and internal risk mitigation decisions. The District's average return for Q1 2010 was 2.08% compared to 4.70% in Q1 2008. (See [www.chelanpud.org](http://www.chelanpud.org), April 19, 2010 for the report)

Next, General Counsel Carol Wardell reviewed the Attorney General's guidelines on recessing, continuing and adjourning a public meeting in relationship to the meetings scheduled for that night and the next day. The direction given is that when a meeting is to be continued on the same day, the meeting is to be recessed and continued. When a meeting is to be continued to the next day, the meeting is to be adjourned and continued. Attorney Wardell did advise the Board

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that notice of both meetings had been provided to the media with the agenda last week. Ms. Wardell proposed the following motion for consideration by the Board:

A motion to recess and continue until 6:00 p.m. at 910 West Broadway, Moses Lake, Washington for the purpose of the Mid-C Commissioners/Managers meeting and to adjourn and continue the meeting on Tuesday, April 20, 2010 at 9:00 a.m. at 16 North Columbia Street, Wenatchee, Washington, for the purpose the Board Retreat.

Commissioner Gutzwiler moved to approve the motion as stated by General Counsel. The motion was seconded by Commissioner Congdon and passed.

The meeting recessed at 1:56 p.m. to continue at 6:00 p.m. at 910 Broadway, Moses Lake, Washington for the purpose of the Mid-C Commissioners/Managers meeting.

The meeting reconvened at 6:00 p.m.

Commissioners present were Dennis Bolz, Randy Smith, Carnan Bergren and Norm Gutzwiler General Manager Rich Riazzi was also in attendance. Items discussed included electric rates and the Crescent Bar development.

The meeting adjourned at 8:30 p.m. to continue on Tuesday, April 20, 2010 at 9:00 a.m. at 16 North Columbia Street, Wenatchee, Washington, for the purpose of the Board Retreat.

Commissioners present were Dennis Bolz, Randy Smith, Carnan Bergren, Norm Gutzwiler and Ann Congdon. In attendance were General Manager Rich Riazzi, Director of External Affairs Jeff Smith, Clerk of the Board Sheila Salmon, Chief Financial/Risk Officer John Janney and Managing Director Gregg Carrington.

Topics discussed included:

Networks Update. General Manager Rich Riazzi stated that staff has issued a Request For Proposal (RFP) to hire an outside consultant to analyze the feasibility of the network fiber build-out program and a survey of customer-owners. The firm will analyze the market, deployment and operational costs, technological risk, and will provide recommendations to streamline the program. He also noted that the application for stimulus grant dollars was submitted and staff expects a decision by September 2010.

Strategic Planning. Staff is developing the District's Strategic Plan including the vision, mission, objectives, strategies, values and metrics. Three subcommittees have been formed which include staff and two commissioners each: Strategic Plan Development, Financial Policy and Communications. CFO Janney stated financial policies are currently being reviewed. He added that setting policies and procedures consistent with a

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sustainable strategic plan and developing a long range business model will be used measure financial capacity and to adjust strategy as needed.

**Boardsmanship.** Commissioner Gutzwiler read the Board's vision and mission statements as written in the Board's Governance Policy. Vision Statement: to be a highly regarded public utility, highly valued and trusted to: focus on the customer; protect and enhance our resources; maintain local control; bring innovation to reality; and be a great place to work. Mission statement: To safely provide utility services that enhance the economy and quality of life in Chelan County. The policy states that all decisions by the Board shall be governed by the vision and mission statements. Commissioners discussed including a statement related to ensuring a sustainable utility. Commissioners will continue discussion at the next board retreat.

**Governance Structure.** Commissioner Smith stated that General Manager Riazzi has engaged Commissioners in three strategic planning subcommittees. Commissioner Smith presented a draft of a Board Governance Self-Assessment questionnaire to be filled out by each Commissioner before the next board retreat.

**Board Culture.** Commissioners agreed that they are functioning in a clear direction as a Board and with the General Manager.

**Washington Public Utility District (WPUDA).** Commissioners stated they support WPUDA and will continue to be involved with the Reform Committee as WPUDA works to clarify the direction and function of the organization.

**House Bill 2707 (Commissioner Compensation).** Legislation approved and signed by Governor Gregoire clarified three issues regarding RCW 54.12.080: (1) Consumer Price Index (CPI) adjustments will be applied to all Commissioners in office; (2) CPI adjustments will be made to the salary amounts, not just per diem payments; and (3) establishes that the \$1,800 monthly salary is applicable to all commissioners, not just those newly-elected to office. Commissioner Bolz said that the salary increases were not included in the 2010 budget. The \$7,000 in additional expense will be accommodated through corresponding reductions in Commissioners' travel and meeting attendance.

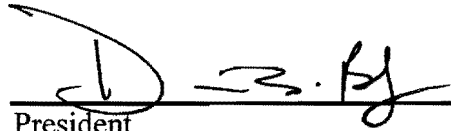
Commissioner Congdon, as of the District's representative on the Board of Directors of Energy Northwest, reported that she will be voting on nominees to the Executive Board this week. The Executive Board consists of 11 members; five are elected from the Board of Directors, three outside members appointed by the Board of Directors, and three outside members appointed by the Washington State Governor.

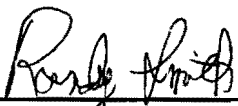
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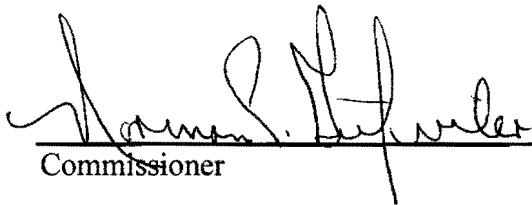
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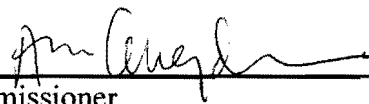
There being no further business, the meeting was adjourned at 12:30 p.m.

  
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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