

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

May 22, 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 May 22, 2006, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Ann Congdon, Werner Janssen and Dale R. Boyd (via teleconference). In attendance were Interim General Manager Wayne Wright, General Counsel Carol Wardell and Interim Clerk of the Board Melisa McPherren. Various staff members in attendance.

Others in attendance: Randy Smith, Tessie Kelley, Jim Baxter and Christine Pratt (Wenatchee World).

Commissioner Janssen made a motion to excuse Commissioner Gutzwiler from the regular business meeting of May 22, 2006. The motion was seconded by Commissioner Boyd and passed unanimously.

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

The minutes of the regular meeting held on May 8, 2006 and the regular meeting (study session) held on May 15, 2006 were presented for approval.

The Auditor's memorandum, dated May 16, 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 \$4,228,445.09;
2. Payroll for the period ending April 30, 2006 in the amount of \$1,350,868.32 as certified by the Auditor's memorandum; and
3. Customer Deposit Returns payment dated May 16, 2006 in the amount of \$2,659.82.

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RESOLUTION NO. 06-12901 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 04-09 WITH MOE ASPHALT & SEAL COATING OF WENATCHEE, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE PAVEMENT REPAIRS AND MISCELLANEOUS CONCRETE REPAIR SERVICES FOR A TWO YEAR PERIOD

Motion was made by Commissioner Janssen, seconded by Commissioner Boyd and unanimously carried adopting the Consent Agenda consisting of the minutes of the May 8, 2006 and May 15, 2006 Commission meetings, the above-listed vouchers and Resolution No. 06-12901.

The Commission next considered the matters listed in the Regular Agenda. Acting President Congdon stated that the Resolutions listed as number 5 and 6 on the agenda, and the Investment Reports presentation, were pulled from the agenda and would be presented at a future board meeting.

RESOLUTION NO. 06-12902 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT (PSA NO. 06-070) WITH ETG INCORPORATED OF OVERLAND PARK, KANSAS FOR AERIAL SURVEYING SERVICES

RESOLUTION NO. 06-12903 ACCEPTING THE BID (06-07) OF DAVID L. SACK CONSTRUCTION CO., INC. OF BURIEN, WASHINGTON TO PROVIDE ROCKY REACH POWERHOUSE SEPTIC REVISIONS

RESOLUTION NO. 06-12904 APPROVING CHANGE ORDER NO. 1 TO THE ROCKY REACH TAG SITE HOIST PURCHASE

Motion was made by Commissioner Boyd and seconded by Commissioner Janssen to adopt Resolution Nos. 06-12902 through 06-12904. The question was called for and the motion carried unanimously to adopt Resolution Nos. 06-12902 through 06-12904, which are on file in the office of the District.

Director of Safety and Enterprise Risk Management Kathy Lee and Property & Liability Claims Administrator Ron Gibbs discussed the June 1, 2006-2007 Insurance Package with Commissioners. Ms. Lee and Mr. Gibbs informed Commissioners that while some organizations saw their insurance costs rise from last year due to natural disasters and Hurricane Katrina's effect on insurance markets, pricing for the District will be an overall decrease compared to last year's policies. Final costs for the policies are expected to be about \$1.99 million, \$265,000 below the 2006 budget and a 3.6-percent reduction from last year's June 1 policy costs. A majority of the District's policies expire on June 1, 2006. Policies purchased through about 15 carriers include general liability, property, boiler and machinery, crime, kidnap and ransom, and

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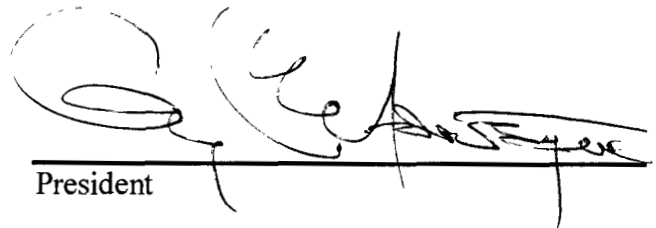
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blackout/brownout insurance. Commissioners commended the work done by Ms. Lee and Mr. Gibbs to negotiate the cost decrease.

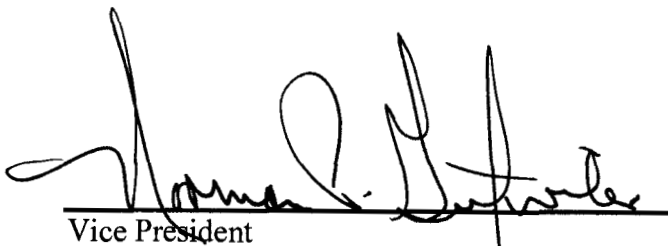
Commissioner Janssen made a motion to authorize expenditures by the District not to exceed \$2,025,000 plus applicable surplus lines taxes and fees, for the purchase of District insurance for June 1, 2006-2007 policies. The motion was seconded by Commissioner Boyd and passed unanimously.

Chief Financial Officer Joe Jarvis provided Commissioners with an advance copy of the District's fourth quarter 2005 and first quarter 2006 investment results. The rescheduled investment report presentation to the Board is scheduled for June 5, 2006.

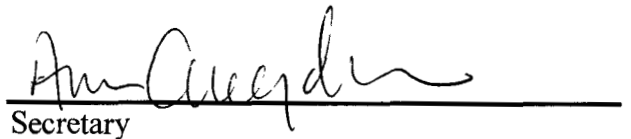
There being no further business, the meeting was adjourned at 2:05 p.m.



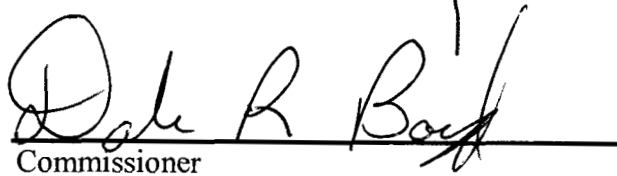
President



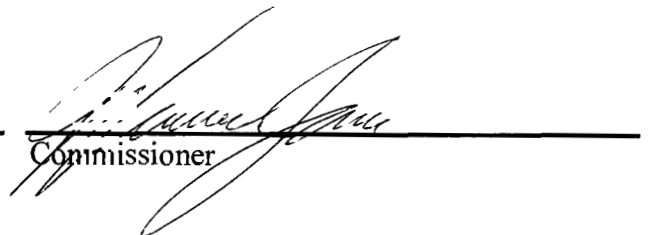
Vice President



Secretary



Commissioner



Commissioner