

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

July 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 July 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: Rich Cole and Christine Pratt (Wenatchee World).

Safety Training Program Administrator Dave Parkhill led the Pledge of Allegiance and provided a safety minute.

Director of Human Resources LaDawn Ostmann reminded Commissioners that the 2009-2012 Collective Bargaining Agreement (CBA) between the District and IBEW Local 77 contained an option to reopen the contract to discuss wages in 2010. The option was exercised and the parties met to discuss wages for the years 2010 through 2012. Subject to Commission approval, a tentative agreement on wage increases for bargaining unit employees was reached. In addition, the expiration date of the current CBA was amended from August 31, 2012 to March 31, 2012.

A motion was made by Commissioner Smith to incorporate the following general wage increases for bargaining unit employees into the 2009-2012 Collective Bargaining Agreement: effective 08/01/2010 a 3.0% increase; effective 08/01/2011 a 3.0% increase; effective 01/02/2012 a 1.25% increase; and to amend the expiration date of the Collective Bargaining Agreement to March 31, 2012. The motion was seconded by Commissioner Gutzwiler and passed by unanimous vote with President Bolz' vote in favor of the motion.

Chelan County resident Rich Cole stated that other industries are foregoing increases and that the District should continue to cut salary costs. And then he thanked General Manager Rich Riazzi for getting the District on a clear path and welcomed Interim General Manager John Janney to continue with the process.

General Manager Rich Riazzi recognized the need to control expenses and to maintain competitive wages by decreasing the 2010 budgeted pay increase of 3.75% to 3.0%. He stated that the General Manager and four Executive Managers will not be included in the 3.0% adjustment and that they will continue to forego any pay increases until February 2011.

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Next, Commissioners held their quarterly update on meeting strategic objectives outlined in the Board's Balanced Scorecard. Each Commissioner gave a status update on their assigned strategy map objective(s).

Commissioner Gutzwiler reported on the strategic objective S1 – Sustain Our Public Partnership. He reported that attendance at Tri-Commission meetings, Mid-C Commissioner/Manager meetings and Washington Public Utility District Association meetings are all above targets set. Only one Customer Partnership Group meeting was scheduled with attendance by three of the Commissioners.

Commissioner Bolz reported on the strategic objective F1 – Maintain Strong Financial Stewardship. He reported that staff presented the 2009 year end update on February 8, 2010. The 1st quarter review was presented on May 10, 2010.

Commissioner Bergren reported on the strategic objective G2 – Approve Strategy and Business Plan. He reported that staff has provided strategic planning updates as requested. The review of the Board's Balanced Scorecard and strategic planning goals is to be schedule for a later date after the District strategic planning is complete.

Commissioner Smith reported on the strategic objective G3 – Responsible Board Representation. He reported that attendance at regular meetings of the Commission was at 100%; above the 90% target set. He stated Board coverage at key association meetings is on target. A mechanism for public and internal reporting and feedback on Board conduct is still to be developed and will be an agenda item for discussion at the August 23, 2010 Board retreat.

Commissioner Congdon reported on the strategic objective G4 – Ensure Compliance. She reported that Commissioner Bolz as President and Commissioner Smith as Vice President were appointed to attend the regularly scheduled Audit Committee meetings. The annual internal audit committee report was completed on January 25, 2010.

Commissioner Smith reported on the strategic objective E1 – Evaluate Governance Positions. Commissioners Smith and Bergren will review the Governance Polices and present suggested changes, if any, at the August 23, 2010 Board retreat for discussion. He reported that Commissioners agreed on a Board self-evaluation form. Each Commissioner will fill it out prior to the next retreat.

Commissioner Bolz reported on the strategic objective E2 - Continuously Improve Board Member Skills. He reported that he will prepare a self-reporting matrix to evaluate the need for training and share the information with the Commission in August.

Commissioner Congdon read an email from George Wilson of Leavenworth thanking staff for quick response to a recent power and fiber outage.

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Commissioner Bolz reported that the Washington Public Utility District Association held meeting on July 15, 2010 to restructure and improve the functions of the association.

President Bolz publicly announced that the Commission would convene an executive session at 1:45 p.m. following a five minute break to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g). He stated that he anticipated the executive session would conclude at approximately 2:45 p.m.

By motion made by Commissioner Gutzwiler at 1:40 p.m., seconded by Commissioner Congdon and carried, an executive session was convened following a five minute break. 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 Clerk of the Board.

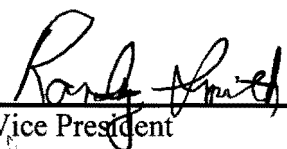
Reconvening into regular session at 2:45 p.m., the Commissioners reported that they evaluated the qualifications of an applicant for public employment or to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g). No action was taken.

President Bolz publicly announced that the Commission would reconvene back into executive session at approximately 2:45 p.m. He stated that he anticipated the executive session would conclude at approximately 3:00 p.m.

Reconvening into regular session at 3:01 p.m., President Bolz reported that they evaluated the qualifications of an applicant for public employment or to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g). No action was taken.

There being no further business, the meeting adjourned at 3:01 p.m.

President



Vice President



Secretary



Commissioner

Commissioner