

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

January 19, 2009

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 January 19, 2009, at the hour of 11:00 a.m., pursuant to proper notice thereof.

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

Others in attendance: Rollie Schmitten, Dan Davies, Robert Stroup, Dave Graybill, Bob Huber, Bruce Meyer and Christine Pratt (Wenatchee World).

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

Natural Resource Asset Manager Shaun Seaman introduced representatives of the Icicle Chapter of Trout Unlimited Rollie Schmitten, Bob Stroup, Dan Davies and Dave Graybill. They updated Commissioners on the Blackbird project developed to encourage more steelhead to return to the Wenatchee River and to provide a place for kids to fish near Leavenworth. Mr. Davies told Commissioners that support from the District's Habitat Conservation group and other agencies were a key to securing a state water right for the pond. Manager Seaman stated that about 50,000 steelhead from the District's Turtle Rock Hatchery will spend this spring in the pond to acclimate to Wenatchee River water before migrating downstream.

External Affairs Director Tracy Yount and Governmental Affairs Manager Suzanne Grassell briefed the Board on various issues discussed during the first week of the 2009 legislative session. They also provided the Board a hearing schedule for the week of January 19, 2009.

Commissioners reviewed the internal Audit Committee's 2008 Annual Report. General Counsel Carol Wardell thanked Commissioner Gutzwiler for serving on the committee and Commissioner Congdon for continuing to serve on the committee. She then welcomed Commissioner Bolz to the committee. Items highlighted from the report included the addition of financial risk reporting as a standing item to the agenda; the receipt of an unqualified (clean) report from PricewaterhouseCoopers, the District's external auditor which noted that there were no material weaknesses or significant deficiencies; and the State Auditor's Office review of their 2007 audit which reported no findings or management letters (a clean audit). Internal Auditor Stacey Jagla also noted the District has logged about 930 staff hours supporting the state performance audit of the Mid-Columbia PUDs, which started last fall.

The meeting recessed at 12:00 p.m. for the purpose of lunch, to reconvene at 1:00 p.m. for the purpose of conducting the business of the District.

Reconvening at 1:00 p.m., Commissioners discussed their Board Balanced Scorecard strategic objective E2 – Continuously Improve Board Member Skills. As the reporter for E2, President

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Congdon suggested developing an annual training plan and to involve District staff in tracking the actual results. Commissioners set March 13, 2009, at a location to be determined, for an all-day strategic planning retreat. The purpose of the retreat will be to review the Board's Balanced Scorecard objectives and Code of Conduct. Commissioners would like to have a recorder and a facilitator present at the retreat as well as some staff assistance if necessary.

General Counsel Carol Wardell advised the Board that there was lawsuit filed by the City of Wenatchee with regard to condemning certain property for the Riverside Drive Improvement Project. The lawsuit names the District because of easements the District has which impact the property. She stated that the District will be working with the City of Wenatchee to be dismissed from the lawsuit.

President Congdon publicly announced that the Commission would convene an executive session at 1:55 p.m. to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g). She stated that she anticipated the executive session would conclude at approximately 3:20 p.m.

By motion made by Commissioner Smith at 1:50 p.m., seconded by Commissioner Gutzwiler and carried unanimously, an executive session was convened after a five-minute recess. 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 3:20 p.m., the Commissioners reported that they reviewed the performance of a public employee, as authorized by RCW 42.30.110(1)(g). No action was taken.

President Congdon publicly announced that the Commission would reconvene the executive session commencing at 3:25 p.m. to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g). She stated that she anticipated the executive session would conclude at approximately 4:25 p.m.

By motion made by Commissioner Bolz, seconded by Commissioner Smith and carried unanimously, the executive session was reconvened after a five-minute recess. 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 4:10 p.m., the Commissioners reported that they reviewed the performance of a public employee, as authorized by RCW 42.30.110(1)(g).

A motion was made by Commissioner Smith, seconded by Commissioner Bolz and unanimously carried to increase General Manager Riazzi's salary 4.5 percent.

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Before the vote was taken, Commissioners shared their reasons for the motion. Commissioner Smith stated that Mr. Riazzi has done a good job and the additional time spent by Mr. Riazzi engaging the public at public forums has been appreciated. Commissioner Smith also stated that Mr. Riazzi has challenged and kept the Commission engaged with the District. Commissioner Gutzwiler said Mr. Riazzi's leadership and ability to look ahead into the future will get us through these uncertain financial times. Commissioner Bolz commented on Mr. Riazzi's leadership not only within the District but also within state associations. Mr. Riazzi's expertise in climate change legislation and his ability to align the serious issues facing the District with the financial realities have balanced favorably for the rate payers. President Congdon thanked Mr. Riazzi on behalf of the Board for his leadership and continuing to exceed expectations and goals. Mr. Riazzi thanked Commissioners for their vote of confidence and that he looks forward to working with them.

Commissioner Gutzwiler moved the previous question. President Congdon restated the motion to increase General Manager Rich Riazzi's salary 4.5 percent. The motion unanimously carried with President Congdon voting in approval.

A motion was made by Commissioner Gutzwiler, seconded by Commissioner Bergren and unanimously carried to set the effective date of the General Manager's raise retroactive to January 1, 2009.

Commissioner Smith made a motion to change the start time of the January 26, 2009 meeting to 1:00 p.m. The motion was seconded by Commissioner Bolz and unanimously carried.

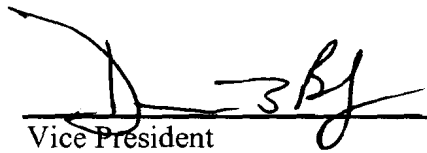
A motion was made by Commissioner Bolz to declare a special meeting January 26, 2009, 5:30 p.m. at the Chelan County PUD Auditorium, 327 N. Wenatchee Avenue, Wenatchee, WA for the purpose of providing the community up to date information and discussion with General Manager Riazzi on the District's financial outlook for 2009. The motion was seconded by Commissioner Gutzwiler and unanimously carried.

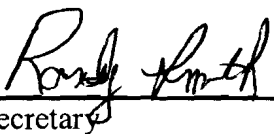
There being no further business, the meeting recessed at 4:26 p.m. to reconvene at 6:00 p.m. for the purpose of the Mid-C Managers/Commissioners dinner meeting at Visconti's Restaurant, Wenatchee.

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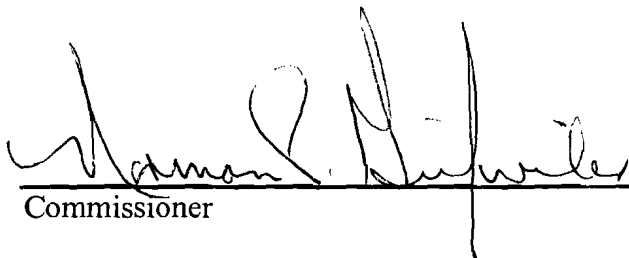
The meeting adjourned at 8:15 p.m.

  
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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