

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

January 25, 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 January 25, 2010, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Dennis Bolz, Carnan Bergren and Ann Congdon. Commissioner Norm Gutzwiler attended via telephone. Commissioner Randy Smith was excused to attend legislative meetings in Olympia, WA. In attendance were Acting General Manager Joe Jarvis, General Counsel Carol Wardell and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

A motion was made by Commissioner Congdon, seconded by Commissioner Bergren and passed to excuse Commissioner Smith from today's meeting to attend legislative meetings in Olympia.

Others in attendance: Christine Pratt (Wenatchee World).

Shared Services Administrative Assistant Marcia Garton 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 meetings held on January 11, 2010 and January 18, 2010 (study session) were presented for approval.

The Auditor's memorandum, dated January 19, 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 \$4,227,819.02;
2. Approval of Customer Deposit Returns payment dated January 19, 2010 in the amount of \$3,346.11; and

MINUTES OF REGULAR MEETING OF THE COMMISSION

January 25, 2010

Page 2

3. Approval of the net Payrolls, Warrant Nos. 223767 through 223842 and Advice Nos. 503878 through 504497 for the period ending 1/03/2010 in the amount of \$1,373,060.17.

The charge-offs to Uncollectible Accounts in the Amount of \$26,068.38 for the period ending December 2009. Acting General Manager Joe Jarvis reported that the charge-off resulted from a claim for damage from a car/pole incident.

Motion was made by Commissioner Bergren, seconded by Commissioner Congdon and carried adopting the Consent Agenda consisting of the minutes of the meetings held on January 11, 2010 and January 18, 2010, the above listed vouchers, and charge-offs to uncollectable accounts, which are on file in the offices of the District.

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

RESOLUTION NO. 10-13520 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT (NO. 09-32) WITH LOCALTEL COMMUNICATIONS, INC. OF EAST WENATCHEE, WA FOR TELEPHONE LOCAL SERVICES

A motion was made by Commissioner Congdon, seconded by Commissioner Bergren and carried adopting Resolution No. 10-13520, which is on file in the offices of the District.

RESOLUTION NO. 10-13521 DECLARING BIOMARK INC. OF BOISE, ID AS THE SOLE SOURCE SUPPLIER OF PASSIVE INTEGRATED TRANSPONDER TAGS AND RELATED EQUIPMENT FOR EVALUATION OF THE DISTRICT'S HATCHERY PROGRAMS OPERATED AS PART OF THE HABITAT CONSERVATION PLANS

RESOLUTION NO. 10-13522 DECLARING HYDRO- ACOUSTIC TECHNOLOGY INCORPORATED OF SEATTLE WASHINGTON THE SINGLE SOURCE MANUFACTURER OF ACOUSTIC TAGS AND RELATED MONITORING EQUIPMENT FOR USE IN EVALUATING SURVIVAL OF JUVENILE SPRING OUT-MIGRATING SALMON AND STEELHEAD AT ROCKY REACH AND ROCK ISLAND DAMS

A motion was made by Commissioner Bergren, seconded by Commissioner Congdon and carried adopting Resolution Nos. 10-13521 and 10-13522, which are on file in the offices of the District.

External Affairs Director Jeff Smith and Policy Analyst Marty Whiteman updated the Board on specific legislation important to the District in the 2010 Legislative Session. There are

MINUTES OF REGULAR MEETING OF THE COMMISSION

January 25, 2010

Page 3

approximately 1,500 bills currently under consideration in the session. (for a list of proposed bills that are of interest to the District, see www.chelanpud.org.)

Internal Auditor Stacey Jagla provided the 2009 Audit Committee Annual Update to the Board. (See www.chelanpud.org for handout) She stated that external auditors PricewaterhouseCoopers presented the results of the 2008 financial statement audit and issued an unqualified (clean) opinion for the audit. The State Auditor's 2008 audit reported no findings or management letters (a "clean" audit). The areas audited included accountability for public resources and compliance with state laws and regulations, financial statements and federal compliance.

Commissioners reported on the various meetings each attended during the weeks of January 11, 2010 and January 18, 2010.

Treasury Analyst Brian Bjorklund provided Commissioners the 4th quarter investment report as of December 31, 2009. The average rate of return during the 4th quarter decreased 42 basis points from the previous quarter to 2.23% on an average invested balance of \$412,055,860. Portfolio diversification is within limits with total agencies remaining below policy limits at 13.14%.

Chief Financial/Risk Officer John Janney provided an interest rate swap report for the period ending December 31, 2009. He stated that since the last report as of May 29, 2009 the following changes have occurred: 2007A/2008B Swap ratings for Syncora were lowered from Ca/D/NA to Ca/R/NAA; added to offset portion of payment on the 2009 Swap; and the insurer for the 2009/2011/2013 swaps was downgraded one notch.

A motion was made by Commissioner Congdon, seconded by Commissioner Bergren to allow Commissioner Gutzwiler to attend the executive session via telephone pursuant to Governance Policy No. 8. The motion passed.

General Counsel Carol Wardell requested that the commission convene an executive session at 2:40 p.m. to discuss with legal counsel litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i). She stated that she anticipated the executive session would conclude at approximately 3:15p.m. By motion made by Commissioner Bergren, 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 the meeting into public session at 3:00 p.m., President Bolz stated that no decisions were made and no votes were taken during the executive session.

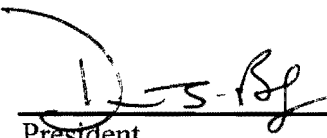
MINUTES OF REGULAR MEETING OF THE COMMISSION

January 25, 2010

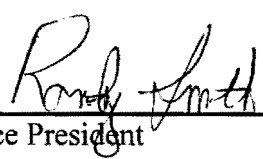
Page 4

A motion was made by Commissioner Congdon to cancel the January 26, 2010 board retreat. The motion was seconded by Commissioner Bergren and passed.

There being no further business, the meeting adjourned at 3:00 p.m.



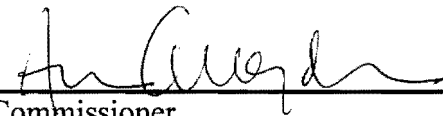
President



Vice President

Secretary

Commissioner



Commissioner