

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

July 27, 2009

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 27, 2009, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Ann Congdon, Dennis Bolz, Randy Smith, Carnan Bergren and Norm Gutzwiler. 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: Bob Huber, Steve King, Allison Williams, and Christine Pratt (Wenatchee World).

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

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

The minutes of the regular meeting held on July 13, 2009 and July 20, 2009 (study session) were presented for approval.

The Auditor's memorandum, dated July 21, 2009, 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 \$6,136,382.48;
2. Approval of Customer Deposit Returns payment dated July 21, 2009 in the amount of \$2,472.91;
3. Approval of the net Payrolls, Warrant Nos. 222643 through 222742 and Advice Nos. 495378 through 496067 for the period ending 7/05/2009 in the amount of \$1,476,679.17.

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Resolution:

RESOLUTION NO. 09-13482 ACCEPTING THE BID OF GCA SERVICES GROUP, INC. OF SEATTLE, WA TO PROVIDE JANITORIAL SERVICES

Motion was made by Commissioner Bolz, seconded by Commissioner Smith and carried adopting the Consent Agenda consisting of the minutes of the regular meeting held on July 13, 2009 and July 20, 2009 (study session), the above listed vouchers, and Resolution No. 09-13482 which are on file in the offices of the District.

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

RESOLUTION NO. 09-13483 AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN INTERLOCAL AGREEMENT WITH THE CITY OF WENATCHEE FOR CONSTRUCTION, OWNERSHIP AND OPERATION AND MAINTENANCE OF A WENATCHEE RIVERFRONT PARK DAY-USE BOAT MOORAGE FACILITY

A motion was made by Commissioner Smith, seconded by Commissioner Bolz and carried adopting Resolution No. 09-13483, which is on file in the offices of the District.

Next, Commissioners considered the remaining matters listed in the Regular Agenda.

RESOLUTION NO. 09-13484 REJECTING THE BID OF POWER TECHNOLOGY, INC. AND ACCEPTING THE BID OF HAWKEYE CONSTRUCTION, INC. OF TROUTDALE, OREGON (BID 09-09) FOR ELECTRICAL AND TELECOMMUNICATION DOCK CREWS

RESOLUTION NO. 09-13485 AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO AMEND TASK AUTHORIZATION SERVICES AGREEMENT (SA NO. 09-019) WITH STRATEGIES 360, INC. OF SEATTLE, WA FOR THE DEVELOPMENT OF A PUBLIC INPUT PLAN

RESOLUTION NO. 09-13486 TERMINATING THE DISTRICT'S RESIDENTIAL WATER CONSERVATION LOAN PROGRAM

RESOLUTION NO. 09-013487 AUTHORIZING TERMINATION OF THE DISTRICT'S WEATHERIZATION LOAN PROGRAM AND TRANSITION TO AN INCENTIVE-BASED PROGRAM

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A motion was made by Commissioner Bolz, seconded by Commissioner Bergren and carried adopting Resolution Nos. 09-13483 through 09-13487, which are on file in the offices of the District.

President Congdon announced a five-minute recess at 2:05 p.m.

Reconvening at 2:12 p.m., Commissioners reported on the various meetings each attended during the weeks of July 13, 2009 and July 20, 2009.

President Congdon gave a brief overview on the Washington Public Utility Districts Association (WPUDA) of which the District is a member. She stated WPUDA represents twenty-seven not-for-profit, community-owned utilities that bring electricity, water, wastewater service and wholesale telecommunications to more than 1.6 million people in the State of Washington. The association represents PUDs in state, regional, and national legislative and policy processes; provides information about PUDs and policy issues to members and the public; offers training and development programs for utility leaders; and provides opportunities for PUD leaders and staff to meet, share information, and plan cooperative activities. WPUDA offers members the opportunity to be involved in the following committees: Energy; Executive; Water; Telecom; Legislative and Board of Directors. President Congdon stated that she and her fellow board members attend most all committee meetings and find them to be of value.

Next, Commissioners reported on their committee involvement with WPUDA.

- Commissioner Gutzwiler is the Chairman of the Legislative Committee. The Legislative Committee takes its direction from the other committees and works with state representatives to prepare for the legislative session. He is the District's voting representative to WPUDA, sits on the Executive Committee and the Manager Search committee.
- Commission Bergen attends various committee meetings to gather information and network with the other PUDs.
- Commissioner Smith is a member of the Energy Committee. The Energy Committee is a policy committee made up of six commissioners and five managers which report to the WPUDA Board. The Committee discusses state energy issues and informs the Legislature Committee on those issues. This committee also works with the federal legislatures.
- Commissioner Bolz is a member of the Telecom Committee. The Telecom Committee gives input as a wholesale authority.
- President Congdon serves on the Legislative, Audit/Finance and Budget Committees as well as sits in on all of the Energy Committee meetings.

President Congdon noted that WPUDA has been directly responsible for changing and passing of many legislative issues beneficial to PUDs. Issues related to Commissioner compensations, bid

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limits, renewable procurement and water system acquisition, rehab programs, inflation base increases to statutory bid limits, requirements to meet I-937, pole attachments, stimulus funding and others issues.

General Counsel Carol Wardell reminded the Board that on September 22, 2008 staff discussed with the Board of energy transactions with Lehman Brothers Commodity Services (LBCS) and the payment guarantee issued by the parent company Lehman Brothers Holdings, Inc. (LBHI). LBCS and LBHI owe the District \$442,000 related to energy transactions. Both entities have filed bankruptcy and the District has filed bankruptcy claims. This week, staff reached an agreement with LBCS, LBHI, the bankruptcy creditor committee and their claims approval committee as to the amount of the District's claim in the amount of \$440,084 which represents the original claim amount less a present value discount of \$2,624 required by Western States Power Pool agreement plus \$708 in external legal assistance. The District has received a signed termination agreement. The claim must still go through the bankruptcy process which means more time and payment of cents on the dollar is to be expected. The District has been approached by entities wanting to buy our claim. This is a common practice in bankruptcy proceedings such as this for entities to aggregate claims. An agreement would require immediate turnaround if agreed upon. Staff recommends that it would be in the best interest of the District to sell the claim and recoup money now instead of waiting for resolution in the bankruptcy court. Commissioners Gutzwiler and Bolz both spoke in favor of selling the claim.

General Counsel Wardell requested the Commission authorize the General Manager to sell and assign the District's claim filed in bankruptcy court against LBCS and LBHI for an amount and under terms and conditions as deemed appropriate by the General Manager to be reported back to the Commission upon finalization.

Motion was made by Commissioner Smith to authorize the General Manager to sell and assign the District's claim filed in bankruptcy court against LBCS and LBHI for an amount and under terms and conditions as deemed appropriate by the General Manager to be reported back to the Commission upon finalization. The motion was seconded by Commissioners Gutzwiler and Bolz and passed.

General Counsel Carol Wardell requested that the commission convene an executive session at 2:57 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 3:45 p.m. By motion made by Commissioner Bolz seconded by Commissioner Gutzwiler and carried, an executive session was convened. 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.

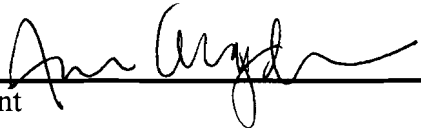
Reconvening the meeting into public session at 3:45 p.m., President Congdon stated that no decisions were made and no votes were taken during the executive session.

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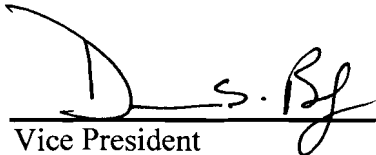
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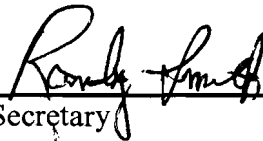
There being no further business, the meeting adjourned at 3:46 p.m.



President



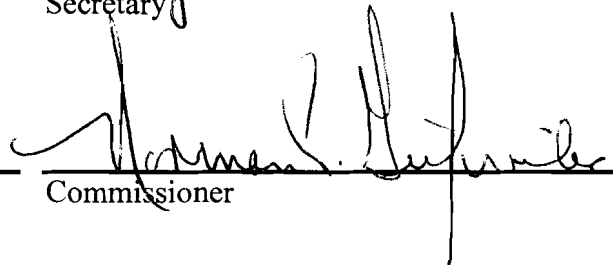
Vice President



Secretary



Commissioner



Commissioner