

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
327 N WENATCHEE AVENUE
WENATCHEE WA 98801**

REGULAR COMMISSION MEETING

MARCH 1, 2021

Public participation will be by phone only

Dial: 253-999-5697

Meeting ID: 462-546-421#

****Please remember to mute your phone to reduce background noise****

Please contact PUD staff at 509-661-4212 to let us know if you intend to participate by phone

STUDY SESSION

10:00 AM

1. Pledge of Allegiance and Safety/HPI Minute – Patty Wachtel
2. Approval of the Agenda
Any item on the Consent Agenda shall be subject to transfer to the Regular Agenda upon request of any Commission member
3. Quarterly Fish and Wildlife Update
4. Parks Update
5. Low-Income Program Development Update
6. Public Safety Outage Management – Public Partner Engagement

BUSINESS SESSION

1:00 PM

Consent Agenda

7. Minutes of the February 16, 2021 Regular Meeting
8. Vouchers: Accounts Payable Summary Report dated February 24, 2021:
 - a. Vouchers totaling \$13,531,756.54;

- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period February 10, 2021 through February 23, 2021 in the amount of \$40,182.79;
 - c. Approval of the net Payroll, Warrant Nos. 237395 through 237409 and Advice Nos. 709550 through 710306 for the pay period ending February 14, 2021 in the amount of \$2,023,046.97;
 - d. Approval of Warrant Nos. 27280 through 27313 totaling \$10,580.98 for claim payments from the workers' compensation self-insurance fund for the period ending February 22, 2021
 - e. Approval of debt service paid with reserve account interest earnings of \$924.12 for the period 03/01/2021 through 03/31/2021.
9. A RESOLUTION RATIFYING FIELD WORK ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 19-17 WITH MAGNUM POWER, LLC OF CASTLEROCK, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE

Regular Agenda

10. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 AND 2 AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE FIELD WORK ORDER/CHANGE ORDER NO. 3 ON THE DESIGN-BUILD SERVICES CONTRACT FOR THE ROCK ISLAND DAM POWERHOUSE #2 – GENERATING UNIT REHABILITATION PROJECT WITH GE RENEWABLES US LLC OF GREENWOOD VILLAGE, CO
11. A RESOLUTION AMENDING SCHEDULES NO. 4 AND NO. 6 OF THE DISTRICT'S INVESTMENT AND BANKING POLICY ADOPTED BY RESOLUTION NO. 16-14094, AS AMENDED, TO UPDATE THE LIST OF SIGNATORS AUTHORIZED TO DISBURSE DISTRICT FUNDS
12. A RESOLUTION AUTHORIZING LOANS FROM THE FINANCING FACILITIES SYSTEM TO THE ROCK ISLAND SYSTEM IN AN AMOUNT NOT TO EXCEED \$54,000,000 AND TO THE ROCKY REACH SYSTEM IN AN AMOUNT NOT TO EXCEED \$36,000,000, TO FINANCE CERTAIN ROCK ISLAND AND ROCKY REACH CAPITAL IMPROVEMENTS FOR 2021 AND 2022
13. Manager Items
14. Commission Items
15. Commission Travel
16. Follow-up on Delegation of Action Items from Previous Board Meeting

REGULAR COMMISSION MEETING AGENDA

March 1, 2021

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17. Delegation of Action Items

18. Additional Public Comment

*Members of the public are encouraged to ask specific questions after each item presented.
This agenda item is for additional comments/questions related to matters not on the agenda.*

19. Matters of general business as may necessarily come before the Commission

20. Executive Session: To discuss with legal counsel agency enforcement actions, 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)

This agenda and resolutions (if any) may be revised by the Commission as appropriate.

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK
ORDER NO. 1, AUTHORIZING FINAL
ACCEPTANCE OF WORK PERFORMED UNDER
BID NO. 19-17 WITH MAGNUM POWER, LLC OF
CASTLEROCK, WASHINGTON AND
AUTHORIZING PAYMENT OF RETAINAGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District Commission by Resolution No. 17-14215 delegated authority to the General Manager to advertise, award and execute contracts when the total contract price is \$3,000,000 or less. Authority was also granted to the General Manager and the staff to execute field work orders under certain circumstances.

On August 5, 2019, the District entered into a contract (Bid No. 19-17) with Magnum Power, LLC (Contractor) of Castlerock, Washington, for the 2019 Underground Power System Improvements, in the amount of \$439,000. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080.

The work in Field Work Order No. 1 consists of conditions and work not anticipated or included in the original contract but within the scope of the contract. The District's staff has executed Field Work Order No. 1, which are on file in the offices of the District and summarized as follows:

Field Work Order No.	Description	Amount
1	Estimate to actual reconciliation	-\$28,659.70,

Field Work Order No. 1 results in a net decrease in the contract price for a new revised total price of \$410,430.30 (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No. 08-13325 provides that this type of field work order shall be presented to the Commission for approval as part of the final acceptance resolution.

District staff has determined that the completion of all contract work occurred on December 17, 2020. In accordance with the terms of the contract, retainage in an amount not exceeding 5% of the contract price has been withheld from the Contractor.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor, ratify Field Work Order No. 1, and authorize the payment of retainage due the Contractor, subject to the requirements of the contract and state law.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. Field Work Order No. 1 to Bid No. 19-17 with Magnum Power, LLC for the work specified above, which will result in a net decrease in the purchase price of \$28,659.70, for a total revised contract price of \$410,430.30, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Bid No. 19-17 was completed on December 17, 2020 and the same is hereby accepted, subject to Section 3 hereof. Payment of retainage to the Contractor in the amount determined by the District's auditor to be due is authorized to be paid to the Contractor subject to Section 3 and Section 4 hereof, and subject to the provisions and limitations of Chapter 39.12 RCW (Prevailing Wages on Public Works) and 60.28 (Liens for Labor, Materials and Taxes on Public Works).

Section 3. This resolution shall not constitute an acceptance by the District of any work performed or goods supplied pursuant to the aforementioned contract, which are not in strict compliance with the contract terms and conditions.

Section 4. After the expiration of the forty-five (45) day period for giving the District notice of lien and after receipt of the Department of Revenue's certification of the Contractor's payment of taxes, the Employment Security Department's Certificate of Payment of Contributions, Penalties and Interest on Public works Contracts and the Department of Labor & Industries' Certificate of Release of the State's Lien on Public Works contracts and the District being satisfied that taxes certified as due or to become due are discharged and the filed claims of materialmen and laborers, if any, together with a sum sufficient to pay costs of foreclosing the liens and attorney's fees, have been paid, the District's General Manager is authorized and directed to withhold from the remaining retained amounts for claims the District may have against the Contractor, and the balance shall be paid to the Contractor. In the event said taxes, claims, expenses, and fees have not been paid, the General Manager is authorized and directed to withhold an amount equal to unpaid taxes and unpaid claims, together with a sum sufficient to defray the costs and attorney fees incurred in foreclosing the lien of such claims, and the balance shall be paid to the Contractor.

DATED this 1st day of March, 2021.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 AND 2 AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE FIELD WORK ORDER/CHANGE ORDER NO. 3 ON THE DESIGN-BUILD SERVICES CONTRACT FOR THE ROCK ISLAND DAM POWERHOUSE #2 – GENERATING UNIT REHABILITATION PROJECT WITH GE RENEWABLES US LLC OF GREENWOOD VILLAGE, CO

FACTUAL BACKGROUND AND REASONS FOR ACTION

On October 1, 2018, by Resolution No. 18-14273, the Commission of the District authorized the General Manager to invite sealed proposals to provide Design-Build services to the District in support of planned rehabilitation to Rock Island Dam Powerhouse #2 – Generating Units. Rehabilitation includes refurbishment of most major components, replacement of some due to known poor condition and limited remaining life, and procurement of some new components to mitigate schedule impacts from finding unrepairable items during the construction outage. The rehabilitation work on the first unit could begin as soon as 2021, and the last unit should complete rehabilitation in 2029.

On July 20, 2020, by Resolution No. 20-14473, the Commission of the District Authorized the General Manager to enter into a Design-Build contract (RFP No. 18-10) with GE Renewables US LLC (GE). In addition to the general terms and conditions, the Contract authorized \$4,500,000.00 for preconstruction services.

Executed Field Work Orders To Be Ratified

Field Work Order/Change Order No. 1

FWO/CO No. 1 added to the Design-Build Agreement a 2020 hourly rate sheet for preconstruction services. There was no change in the contract price. It was executed on October 22, 2020 and is on file in the offices of the District.

Field Work Order/Change Order No. 2

FWO/CO No. 2 extended the completion date of the preconstruction services from December 15, 2020 to no later than March 5, 2021. There was no change in the contract price. It was executed on December 3, 2020 and is on file in the offices of the District.

Proposed Field Work Order for Approval

Field Work Order/Change Order No. 3

Some of the detailed design work for new parts and analyses for reuse of existing parts was planned to be performed as part of the guaranteed maximum price (GMP) amendments. However, execution of GMP amendments has been delayed

while the parties negotiate an Extended Warranty amendment. Therefore, District recommends adding time and money to the preconstruction services so this design work can continue while an Extended Warranty is negotiated. District staff desires to execute FWO/CO No. 3 to further extend the completion date of March 5, 2021 to no later than May 31, 2021 and to add \$1,000,000.00 to the current not to exceed amount of \$4,500,000.00. The new not to exceed amount will become \$5,500,000.00, excluding sales tax. The General Manager of the District concurs with District staff's recommendation.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, as follows:

Section 1. The Commission finds that Field Work Order/Change Order Nos. 1 and 2 were properly executed pursuant to the authority delegated by Resolution 17-14215 and said Field Work Order/Change Orders are hereby formally acknowledged and ratified.

Section 2. The General Manager of the District is hereby authorized to execute Field Work Order/Change Order No. 3. The current total contract amount of \$4,500,000.00 is revised upward by \$1,000,000.00 to a new total contract amount of \$5,500,000.00. A copy of the Field Work Order/Change Order shall be on file in the offices of the District.

DATED this 1st day of March 2021.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AMENDING SCHEDULES NO. 4 AND NO. 6 OF THE DISTRICT'S INVESTMENT AND BANKING POLICY ADOPTED BY RESOLUTION NO. 16-14094, AS AMENDED, TO UPDATE THE LIST OF SIGNATORS AUTHORIZED TO DISBURSE DISTRICT FUNDS

FACTUAL BACKGROUND AND REASONS FOR ACTION

The Commission of Public Utility District No. 1 of Chelan County, Washington (the "District"), adopted the District's Investment and Banking Policy (the "Policy") and Authorizing Schedules ("Schedules") under Resolution No. 16-14094 on November 21, 2016 and amended the Schedules by Resolution 17-14161 on August 7, 2017, Resolution 18-14280 on November 5, 2018 and Resolution 20-14453 on May 11, 2020.

From time to time, updates and changes must be made to the Policy and Schedules to reflect updates in best practices, changes in business conditions, staffing or banking institutions.

District staff has reviewed the current Policy and Schedules and recommends that Schedule No. 4 be updated. Schedule No. 4 Authorizes District Staff for the Issuance of Warrants. This schedule has been updated to reflect changes in District staff including the removal of Kasandra Bertilson and the addition of Bonnie Nims.

District staff also recommends that Schedule No. 6 be updated. Schedule 6 Authorizes Initiators for Electronic Funds Transfers. This schedule has been updated to reflect changes in District staff including 1) the removal of Beverly Freeman and addition of Allison Brodine and Donna Pruitt for Payroll related transfers, and 2) the addition of Valerie Greiner for State & Federal transfers.

District staff recommends that it is in the best interest of the District to adopt the amendments to Schedule No. 4 and Schedule No. 6. The General Manager concurs with this recommendation.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. Authorized Signators For Issuance of Warrants. Any individual authorized in Schedule No. 4, in Resolution 16-14094, as amended, can sign warrants.

Section 2. Authorized Initiators for Electronic Funds Transfers. Any individual authorized in Schedule No. 6, in Resolution 16-14094, as amended, can initiate electronic fund transfers.

Section 3. Resolution No. 16-14094 is hereby amended accordingly to reflect the changes to Schedule No. 4 and Schedule No. 6. The remainder of Resolution No. 16-14094, as amended by Resolutions No. 17-14161, 18-14280, 20-14453 and the Policy remain in full force and effect.

Dated this 1st day of March, 2021.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

S E A L

SCHEDULE NO. 4

AUTHORIZED SIGNATORS FOR ISSUANCE OF WARRANTS

(As authorized by Resolution 16-14094 and amended by this Resolution.)

Matt Boles

Gene Cenotto

Loretta Coonfield

Stacey Jagla

Bonnie Nims

SCHEDULE NO. 6

AUTHORIZED INITIATORS FOR ELECTRONIC FUNDS TRANSFERS

(As authorized by Resolution 16-14094 and amended by this Resolution.)

All individuals listed under Schedule No. 3 of this Policy.

The following are only authorized to initiate transfers that are payroll related:

Allison Brodine

Kathy Cowin

Jennifer Dixon

Lorna Klemanski

Tracey Pettit

Donna Pruitt

Erin Roberts

The following are only authorized to initiate transfers for state and federal payments:

Gene Cenotto

Loretta Coonfield

Irene Godfrey

Valerie Greiner

Jodi Martin

Melia Mayer

Beth Miracle

Amy Smith

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING LOANS FROM THE FINANCING FACILITIES SYSTEM TO THE ROCK ISLAND SYSTEM IN AN AMOUNT NOT TO EXCEED \$54,000,000 AND TO THE ROCKY REACH SYSTEM IN AN AMOUNT NOT TO EXCEED \$36,000,000, TO FINANCE CERTAIN ROCK ISLAND AND ROCKY REACH CAPITAL IMPROVEMENTS FOR 2021 AND 2022

FACTUAL BACKGROUND AND REASONS FOR ACTION

In accordance with the 2021 Budget adopted on December 7, 2020, certain projects for the District's Rock Island and Rocky Reach Systems require funding in 2021 and are anticipated to also require funding for 2022 over and above the amount of Rock Island and Rocky Reach System cash anticipated to be available for Capital Improvements during the same period.

The District's strategy regarding funding of capital projects has been to use internal funds when available and in the best interest of the District. The Financing Facilities System cash balance was \$178 million as of December 31, 2020. In addition, the District's total financial liquidity was \$501 million as of December 31, 2020 well in excess of the current financial policy targets.

District Resolution No. 13-13830 adopted by the Commission on December 2, 2013 establishes internal loan procedures. Said Resolution also states that the provisions for the issuance or incurrence of Debt Obligations for the Rock Island and Rocky Reach Systems shall be as specified under the Power Sales Agreements by and between the District and Puget Sound Energy, Inc. and the District and Alcoa Power Generating Inc. and Alcoa Corporation (the Power Sales Agreements). For example, per the Power Sales Agreements, the loan term shall be 25 years and have a fixed interest rate equal to 110% of the taxable market rate assuming the underlying long-term credit rating of the District (estimated to be around 2.6% when set on the loan date which is expected to be on March 31). In accordance with that Resolution, the District's Asset Liability Management Committee has reviewed and determined the need for loans to the Rock Island and Rocky Reach Systems with consideration for Power Sales Agreements terms and forecasted capital funding requirements.

As a result, the Treasurer and Asset Liability Management Committee recommend the Financing Facilities System issue loans adequate to meet the next two years' budgeted and forecasted capital requirements of the Rock Island System in an amount not to exceed \$54,000,000 and of the Rocky Reach System in an amount not to exceed \$36,000,000.

The Chief Finance/Risk Officer and General Manager concur with staff's recommendation.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON (THE "DISTRICT") as follows:

Section 1. It is in the best interest of the District to loan funds from the Financing Facilities System to the Rock Island System for the forecasted 2021-2022 Capital Improvements in an amount not to exceed \$54,000,000 and to the Rocky Reach System for the forecasted 2021-2022 Capital Improvements in an amount not to exceed \$36,000,000.

Section 2. The loan shall be repaid with interest in accordance with the procedures specified in District Resolution No. 13-13830 and the long-term Power Sales Agreements. The loan term shall be 25 years and have a fixed interest rate anticipated to be determined as of March 31, 2021 equal to 110% of the taxable market rate assuming the underlying long-term credit rating of the District.

Section 3. The District's Treasurer is hereby authorized to take such other action as may be necessary to implement this Resolution.

Dated this 1st day of March 2021.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

SEAL