

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

**REGULAR COMMISSION MEETING**

**APRIL 4, 2022**

Public participation will be by phone or by Microsoft Teams

For phone participation dial: 253-999-5697

Meeting ID: 418-840-905#

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

If you would like to participate via Teams, please email [rebekah.neumann@chelanpud.org](mailto:rebekah.neumann@chelanpud.org) to request the meeting invite

**\*\*Please remember to mute your phone or device to reduce background noise\*\***

**STUDY SESSION**

**10:00 AM**

1. Pledge of Allegiance and Safety/HPI Minute – Cathy Melton
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. North Shore Substation Update
4. Confluence Parkway Due Diligence
5. Public Comment

**BUSINESS SESSION**

**Consent Agenda**

6. Minutes of the March 21, 2022 Regular Meeting
7. Vouchers: Accounts Payable Summary Report dated March 30, 2022:
  - a. Vouchers totaling \$12,132,411.91;

- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period March 16, 2022 through March 29, 2022 in the amount of \$31,649.13.
- c. Approval of the net Payroll, Warrant Nos. 237785 through 237798 and Advice Nos. 731592 through 732374 for the pay period ending March 13, 2022 in the amount of \$ 2,163,204.99.
- d. Approval of Warrant Nos. 28424 through 28450 totaling \$4,939.04 for claim payments from the workers' compensation self-insurance fund for the period ending March 28, 2022.
- e. Approval of Parks Reservation System customer refunds for the period March 16, 2022 through March 29, 2022 in the amount of \$735.00.

**Regular Agenda**

- 8. A RESOLUTION REPLACING AND RESCINDING RESOLUTION NO. 16-14094, 20-14463 AND 21-14538 TO UPDATE THE DISTRICT'S INVESTMENT AND BANKING POLICY
- 9. A RESOLUTION DEFERRING TO JUNE 1, 2022 THE ANNUAL ENERGY CHARGE RATE ADJUSTMENT AS INCLUDED IN THE DISTRICT'S ELECTRIC RATE SCHEDULE 36 CRYPTOCURRENCY PROCESSING; BLOCKCHAIN PROCESSING; AND SIMILAR LOADS AS ADOPTED VIA RESOLUTION NO. 18-14287
- 10. A RESOLUTION AUTHORIZING THE ISSUANCE OF A GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT NO. 3 TO NORTHBANK CIVIL AND MARINE, INC. OF VANCOUVER, WA UNDER CONTRACT NO. 20-14 TO PROVIDE THE PROCUREMENT OF THE RAW MATERIAL FOR UNITS U3 THROUGH U8 LONG LEAD COMPONENTS FOR THE ROCK ISLAND POWERHOUSE NO. 2 DRAFT TUBE GATE CYLINDER AND HYDRAULIC POWER UNIT UPGRADE
- 11. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR THE SUPPLY OF ROCKY REACH SWITCHYARD STATION POST INSULATOR (BID NO. 22-12198) AND AUTHORIZING THE SUPPLY OF ROCKY REACH SWITCHYARD STATION POST INSULATOR BE OBTAINED BY NEGOTIATION
- 12. Capital Budget Revision  
Proposed motion: To increase the total project budget for capital project RI 160016, Rock Island Powerhouse 1 B7 Modernization, in the amount of \$1,348,782. The current total project budget is \$33,651,218. The revised total project budget would be \$35,000,000.
- 13. Manager Items
- 14. Commission Travel

REGULAR COMMISSION MEETING AGENDA

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15. Commission Items

16. Follow-up on Delegation of Action Items from Previous Board Meeting

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 REPLACING AND RESCINDING  
RESOLUTION NO. 16-14094, 20-14463 and 21-14538  
TO UPDATE THE DISTRICT'S INVESTMENT AND  
BANKING POLICY

**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") under Resolution No. 16-14094 on November 21, 2016, followed by amendments 20-14453 and 21-14538, updating authorized signers on May 1, 2020 and March 1, 2021, respectively.

From time to time, updates and changes must be made to the resolution, Policy and schedules to reflect updates in best practice, changes in business conditions, staffing and banking institutions. District staff has reviewed the current resolution and recommends modernizing the current practice of requiring Board approval of changes to designated banks and authorized signers. Rather, District staff recommends delegation to the Treasurer, with concurrence of the Chief Financial Officer, or in the absence of the Chief Financial Officer the acting Chief Financial Officer, to perform all necessary changes to banking designations and signer and initiator authorizations as needed. This change will create administrative efficiency for the Board and reflect banking and staffing changes more timely for better departmental support and coverage of work tasks. Further, this process will not create new or additional risks.

In addition, District staff also recommends the noted Schedules be updated as follows;

Schedule No. 1 - Banking and Investment Policy. This schedule has been updated to expand quarterly Board reporting requirements to include notification of changes to banks or authorized signers and initiators.

District staff recommends that it is in the best interest of the District to adopt the proposed changes to the approval process, Policy, and schedules. 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. Investment Policies. The Investment and Banking Policy (the “Policy”) set forth in attached Schedule No. 1 to this resolution is hereby approved, ratified and confirmed. The Policy is in support of the Financial Management section of the District’s Strategic Plan to develop policies to assure financial stability for the long term.

Section 2. Surety Bonds and Insurance. To the extent available at a reasonable cost, the official bond of the Treasurer of the District authorized to manage and disburse the funds of the District shall be \$250,000. The District will pay the costs and/or premiums for all official bonds, surety bonds or insurance policies required hereunder. In addition to the Treasurer, all other District employees shall be covered by a crime coverage insurance policy protecting the District against loss from employee theft, forgery and miscellaneous coverage with insurance limits, to the extent available at a reasonable cost, of not less than two million dollars.

Section 3. Designation of Banks. Banks authorized to do business in the State of Washington and to act as depositories for District funds shall be identified by the Treasurer, with concurrence of the Chief Financial Officer, or in the absence of the Chief Financial Officer the acting Chief Financial Officer. The Treasurer is authorized to establish and maintain the necessary accounts in said designated banks into which shall be deposited all District funds as provided in RCW 54.24.010. District monies shall be disbursed by banks only upon the order of the District Treasurer, or individuals authorized by the Treasurer, in the manner provided in Sections 4 and 7 hereof. All designated banks for District deposits will be on the current Washington Public Deposit Protection Commission list of approved banks.

Section 4. Disbursement of Funds. The District employees designated by the Treasurer, with concurrence of the Chief Financial Officer, or in the absence of the Chief Financial Officer the acting Chief Financial Officer, and, under the direction of the Treasurer, shall jointly have withdrawal authority, on behalf of the District, by check, note, draft, bill of exchange, acceptance, wire transfer or other order for the payment of money when such instrument is signed on behalf of the District by the employees designated herein. The payment of money or the withdrawal of funds from District accounts shall be for the purchase of District warrants, for investments pursuant to District policy and for the payment of principal, interest and other related charges, if required, on District bonds, or for the transferring of funds between approved banks or for such other purposes as the Commission shall order.

Section 5. Issuance of Warrants. Any of the District employees designated by the Treasurer, with concurrence of the Chief Financial Officer, or in the absence of the Chief Financial Officer the acting Chief Financial Officer, under the direction of the Auditor, are authorized to issue and jointly sign District warrants for the payment of monies.

Section 6. Issuance of Workers' Compensation Warrants. In addition to District personnel authorized, by the Treasurer, with concurrence of the Chief Financial Officer, or in the absence of the Chief Financial Officer the acting Chief Financial Officer to issue and jointly sign District warrants, the Third Party Administrator for the Self Insurance Program for Workers' Compensation authorized by Resolution 96-10621, as may be amended, as designated by the Treasurer, are authorized to issue and sign District warrants, drawn on a specified Workers' Compensation account, to pay authorized Workers' Compensation claims. The contract with the Third Party Administrator will be on file with the District's Workers' Compensation Administrator.

Section 7. Initiation of Electronic Funds Transfers. Any individual authorized by the Treasurer, with concurrence of the Chief Financial Officer, or in the absence of the Chief Financial Officer the acting Chief Financial Officer, can initiate Electronic Fund Transfers (EFT) through the District's main banking institution to vendors approved by the Treasurer or designee.

Section 8. Authorizing Investment in the Local Government Investment Pool. Contributions and withdrawals of funds to the Local Government Investment Pool (LGIP) are authorized in attached Schedule No. 2. The Treasurer will provide transaction instructions and may designate other individuals to make contributions and withdrawals on behalf of the District until the LGIP is provided written notice that the Treasurer's delegation has been revoked. The Treasurer will provide the Board and any person authorized to make transactions with the LGIP's prospectus as provided by the Office of the State Treasurer.

Section 9. Suspension of Payment Authority. The Treasurer or Chief Financial Officer with approval of the General Manager of the District, or in the absence of the General Manager the acting General Manager, shall have the authority to withdraw or suspend the authority to issue warrants, checks or vouchers or otherwise control District funds by any District employee authorized under this resolution or any other District resolutions to issue warrants or withdraw monies from any bank account of the District or any other financial institution or invest monies or transfer of monies or pay any notes, bonds or interest, or pay any claims if such action is deemed to be in the best interest of the District. The Treasurer, Chief Financial Officer, or General Manager shall provide the Commission a report of any such action at the next regularly scheduled Commission meeting.

Section 10. Banking Changes. The Treasurer or Chief Financial Officer with approval of the General Manager, or in the absence of the General Manager the acting General Manager, upon determining after appropriate investigation, that District funds are at risk may remove all District funds and property from any designated bank and may transfer such funds, securities and monies to other designated banks approved by this Resolution as depositories for the District's monies. The Treasurer, Chief Financial Officer, or General Manager shall provide the Commission a report of any such action at the next regularly scheduled Commission meeting.

Section 11. Conflicts. To the extent this resolution, including the Schedules attached hereto, may now or hereafter contradict or conflict with the provisions of any existing or future bond resolution of the District regarding the investment or disposition of funds governed by said bond resolution, such bond resolution shall in all respects control. Otherwise, this resolution shall control and supersede all other resolutions or motions heretofore adopted pertaining to the Policy.

Section 12. Captions. The captions used in the sections of this resolution are solely for the purpose of ease of identification of subject matter.

Section 13. Resolution No. 16-14094, as amended, is hereby replaced and rescinded by this resolution.

Dated this 4th day of April 2022.

ATTEST:

\_\_\_\_\_  
President

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

S E A L

SCHEDULE NO. 1

PUBLIC UTILITY DISTRICT NO. 1  
OF CHELAN COUNTY

INVESTMENT & BANKING POLICY

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Revised April 2022



PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY  
INVESTMENT AND BANKING POLICY

1.0 Policy:

It is the policy of Public Utility District No. 1 of Chelan County, “the District”, to invest public funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow demands on the District and conforming to all Washington statutes governing the investment of public funds.

2.0 Scope:

This Policy applies to all cash and financial securities of the District. These funds are accounted for in the District's Annual Report and include:

Revenue Funds  
Bond Funds  
Construction Funds  
Reserve Funds  
Other Special Funds

Money in various funds may be combined for investment purposes. Specific records shall be maintained identifying the ownership of the original funds and any resultant interest earnings.

3.0 Standards of Care:

The Treasurer and employees designated under Section 5 hereof shall perform their investment duties in a manner consistent with this Policy and the standard of a prudent investor dealing with public funds, in light of the purposes, terms, requirements and other circumstances then prevailing as to the assets entrusted to them.

The authorized employees shall act with undivided loyalty and impartiality; incur only costs which are reasonable in amount and which are appropriate to their investment responsibilities; and shall seek to minimize costs whenever they deem it prudent to do so. The authorized employees shall be relieved of personal responsibility for credit and market risks encountered in the performance of their investment duties, provided they are acting in accordance with this Policy and exercising due diligence. Due diligence requires timely reporting of material deviation from expectations and such other actions necessary to control adverse developments as may be possible, taking into consideration both the circumstance then prevailing and the other provisions of this Policy.

Given the legal list of authorized investments and other restrictions contained in the Policy, all authorized employees shall be deemed to have met any requirement for diversification so long as they are in compliance with this Policy.

#### 4.0 Investment Objectives:

The primary objectives, in priority order, of the District's investment activities shall be:

- 4.1 **Safety:** Safety of principal is the foremost objective of the District. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- 4.2 **Liquidity:** The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.
- 4.3 **Maturity:** To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. And, as a general rule, the District's investments are purchased with the objective of holding the security until maturity. However, the District may sell investments early to meet unexpected cash flow needs, mitigate risk associated with a security type or issuer, or to capture increased yield when appropriate.
- 4.4 **Return on Investment:** The District's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the District's investment risk constraints and the cash flow characteristics of the portfolio.

#### 5.0 Delegation of Authority:

The District Treasurer is an officer of the District as appointed by the Commission. The Treasurer is responsible for the efficient management of the District's funds and investments. Written procedures for the operation of the investment program shall be maintained and periodically reviewed. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided for under the terms of this Policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to

regulate the activities of subordinate officials. All oral directions concerning the purchase or sale of securities shall be confirmed in writing.

#### 6.0 Ethics and Conflicts of Interest:

Authorized employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Such employees shall disclose to the Board of Commissioners any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the District's portfolio.

#### 7.0 Authorized Financial Dealers and Institutions:

The Treasurer or designee will maintain a list of financial institutions and brokers/dealers authorized to provide investment services to the District. Financial institutions must be approved by the Washington Public Deposit Protection Commission (RCW 39.58). Broker/dealers include primary dealers recognized by the Federal Reserve Bank or non-primary dealers qualified under U.S. Securities & Exchange Commission Rule 15C3-1, the Uniform Net Capital rule, and a member of the Financial Industry Regulatory Authority (FINRA).

All District funds shall be deposited in a qualified public depository in the State of Washington, in accordance with RCW 39.58, except for such funds which have been authorized by District resolutions to be deposited in other such authorized depositories.

Prior to the acceptance of any firm seeking to conduct business with the District, the Treasurer or designee shall review the credit-worthiness and financial strength of the firm. This shall be accomplished by using credit rating agencies when available and by reviewing the financial statements. For qualified public depositories, the capital assets, earnings, and liquidity shall be evaluated to determine financial strength. For broker/dealers, a review of the broker report from FINRA and a review of the broker's net capital position shall fulfill this requirement. A copy of the District's investment policies shall be reviewed by any broker/dealer seeking to conduct business with the District, and verification of such review shall be evidenced by the execution of an initial affidavit filed with the District before transactions can be initiated. An affidavit shall also be executed when a new representative of the broker/dealer is permanently assigned to the District.

An annual review of all firms actively conducting business with the District within the scope of this Policy shall be documented, including a review of the current annual

financial statement or other equivalent information, and an updated FINRA broker report shall be kept on file and reviewed for each active broker/dealer.

#### 8.0 Authorized Investments:

The following types of securities are authorized under this Policy, all of which are consistent with the District's conservative risk approach and in which municipal corporations in Washington State, including the District, are authorized by statute RCW 39.58, 39.59, 43.84.080 and 43.250, as amended, to invest.

- 8.1 Savings or time deposits, including insured or collateralized certificates of deposit, with qualified public depositories in the State of Washington as defined in RCW 39.58. Confirmation of a Certificate of Deposit in the District's name, and a confirmation of funds transfer, will be held by the Treasurer's office.
- 8.2 Certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States (i.e., Government National Mortgage Association).
- 8.3 Federal home loan bank notes and bonds, federal land bank bonds and federal national mortgage association notes, debentures and guaranteed certificates of participation, or the obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system. (These include but are not limited to Federal Home Loan Bank notes and bonds, Federal Land Bank bonds, Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation.)
- 8.4 Bankers' Acceptances (BA's) purchased on the secondary market with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs), at the time of purchase. If the bankers' acceptance is rated by more than two NRSROs, it must have the highest rating from all of the organizations. Maturities of BA's shall be limited to 180 days or less. Bankers' Acceptances cannot be executed with the District's Custodial Bank(s).
- 8.5 Commercial Paper purchased on the secondary market and having received the highest short-term credit rating of any two Nationally Recognized Statistical Ratings Organizations, at the time of purchase. If the commercial paper is rated by more than two NRSROs, it must have the highest rating from all of the organizations. Maturities of Commercial

Paper shall not exceed 270 days. Commercial Paper cannot be purchased with the District's Custodial Bank(s). Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase in one of the two highest rating categories of an NRSRO. The percentage of commercial paper that may be purchased from any single issuer is 3% of the assets of the total portfolio.

- 8.6 Repurchase Agreements that comply with statutory requirements are documented by a Public Securities Association (PSA) or a similar Master Repurchase Agreement signed by the financial institution, are fully collateralized at a 102% margin with United States Treasury and Federal Agency Securities only, and are delivered to an independent third party custodian designated by the District. Repurchase agreements cannot be executed with the District's Custodial Bank(s). Only credit-worthy financial institutions shall be qualified to enter into a Repurchase Agreement with the District. No more than \$10,000,000 shall be invested in repurchase agreements with any one financial institution without prior Commission approval with the exception of investing reserve and construction fund bond proceeds. The seller shall only be entitled to substitute securities as provided in the Repurchase Agreement and shall value the collateral to market on a weekly basis. Should the weekly evaluation of the collateral reveal that the margin has dropped below 1%, the Treasurer or designee shall immediately contact the seller to request additional collateral in order to return the margin to 2%. Normal repurchase agreements shall be for periods of 30 days or less. Flexible repurchase agreements used to invest bond funds may be for longer periods as specified in the bid agreement. Any variations to the repurchase document shall be discussed in an annex and shall be signed by all parties to the agreement.
- 8.7 The State Investment Pool, governed by RCW 43.250, is a Local Government Investment Pool in the Washington State Treasury created for the deposit of money of a political subdivision for purposes of investment by the State Treasurer. The District Treasurer is authorized to execute forms required to enter into and maintain an agreement with the Local Government Investment Pool. Further, signers authorized by the Treasurer shall be authorized to order the deposit or withdrawal of monies in the Local Government Investment Pool.
- 8.8 Bonds of the State of Washington and any local government in the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency. If only a short-term rating is given on a particular bond, then the rating at the time of investment must be the highest short-term credit rating of a nationally

recognized rating agency in addition to the underlying issuer having a long-term rating of one of the three highest credit ratings of a nationally recognized rating agency.

- 8.9 General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency. If only a short-term rating is given on a particular bond, then the rating at the time of investment must be the highest short-term credit rating of a nationally recognized rating agency in addition to the underlying issuer having a long-term rating of one of the three highest credit ratings of a nationally recognized rating agency.

- 8.10 Any other investment permitted under the laws of the State of Washington as amended from time to time, reviewed and presented for Board approval.

As a standard practice, the District shall use a competitive bid or market-based comparison process. In competitive bid processes, broker/dealers will compete for investment transactions. However, it is recognized that this may not be reasonable or practicable for every investment decision. In market-based comparison processes, offered securities will be evaluated based on their comparative value to similar duration US Treasury securities. The District Treasurer, or authorized employees performing the investment duty, shall have discretion when choosing an investment to purchase, subject to the requirements of this Policy. All investment purchases will be documented. All securities must be delivered in accordance with Section 10.0 of this Policy, with confirmation of purchase provided by the financial institution or broker/dealer in a timely manner.

#### 9.0 Credit Review:

Credit ratings set forth in this Policy are minimum ratings required at the time of initial investment activity. Ratings will be monitored regularly by the District's Credit Risk Manager, and a downgrade below the minimum initial rating level shall not require an automatic sale of that security. When such a downgrade does occur, the Treasurer will evaluate the situation to determine the proper course of action. The Treasurer will notify the Chief Financial Officer of the downgrade and resulting recommended action.

#### 10.0 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. Securities

will be held by a third party custodian designated by the Treasurer, except for locally purchased Certificates of Deposit which confirmation of such shall be held by the Treasurer's office. Any such custodian shall be either a qualified public depository in the State of Washington, with the exception of certain third party custodians holding collateral for repurchase agreements from bond proceed investments or for any such non-qualified public depository, they shall be a reputable, nationally recognized, financial institution with substantial experience providing custody services. All safekeeping and custody financial institutions shall be designated by the Board of Commissioners by resolution.

#### 11.0 Diversification:

The District will diversify its investments by security type and institution. Investments should not exceed the following limits of the total daily portfolio balance at amortized cost at the time of purchase:

<u>Investment Type</u>	<u>Limits</u>	
	<u>Portfolio</u>	<u>Issuer</u>
U.S. Treasury Securities	100%	100%
State LGIP	25%	N/A
Government Sponsored Agencies	75%	25%
Bankers Acceptances	30%	\$5 MM
Commercial Paper	25%	3%
Certificates of Deposit	40%	15%
Municipal Bonds	30%	5%
Bank Accounts	75%	20%

The aggregate amount for Commercial Paper and Bankers' Acceptances will not exceed 35% of the portfolio. Funds held in Banks listed on Schedule 2 will not, at the time of deposit, exceed the total net worth of the specific depository as reported in the most recent copy of the Washington Public Deposit Protection Commission Quarterly Report. The aggregate amount of Bank Accounts and Certificates of Deposit will not exceed 75% of portfolio or 20% per issuer.

Should the Portfolio limit or the Issuer limit be exceeded, the Treasurer shall promptly notify the CFO of such deviation. Deviations above Issuer limits due to securities delivered under the terms of Forward Purchase and Sale Agreements shall only require monitoring. For all other deviations, the CFO shall determine what action, if any, may be required that is in the best interest of the District. Any Portfolio limit deviation that

exists at the end of any calendar quarter shall be reported to the Board in accordance with Section 17.0. Such reporting shall include the cause(s) of the deviation and actions taken to mitigate or monitor the deviation.

#### 12.0 Maturities:

To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District generally will not directly invest in securities maturing more than five years from the date of purchase or as designated in specific bond resolutions. However, the District may collateralize its repurchase agreements using longer dated investments. Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. District funds may be invested in variable rate securities with a final maturity of longer than five years, so long as the time period between rate changes is less than five years.

#### 13.0 Risk, Risk Profile and Mitigation:

The basic objectives of this Policy as outlined in Section 4 are:

1. Safety of invested funds
2. Liquidity sufficient to meet cash flow needs on an ongoing basis
3. Choosing maturities that coincide with cash flow needs and generally holding securities to maturity.
4. Earning a market rate of return while meeting safety, liquidity, and maturity requirements.

Interest Rate Risk is defined as the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial Credit Risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Concentration of Credit Risk is the risk of loss attributed to the magnitude of investment held by a single issuer. Foreign Currency Risk is the risk of decrease in an investment's value based on fluctuations in exchange rates between the US Dollar and investments held in foreign denominations.

As part of risk evaluation, the District will analyze and mitigate the portfolio's exposure to the following five risk factors: Credit Risk, Custodial Credit Risk, Credit Concentration Risk, Interest Rate Risk and Foreign Currency Risk as follows:

Credit Risk will be mitigated by:



- 1) Limiting investments with those issuers or counterparties authorized by Statute.
- 2) Prequalifying financial institutions and brokers authorized to transact with the District as described in Section 7.
- 3) Diversifying the portfolio so failure of any one issue or backer will not place undue financial burden on the District.

Custodial Credit Risk will be mitigated by:

- 1) Requiring that securities purchased are held by a master custodian or other entity legally allowed to act as an independent third party on behalf of the District within that entity's trust department.
- 2) Requiring that securities utilized in repurchase agreements are subject to additional restrictions for collateralization as described in Section 8.6.
- 3) Providing, as requested, for independent confirmation of these investments and compliance with custodial agreements as part of the District's annual audit process.

Credit Concentration Risk will be mitigated by:

- 1) Monitoring the portfolio to assure that the District limits investments by type and issuer as prescribed in Section 11, Diversification.
- 2) Disclosing, by amount and issuer, investments that represent 5% or more of the total investment portfolio.

Interest Rate Risk will be mitigated by:

- 1) Maintaining sufficient balances in cash and other short term investments as changing interest rates have limited impact on these securities' prices.
- 2) Maintaining an asset/liability management process that is consistent with the cash flows of the District.

Foreign Currency Risk will be mitigated by:

- 1) Monitoring transactions to make sure that exchange risks associated with foreign currency fluctuations are minimized, both from the number and aggregate dollar amount standpoint in relationship to the total portfolio value.
- 2) Establishing and maintaining policies that address reimbursement of fees or other expenses associated with any foreign currency transactions that may occur.

Foreign Currency Risk is not currently a risk factor for the District.

In addition, as required under Governmental Accounting Standards Board Statement #40, the District will monitor and disclose, as necessary, the credit impact of participation in the State's Local Government Investment Pool or other such funds. It

will also calculate and disclose any deposits or investments that are not insured and not collateralized, or that are collateralized with securities that are not in the District's name, if necessary. Interest rate risk will be disclosed utilizing one of the five prescribed methods. Such information will be provided for inclusion into the footnote disclosure for each Annual Report.

#### 14.0 Internal Control:

The Treasurer shall maintain and periodically review a system of internal controls, documented in writing and provided for review by the independent auditors. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the District.

#### 15.0 Performance Standards:

The District's investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the District's investment risk constraints and cash flow needs.

15.1 Market Yield: The basis used by the Treasurer to determine whether market yields are being achieved shall be the three-month U.S. Treasury Bill yield. It is reasonable to expect that average earnings above or below this yield may occur during times of rapidly changing interest rates, depending on cash flow needs and the average maturity of the District's entire portfolio compared to the three-month Treasury Bill.

#### 16.0 Written Contracts:

Written contracts are required for banking services, custodial services, investment agreements, and repurchase agreements.

### 17.0 Reporting:

The Treasurer's Office shall prepare and submit to the Commission a Quarterly Investment Report, including any changes in authorized banks, signers or initiators, within 60 days of the end of each of the four quarters of the fiscal year.

### 18.0 Investment Policy Adoption:

The District's Investment & Banking Policy shall be adopted by resolution of the Board of Commissioners. The Policy shall be reviewed on an annual basis by the Treasurer's Office and any modifications made thereto must be approved by the Commission by resolution or motion. The provisions of these Investment & Banking Policies and any amendments hereto shall take effect prospectively, and shall not invalidate the prior selection of any qualified public depository or prior investment.

### 19. Definitions

**ACCRUED INTEREST:** The interest accumulated on a bond since issue date or the last coupon payment. The buyer of the bond pays the market price and accrued interest, which is payable to the seller.

**AGENCIES:** See Federal Agency Securities.

**AMORTIZATION:** In portfolio accounting, periodic charges made against interest income on premium bonds in anticipation of receipt of par value at maturity.

**ASKED:** The price at which securities are offered.

**AVERAGE MATURITY:** A weighted average of the expiration dates for a portfolio of debt securities.

**BANK ACCOUNTS:** A savings account, checking account or similar account at qualified public depositories. Demand deposit accounts, negotiable order of withdrawal (NOW) accounts, and automatic transfer service (ATS) accounts are examples of bank accounts.

**BANKERS' ACCEPTANCE (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution Guarantees payment of the bill, as well as the issuer.

**BASIS POINT:** A measure of an interest rate, i.e., 1/100 of 1 percent, or 0.0001.

**BID:** The price at which securities are sold. (When you are selling securities, you ask for a bid.) See Asked and Offer.

**BOND:** Any agreement which may or may not be represented by a physical instrument, including but not limited to bonds, notes, warrants, or certificates of indebtedness, that evidences an obligation under which the issuer agrees to pay a specified amount of money, with or without interest, at a designated time or times either to registered owners or bearers.

**BOOK VALUE:** The amount at which an asset is carried on the books of the owner. The book value of an asset does not necessarily have a significant relationship to market value.

**BROKER:** A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; the broker does not position.

**CALL PROVISION:** A provision in a bond contract that gives the issuer the right to pay off the bonds under specified terms prior to the stated maturity date.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate.

**COLLATERAL:** Securities, evidence of deposit or other property which a borrower pledges to secure payment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COMMERCIAL PAPER:** An unsecured promissory note, generally issued by corporations and foreign governments, with a fixed maturity of no more than 270 days. Commercial paper is normally sold at a discount from face value.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**CREDIT-WORTHY:** A level of status achieved by being financially sound enough to justify the extension of credit. Determined by credit rating agencies and by examination of financial statements.

**CUSTODIAN:** An independent third party (usually bank or trust company) that holds securities in safekeeping as an agent for the investor. See Safekeeping.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for the dealer's own account.

**DELIVERY VERSUS PAYMENT:** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DERIVATIVES:** (1) Financial instruments whose return profile is linked to or derived from the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DISCOUNT:** The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**ELECTRONIC FUNDS TRANSFER (EFT):** Any transfer of funds that is initiated through an electronic terminal, telephone, computer, or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit a customer's account. This includes Automated Clearing House (ACH) EFTs.

**FEDERAL AGENCY SECURITIES:** Interest bearing debt securities of U.S. departments and agencies that lend directly to qualified borrowers or guarantee loans made by private lenders. Some agency securities are backed by the full faith and credit of the U.S. government, while others are backed only by the issuer.

**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve Board through open-market operations.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** The FOMC is a committee within the Federal Reserve System that makes key decisions about interest rates and the growth of the United States money supply.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C.,

12 Regional Banks and nearly 40% of commercial banks that are members of the system.

**FEDERAL HOME LOAN BANKS (FHLB):** The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**FORWARD PURCHASE AND SALE AGREEMENT (FPSA):** A contract that provides for the delivery of specific types of securities on specified future dates at fixed yields.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. The security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by Farmers Home Administration, Veterans Association, or FMHM mortgages. The term pass-through is often used to describe Ginnie Maes.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between parties to repurchase-reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among

other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MUNICIPAL BONDS:** Debt issued by a state or local government or municipality as authorized by RCW 39.59.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

**PAR VALUE:** The nominal or face value of a debt security; that is, the value at maturity.

**PORTFOLIO:** Collection of securities held by an investor.

**PREMIUM:** The amount by which a bond sells above its par value.

**PRIMARY DEALER:** A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**REPURCHASE AGREEMENT (RP OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for

protection, or in the case of book entry securities, are held and recorded in the customer's name and are inaccessible to anyone else.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SEC RULE 15C3-1:** See uniform net capital rule.

**SECURITIES & EXCHANGE COMMISSION (SEC):** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt and backed by the full faith and credit of the federal government. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BONDS:** Long-term coupon bearing U.S. Treasury securities having initial maturities of more than ten years.

**TREASURY NOTES:** Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

**TREASURY SECURITIES:** Securities sold to finance the federal government, which include treasury bills, bonds and notes. They are a large, actively traded, and liquid market, which is considered to be free of credit risk.

**VARIABLE RATE BONDS:** Securities which have a coupon interest rate that changes at a set interval of time, generally tied to a financial index such as LIBOR or SIFMA.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**UNIFORM NET CAPITAL RULE:** Securities & Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.



SCHEDULE NO. 2**AUTHORIZING INVESTMENT OF PUBLIC UTILITY DISTRICT NO. 1 OF  
CHELAN COUNTY, WASHINGTON MONIES IN THE LOCAL  
GOVERNMENT INVESTMENT POOL**

WHEREAS, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP)) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the Office of the State Treasurer; and

WHEREAS, from time to time it may be advantageous to the authorized governmental entity, Public Utility District No. 1 of Chelan County, Washington, the “governmental entity”, to contribute funds available for investment in the LGIP; and

WHEREAS, the investment strategy for the LGIP is set forth in its policies and procedures; and

WHEREAS, any contributions or withdrawals to or from the LGIP made on behalf of the governmental entity shall be first duly authorized by the Board of Commissioners, the “governing body” or any designee of the governing body pursuant to this resolution, or a subsequent resolution; and

WHEREAS the governmental entity will cause to be filed a certified copy of said resolution with the Office of the State Treasurer; and

WHEREAS the governing body and any designee appointed by the governing body with authority to contribute or withdraw funds of the governmental entity has received and read a copy of the prospectus and understands the risks and limitations of investing in the LGIP; and

WHEREAS, the governing body attests by the signature of its members that it is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of governmental entity monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

NOW THEREFORE, BE IT RESOLVED that the governing body does hereby authorize the contribution and withdrawal of governmental entity monies in the LGIP in the manner prescribed by law, rule, and prospectus.

BE IT FURTHER RESOLVED that the governing body has approved the Local Government Investment Pool Transaction Authorization Form (Form) as

completed by its Treasurer and incorporates said form into this resolution by reference and does hereby attest to its accuracy.

BE IT FURTHER RESOLVED that the governmental entity designates its Treasurer, the “authorized individual” to authorize all amendments, changes, or alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of the governmental entity.

BE IT FURTHER RESOLVED that this delegation ends upon the written notice, by any method set forth in the prospectus, of the governing body that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the State Treasurer will rely solely on the governing body to provide notice of such revocation and is entitled to rely on the authorized individual’s instructions until such time as said notice has been provided.

BE IT FURTHER RESOLVED that the Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual shall remain in effect after revocation of the authorized individual’s delegated authority, except to the extent that the authorized individual whose delegation has been terminated shall not be permitted to make further withdrawals or contributions to the LGIP on behalf of the governmental entity. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual; and

BE IT FURTHER RESOLVED that the governing body acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In addition, the governing body agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions or any further withdrawals or contributions if authorizations are already in place.

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION DEFERRING TO JUNE 1, 2022 THE ANNUAL ENERGY CHARGE RATE ADJUSTMENT AS INCLUDED IN THE DISTRICT'S ELECTRIC RATE SCHEDULE 36 CRYPTOCURRENCY PROCESSING; BLOCKCHAIN PROCESSING; AND SIMILAR LOADS AS ADOPTED VIA RESOLUTION NO. 18-14287

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

Public Utility District No. 1 of Chelan County (District) adopted Electric Rate Schedule 36 applicable to computing or data processing load related to cryptocurrency mining, bitcoin, blockchain, proof-of-work or other loads having, in the District's determination, similar characteristics on December 3, 2018 with an effective date of April 1, 2019.

The Rate 36 Energy Charge includes a Market Energy Charge which is reflective of the average flat price of the Mid-C Peak and Off-Peak Futures as published daily by the Intercontinental Exchange (ICE). The Market Energy Charge is calculated and fixed as of December 15 of each year for a 12-month period starting April 1 of the following year. The Market Energy Charge calculated December 15, 2021 resulted in a significant and larger than anticipated increase from \$0.0564/kWh to \$0.0789/kWh.

On March 21, 2022, staff discussed options with the Board related to customers' requests for relief. Staff recommended deferring the planned April 1, 2022 Rate 36 Energy Charge adjustment until June 1, 2022 while the Commission considers the options and receives customer feedback. The Commission passed the following motion during the March 21, 2022 meeting:

Move to defer the annual adjustment of the Rate Schedule 36 market energy charge to June 1, 2022, in order to allow time for resolution of customer requests regarding Rate 36 without compounding the interim impact to customers.

The District established processes and procedures for ensuring public notice and information to customers of proposed rate actions through Resolution 18-14256. Staff recommends the Commission waive requirements for a rate hearings and other pre-action public notice as this action is limited to a delay in the effective date only and no other portions or components of Rate 36 are affected by staff's recommendation. Customers currently billed under Rate 36 will be advised of the deferment via direct notice either in written or electronic communication.

Staff recommends that it is in the best interest of the District to make the associated temporary change to Electric Rate Schedule 36 Cryptocurrency Processing; Blockchain Processing; and Similar Loads, applying the 2022 annual energy charge market rate adjustment on June 1, 2022 and returning to the normal April 1 implementation date for future years.

The General Manager has reviewed staff’s recommendation and concurs in the same.

**ACTION**

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

Section 1. Requirements for determining meetings and notices as established by Resolution No. 18-14256 have been hereby waived. Staff is directed to communicate notice of the rate deferral directly with the affective Rate 36 customers via written or electronic transmission.

Section 2. Staff is directed to defer the annual April 1, 2022 Energy Rate adjustment as planned pursuant to Resolution No. 18-14287 until June 1, 2022.

DATED this 4<sup>th</sup> day of April, 2022.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Seal

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION AUTHORIZING THE ISSUANCE OF A GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT NO. 3 TO NORTHBANK CIVIL AND MARINE, INC. OF VANCOUVER, WA UNDER CONTRACT NO. 20-14 TO PROVIDE THE PROCUREMENT OF THE RAW MATERIAL FOR UNITS U3 THROUGH U8 LONG LEAD COMPONENTS FOR THE ROCK ISLAND POWERHOUSE NO. 2 DRAFT TUBE GATE CYLINDER AND HYDRAULIC POWER UNIT UPGRADE

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

On May 11, 2020, by Resolution No. 20-14451, the Commission of the District authorized the General Manager to invite sealed proposals to provide Design-Build services to the District in support of a planned upgrade to the draft tube gate system on all eight (8) units in Rock Island Dam Powerhouse No. 2. The upgrade includes replacement of the two (2) hydraulic cylinders and hydraulic power unit for each generating unit, replacement of piping due to poor condition, and procurement of some new components to mitigate schedule impacts and risk of unrepairable items. This work will be scheduled with existing unit outages and will begin in 2022 and is planned to be completed in 2025.

On February 16, 2021, by Resolution No. 21-14532, the Commission of the District authorized the General Manager to enter into a Design-Build contract (Contract No. 20-14) with Northbank Civil and Marine Inc. In addition to the general terms and conditions, the Contract authorized \$632,927.00 for preconstruction services.

On April 5, 2021, by Resolution No. 21-14550, the Commission of the District authorized the General Manager to enter into the GMP Amendment No. 1 to procure and manufacture two sets of hydraulic cylinders and two hydraulic power units (HPU) for an amount of \$1,234,365.62. The new total revised overall Contract Sum was \$1,867,292.62.

On March 7, 2022, by Resolution No. 22-14642, the Commission of the District ratified Field Work Order/Change Order Nos. 1, 1-PC, 2-PC, 3-PC, 1-GMP1, 2-GMP1, 3-GMP1, and 4-GMP1, and authorized the General Manager to enter into the GMP Amendment No. 2 for Units U1 and U2 Draft Tube Gate Cylinder and HPU Upgrade for an amount of \$1,675,089.14. The new total revised overall Contract Sum was \$3,426,622.89, excluding sales tax.

The District and Northbank Civil and Marine Inc. have determined it is in the best interest of the Project to procure the raw material for Units U3 through U8 long lead components to mitigate against budget and schedule risk.

District staff recommend execution of the GMP Amendment No. 3 with Northbank Civil and Marine Inc. for an amount of \$1,440,570.74 to procure the raw material for Units U3 through U8 long lead components for Rock Island Powerhouse No. 2 Draft Tube Gate Cylinder and HPU Upgrade. The revised overall Contract Sum after execution of the GMP Amendment No. 3 will be \$4,867,193.63, excluding sales tax. The General Manager of the District concurs with staff's recommendation.

**ACTION**

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

Section 1. The General Manager of the District is hereby authorized to execute GMP Amendment No. 3 with Northbank Civil and Marine Inc. to procure the raw material for Units U3 through U8 long lead components for Contract No. 20-14 Rock Island Powerhouse No. 2 Draft Tube Gate Cylinder and HPU Upgrade. The Contract Sum for GMP Amendment No. 3 shall not exceed \$1,440,570.74, for a total revised overall Contract Sum of \$4,867,193.63, excluding sales tax. A copy of the contract will be on file in the offices of the District.

DATED this 4th day of April 2022.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Seal

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR THE SUPPLY OF ROCKY REACH SWITCHYARD STATION POST INSULATOR (BID NO. 22-12198) AND AUTHORIZING THE SUPPLY OF ROCKY REACH SWITCHYARD STATION POST INSULATOR BE OBTAINED BY NEGOTIATION

## FACTUAL BACKGROUND AND REASONS FOR ACTION

The 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.

District staff prepared bidding documents for the Supply of Rocky Reach Switchyard Station Post Insulator. This bid was required to purchase the station post insulators to replace the existing cap and pin insulators at Rocky Reach 230kV yard which are showing signs of fatigue.

Sealed proposals were invited and published in accordance with RCW 54.04.070 and said bids were opened on March 22, 2022, at 2:15 p.m. Pacific Time in the offices of the District.

Four bids were received pursuant to that invitation. All bid proposals did not meet bid specifications and/or exceeded the engineer's estimate by more than 15%.

District staff is of the opinion that the bids were non-responsive and should be rejected. Resolution No. 17-14215 requires that the rejection of bids must come before the Commission for action when staff is recommending an action other than rebidding.

Pursuant to RCW 54.04.080, the District may procure the work on the open market and negotiate a contract rather than re-advertising if no bids are received. District staff recommends that, due to time constraints and project requirements, the switchyard station post insulator be procured by negotiation, rather than re-advertising for bids.

The General Manager of the District has reviewed District staff's recommendation and concurs in the same.

ACTION

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

Section 1. The bids received to furnish the Rocky Reach Switchyard Station Post Insulator (Bid No. 22-12198) are rejected. District staff is authorized to obtain the Rocky Reach Switchyard Station Post Insulator by negotiation and the General Manager (or his designee) is authorized to execute a contract for the same with acceptable terms and conditions.

DATED this 4th day of April 2022

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Seal