

BOARD OF COMMISSIONERS
REGULAR MEETING

April 22, 2008

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Franklin County was held at 1411 West Clark, Pasco, Washington, April 22, 2008, at 1:00 p.m.

Those present from the District were: Bill Gordon, President; Stuart Nelson, Vice President; Chuck Hall, Secretary; Jean Ryckman, Manager; Ed Brost, Assistant Manager; Susan Paysse, Director of Human Resources; Tim Nies, Director of Administrative Services; Dale Gutmann, Director of Engineering & Operations; Steve Palmer, General Counsel; Debbie Bone-Harris, Manager Community and Government Relations; Colleen Kimsey, Administrative Assistant.

Public in attendance for the meeting: Bob Sebris, CWPU Labor Relations Consultant; and Jim Oakley, Energy Northwest.

Commissioner Gordon called the regular meeting to order at 1:00 p.m.

COMMENTS FROM THE PUBLIC

Commissioner Gordon welcomed comments from the public at anytime.

10-YEAR SERVICE AWARD – ANN DAVIS

10-YEAR SERVICE AWARD – SYLVIA HUBBARD

Commissioners and staff thanked Ms. Davis and Ms. Hubbard for their many years of service.

COMMISSIONER REPORTS

Commissioner Nelson reported that he attended the WPUDA Strategic Planning meeting where the results of the member survey were reviewed.

Commissioner Hall reported he attended the Pasco Chamber Luncheon where Jean Ryckman introduced Senator Mike Hewitt as the guest speaker. He also invited staff to Franklin PUD's Alternative Energy Expo, April 25 and 26, at CBC.

Commissioner Gordon gave an update on the progress of the repairs made to the siding at a reactor at Energy Northwest and reported that the Board of Directors thanked Bob Nash, Contractor, for donating an American flag used in Iraq, to the site. He also made reference to an article in which Infinia Corporation, in Kennewick, has secured financing to produce and globally market its 3-kilowatt solar energy generator.

CONSENT AGENDA

Commissioner Hall moved and Commissioner Nelson seconded to accept the consent agenda as follows:

1. To approve the minutes of the April 8, 2008, regular meeting.
2. To approve payment of expenditures amounting to \$6,394,912.69, as audited and certified by the auditing officer as required by RCW 42.24.080, and expense reimbursement claims certified as required by RCW 42.24.090 and as listed and made available to the Board for inspection prior to this action, as follows:
 - a.) Automated Warrants of \$1,282,490.29; Voucher Nos. 38859 through 98904, and 38950 through 39004;

- b.) ACH Vouchers of \$2,246.42; Voucher Nos. 297 through 298 and 300;
- c.) Refund Vouchers amounting to \$15,445.51; Voucher Nos. 38798 through 38857, and 38906 through 38948;
- d.) Voids in the amount of \$171.26; and
- e.) Wire transfers totaling \$5,094,901.73 to the following:
 - ◆ Bank of the West - Direct Deposit Payroll \$307,612.14
 - ◆ Bank of the West – EFTPS (Payroll Taxes) \$127,333.38
 - ◆ Department of Retirement – PERS 1, 2, and 3 \$50,348.02
 - ◆ ICMA – Deferred Compensation \$44,863.20
 - ◆ REHN – 125 Plan \$3,153.92
 - ◆ REHN – VEBA \$12,599.64
 - ◆ BPA – Slice \$1,473,675.00
 - ◆ BPA –Transmission \$347,363.00
 - ◆ BPA – Block \$891,058.00
 - ◆ Department of Revenue – Excise Tax \$233,578.52
 - ◆ Diversified Purchased Power – Net Market Purchases \$124,637.00
 - ◆ LL&P Wind – Wind Energy \$140,601.79
 - ◆ TEA – Power Purchases \$33,029.60
 - ◆ TEA – Miscellaneous \$44,279.61
 - ◆ IGI – Gas Frederickson \$86,889.60
 - ◆ Powerex – Gas Frederickson \$100,661.40
 - ◆ Frederickson – Energy \$428,387.57
 - ◆ Terasen – Gas Frederickson \$631,535.94
 - ◆ Morgan Stanley – Financial Power Swap \$13,294.40

- 3. To accept the work which has been inspected, approve final payment in the amount of \$17,335.79 for work completed by Power City Electric (Contract No. 4814 – Connell BR-4 Feeder) and to authorize release of retainage.

Motion passed unanimously.

EXECUTIVE SESSION

At this time, Ms. Paysse explained to the Board that the latest collective bargaining agreement did not pass and, per RCW 42.30.140, she requested an Executive Session, estimated to last 15 minutes, to discuss the outcome. The Board went into Executive Session at 1:30pm and the Executive Session ended at 1:57pm and the regular meeting was convened.

RESOLUTION NO. 1097 – 2008-2011 COLLECTIVE BARGAINING AGREEMENT, AND RESCINDING OF RESOLUTION NO. 1089

Ms. Paysse explained that the Union membership rejected the successor agreement that was put to a vote in March. Resolution No. 1097 rescinds Resolution No. 1089 which was put into place at that time and will also authorize the Interim Manager to sign the renegotiated agreement, which has been put out to the Union membership for a vote. The results of the latest vote are expected before April 29, 2008.

Commissioner Nelson moved and Commissioner Hall seconded to adopt Resolution No. 1097, rescinding Resolution No. 1089 and authorizing the Interim Manager to sign the renegotiated Collective Bargaining Agreement between the Union and the District, for the period of May 1, 2008 to March 31, 2011, contingent upon it passing prior to May 1, 2008. Motion passed unanimously.

FILLING THE MANAGER POSITION

At this time Commissioner Nelson made a motion which directed staff to begin the advertising process for filling the Manager position, including submitting a written advertisement to be included in the NWPPA publication which will be available to the public on approximately May 15, 2008 and run for 30 days. The motion was seconded by Commissioner Hall. A lengthy discussion occurred about the Manager selection process. Commissioner Hall moved to expand Commissioner Nelson's motion to include that after the 30 days advertising process concluded on June 15, 2008, the Commissioners would individually review all resumes received by the District for the Manager position. Once all three Commissioners have completed the review process, they will then discuss the individual(s) they want to be interviewed, at the next Board meeting. The motion also provided that the selection of the Manager was expected to occur by the August 26, 2008 Board meeting. Commissioner Nelson seconded Commissioner Hall's motion. Commissioner Gordon asked for a vote on Commissioner Nelson's motion and it passed unanimously. Commissioner Gordon then asked for a vote on Commissioner Hall's motion, and it passed unanimously.

RESOLUTION NO. 1096 – PURCHASING PROCEDURES FOR AWARDING CONTRACTS, AND RESCINDING RESOLUTION NO. 964

Mr. Palmer explained that in 2008, our State legislature amended RCW 54.04.082 by adjusting the limits for awarding a contract to purchase certain items of materials, equipment or supplies by telephone and/or written quotations. Resolution No. 1096 will ensure that the District bids in the most competitive nature using the most current adjusted limits and procedures.

Commissioner Hall moved and Commissioner Nelson seconded to adopt Resolution No. 1096, which rescinds Resolution No. 964 and updates the District's purchasing procedures for awarding contracts for the purchase of certain materials, equipment or supplies in accordance with RCW 54.04.082. Motion passed unanimously.

RESOLUTION NO. 1095 – ADOPTING A SMALL WORKS ROSTER

Mr. Palmer explained the Small Works Roster policy sets out procedures for the handling of work projects under \$200,000. With the amendment of RCW 54.04.070 and RCW 39.04.155, the proposed resolution would update the District's Small Works Roster Contract Procedures and approve the revised Administrative Policy No. 19.

Commissioner Hall moved and Commissioner Nelson seconded to adopt Resolution No. 1095, which rescinds Resolution No. 800 and updates the District's Small Works Roster Contract Procedures in accordance with RCW 54.04.070 and RCW 39.04.155. Motion passed unanimously.

MANAGERS REPORT

Ms. Ryckman:

1. Attended a meeting at Pacific Northwest National Laboratories (PNNL) where she heard a presentation on climate change issues. Ms. Ryckman suggested that the Commissioners offer the presentation to WPUDA to show at an Association meeting.
2. Shared that she will be the key speaker for Engineering Day at Columbia Basin College

along with Sharon Davis, Franklin PUD Field Engineer.

3. Reminded the Board that her last day is Wednesday April 30, 2008 as she is retiring, so this Board meeting will be here last as Manager. Commissioners and staff expressed their appreciation for the job she has done.

STAFF REPORTS

Mr. Brost:

1. The District offered a draft 10 year proposal for up to 50 aMW of power sales to Columbia Basin Bio-Fuels who are interested in building a biofuels processing plant. The draft includes 8 megawatts of power at the District's regular industrial rate with any additional amounts of power being priced at the current market. Most of the 8 megawatts would be included in the District's high water mark if the plant was on line by October 2009. The total load would phase in over four to five years.
2. Ms. Boomer is working with the public power community to keep the District informed of and influence the drafting of new BPA Power contracts as this is the District's most important decision this year. The contracts are to be offered in August 2008, and are to be signed by December 1, 2008. Much work remains to be done to meet that schedule.
3. Staff sent out a request for proposal which will run until the end of May, for operations of the Pasco CT Plant. There will be a site visit to the plant on Friday.
4. Snohomish PUD has expressed an interest in buying a share of the Packwood Hydro Project. If the District gave up our share, this would raise our Block amount from BPA so there would be no adverse effect on the District.
5. The District put in an application with BPA to participate in the Residential Exchange program for FY 2009. Participation depends on our power costs compared to BPA's preference rate and could result in a reduction to our overall power costs.

Ms. Paysse:

1. Reported that there is an opening for Network Engineer and Executive Assistant, and she has received applications for both positions.

Mr. Nies:

1. Reported that there may be a rise in the reserves due to the money coming from BPA's Residential Exchange. Wholesale sales were also up because the Fredrickson ran for half of the month.
2. Staff prepared a request for qualifications for an AMR consultant, which will run in the Tri-City Herald and the Seattle Times newspapers until May 16, 2008.
3. Attended an APPA General Accounting Finance workshop in Washington DC where he learned about new auditing and accounting standards and had an opportunity to network with people in the industry.
4. Will hear from Standard & Poors next week on the status of the District's bond rating.
5. Reported that NoaNet will draw \$1.5 million on a line of credit that has been guaranteed by the members.

Mr. Gutmann:

1. Reported that the Blanton Substation was successfully energized on April 18, 2008.
2. John Morehouse, Lineman, resigned. His position, along with the Connell Area Representative position, will be posted.

Ms. Bone-Harris:

1. CNBC will broadcast a show by Northwest River Partners on the benefits of hydropower as renewable energy.

2. Arranging a town hall meeting for Connell/Kahlotus to share the state of Franklin PUD.
3. Invited staff and Commissioners to the Alternative Energy Expo taking place this weekend at CBC, hosted by Franklin PUD and Energy Northwest.
4. Reminded staff and Commissioners about the reception on April 29 at the Stone Ridge Event Center, honoring Jean Ryckman upon her retirement.
5. Invited staff and Commissioners to RSVP for the Tri City Legislative Thank You reception, for local legislators, being held on April 30th at the Franklin County Courthouse.

Mr. Palmer:

1. Gave an update on the downtown building remodel process and stated that the building electrical system may not be sufficient. Meier Enterprises is going to do an analysis of the electrical system. The Energy Committee is also looking at how staff will address conservation projects and this information will be presented to the Board in the near future. Staff also sent out a request for qualifications for a Construction Manager.
2. Reported that Troy Woody, General Manager of the TRAC facility, sent a check to the District for \$10,000 to purchase the TRAC sign. The District purchased the sign in 1999. Ms. Bone-Harris stated that the District has an agreement with Mr. Woody to advertise for the 4th of July event and to keep the payment drop box. Mr. Palmer explained that the District would need to surplus the sign through a resolution.

Commissioner Hall moved and Commissioner Nelson seconded to approve Resolution No. 1094, authorizing the Interim Manager to dispose of the TRAC sign in the best way practicable. Motion passed unanimously.

With no further business to come before the Board, Commissioner Gordon adjourned the meeting at 3:53 p.m.

William Gordon, President

Stuart Nelson, Vice President

Chuck Hall, Secretary