

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan October 1, 2002**

Present:

Board: Darrel Bunch, Donald Johnson, James Rowland  
Staff: Richard Trimble, Frederick Burke, Larry Felton, Joe Miller, Mark Pritchard, Derek Miller, Jerry Day, Glenn Culver, George Howe, Julie Pyper  
Other: Alex Johnson - Bank of America via conference call  
Guests: Susie Ives, John Andrist, Vicky Welch, Lorah Waters, Sarah Lickfold, Ken Millner

President Bunch called the meeting to order at 8:30 a.m.

**Summary Agenda**

1. Review 2003 Preliminary Budget
2. NoaNet

**1. Review 2003 Preliminary Budget:**

Fred Burke presented information for reviewing the 2003 preliminary budget. The bond covenants require a minimum debt service coverage ratio of 1.25%. Because of this requirement, \$2,703,000 of the \$4,702,000 budget deficit needs to be addressed from operations -- either through increased revenues, decreased costs, or a combination of both. Mr. Burke proposed a minimum rate increase of 10%.

There was discussion on refinancing the utility's debt for diesel generation, as well as selling the diesel generators, to get through the crisis period. Alex Johnson of Bank of America was teleconferenced to discuss options of extending the term of the bank loan. He said the general revenue pledge of the District would be the most important factor in restructuring the loan. The bank would be willing to discuss refinancing the debt even without sale of the diesel generators, provided there is a debt ratio higher than the minimum requirement of 1.25%.

The Board agreed to obtain the assistance of a financial consultant to explore ideas of restructuring the loan prior to raising rates. A representative will be asked to attend the October 22, 2002 meeting.

The Commissioners understood the statutory requirement of approving the final budget and will try to get one finalized as soon as possible.

**2. NoaNet:**

Rich Trimble reported that the NoaNet board was requested by its members to return with a reduced budget. An issue to be discussed at the NoaNet board meeting tomorrow is whether to cover the deficit with assessments or short-term debt once the budget is set as low as possible. The Okanogan PUD Commissioners said their preference would be to cover the deficit with short or medium-term debt.

The next Okanogan PUD Board meeting is scheduled for October 22, 2002.

There being no further business to discuss, the meeting adjourned at 12:05 p.m.

Darrel E. Bunch, President

ATTEST:

Donald W. Johnson, Vice-President

James G. Rowland, Secretary