

**Minutes of the Regular Commission Meeting of  
Public Utility District No. 1 of Okanogan County  
Okanogan PUD Auditorium  
1331 2<sup>nd</sup> Avenue North, Okanogan, WA  
May 18, 2010  
2:30 p.m.**

**Present:** Board: David Womack, Ernest Bolz, Trish Butler  
Staff: John Grubich, Doug Adams, Don Coppock,  
Ron Gadeberg, Derek Miller, Tina DeLap  
Other: Michael Howe - Legal Counsel  
Sheila Corson - The Chronicle

**Summary Agenda**

- I. Call to Order – 2:30 p.m.
- II. Pledge of Allegiance
- III. Business Meeting
  - 1. Review of Agenda
  - 2. Approval of Consent Agenda
    - a) Minutes of 5-4-10
    - b) Vouchers
    - c) Transfer of Accounts
  - 3. Public Comment
  - 4. Unfinished Business
  - 5. New Business
    - a) Resolution No. 1507 - Surplus Equipment
    - b) Energy Northwest Update - James Oakley
    - c) P-T Line Materials Purchases
    - d) Building Update - Budget to Actual
  - 6. Manager's Report
  - 7. Treasurer's Report
  - 8. Other Business
  - 9. Future Planning
  - 10. Meetings
- IV. Executive Session
- V. Adjournment

**I. Call to Order**

Commission President David Womack called the regular meeting to order at 2:30 p.m.

**II. Pledge of Allegiance**

The Pledge of Allegiance was recited.

**III. Business Meeting**

**1. Review of Agenda**

Commissioner Womack noted due to a scheduling conflict, James Oakley from Energy Northwest would not be attending today's meeting. Womack also noted an Executive Session would not be held.

**2. Approval of Consent Agenda Items**

**a) Minutes**

Minutes of the May 4, 2010 regular meeting were submitted for approval.

**b) Vouchers**

Vouchers in the amount of \$1,123,281.01 were submitted for approval.

**c) Transfers of Accounts**

No transfers were submitted for approval.

Commissioner Butler moved to approve the consent agenda as presented. Commissioner Bolz offered a second to the motion. Upon the vote, the motion carried unanimously.

**3. Public Comment**

No public comments were offered.

**4. Unfinished Business**

No unfinished business items were presented.

**5. New Business**

**a) Resolution No. 1507 - Surplus Equipment**

Power Resource Manager Ron Gadeberg identified outdated computer equipment scheduled for disposal. Current electronic waste (e-waste) regulations require monitors to be disposed of separately from other equipment. The District utilizes the service of a vendor licensed for e-waste disposal. It was noted that auctions will no longer accept surplus computer equipment.

Commissioner Bolz moved to approve Resolution No. 1507 authorizing the disposal of surplus equipment as presented. Commissioner Butler offered a second to the motion, which carried unanimously without further discussion.

**b) Energy Northwest Update - Jim Oakley**

Mr. Oakley provided a written update on Energy Northwest operations but did not attend the Board Meeting.

**c) P-T Line Materials Purchases**

Manager of Operations Doug Adams reviewed the results of a construction material bid on the Pateros to Twisp Transmission Line. The bid contained a provision allowing for acceptance of split bids, which enabled the District to take advantage of optimal pricing and delivery times. Bids were split into six categories: conductor, static wire, wood poles, wood laminated poles, steel poles and miscellaneous parts. Staff recommended awarding contracts to the lowest qualified bidders on all material purchases with the exception of insulators. The lowest bidder for insulators required a 20-week delivery time, so staff recommended awarding the bid to a vendor offering a more favorable delivery time.

Commissioner Butler entered a motion to approve staff recommendations and award contracts for material purchases as follows:

- Conductor: Graybar Electric, in an amount not to exceed \$389,551.22 plus tax.
- Static wire: General Pacific, in an amount not to exceed \$238,774 plus tax.
- Wood poles: Stella Jones, in an amount not to exceed \$233,904 plus tax.
- Wood laminated poles: Laminated Wood Systems, in an amount not to exceed \$182,490 plus tax.
- Miscellaneous parts: HD Supply, in an amount not to exceed \$330,377 plus tax.

Commissioner Bolz offered a second to the motion. Upon the vote the motion carried with unanimous approval.

**d) Building Update - Budget to Actual**

General Manager John Grubich provided background on construction estimates for the new headquarters facility. The architect's estimate for the building was \$7.479 million, which included a \$300,000 contingency fund. Blodgett Construction's bid was \$5.948 million and did not contain any contingency funds.

Change orders totaling \$744,128.73 have been submitted by Blodgett Construction. Of this amount, \$288,387.39 is undisputed and \$245,106.61 is being disputed. The parking lot addition, \$210,634.73, was not part of the original plans; however it is more cost effective to add this project now rather than at a later date.

A discussion of itemized expenditures ensued. Following the discussion, Commissioner Bolz entered a motion to approve payment of undisputed change orders in the amount of \$288,387.39 and to approve \$210,643.73 for the addition of an equipment access road and staff parking, for a total amount not to exceed \$499,031.12 plus applicable taxes. Commissioner Butler offered a second to the motion. Upon the vote, the motion carried unanimously.

The General Manager will present updated costs from USKH Architects at a future meeting.

**6. Manager's Report**

Chief Engineer Derek Miller reported:

- A pre-bid tour of the Methow Transmission Project held on Thursday, May 13<sup>th</sup> was attended by ten contractors interested in bidding on the project. DNR Region Manager Loren Torgerson and Northeast Region Manager Roger Huestis also joined the tour to view access and mitigation areas.

Director of Finance / Auditor Don Coppock reported:

- The District received an A- bond rating from the Standard & Poor's (S&P) financial rating company for bonds issued in 2002 and 2003. Staff is coordinating with S&P to provide updated and historical data for potential future bond issues. Completion of the Equity Management Plan significantly assisted in the process. The District may seek a second, independent rating from another institution such as Moody's or Fitch, as substantial savings can be realized with an improved rating.
- The impact of writing off the District's investment in NoaNet was discussed. Most other member utilities have already written their investments off. It was noted that writing off the investment would provide a more accurate view of operational costs.
- Draft notes from the Moss Adams audit are expected by next week, with an opinion and final report anticipated by the end of June.

General Manager John Grubich reported:

- 2009 Nine Canyon Wind Farm Renewable Energy Credits (REC's) were sold for a total of approximately \$260,000.

**7. Treasurer's Report**

Director of Finance / Auditor Don Coppock presented an overview of April finances. Cash and investments declined by approximately \$1.6 million. A decrease in retail sales due to mild winter temperatures plus an increase in expenditures for capital projects have significantly depleted cash on hand. The district plans to issue bonds later this year to replenish cash reserves used for major capital projects and to provide funds for the construction of the P-T Transmission Line.

**8. Other Business**

No other business items were presented.

**9. Future Planning**

Moss Adams auditors are scheduled to present preliminary audit findings at the June 15<sup>th</sup> Board Meeting.

Larry Felton, the District's Account Executive at BPA, will provide an update on BPA issues at the June 29<sup>th</sup> Board Meeting.

**10. Meetings**

Commissioner Bolz attended a Superior Court hearing in Okanogan on May 11<sup>th</sup>.

Commissioner Butler attended a Superior Court hearing in Okanogan on May 11<sup>th</sup> and WPUDA meetings in Olympia on May 13<sup>th</sup> and 14<sup>th</sup>.

Commissioner Womack attended a Superior Court hearing in Okanogan on May 11<sup>th</sup> and a pre-Board meeting in Okanogan with the General Manager and Legal Counsel on May 17<sup>th</sup>.

**IV. Executive Session**

An executive session was not held.

**V. Adjournment**

There being no further business to discuss, the meeting was adjourned at 3:37 p.m.

\_\_\_\_\_  
David A. Womack, President

\_\_\_\_\_  
Ernest J. Bolz, Vice-President

ATTEST:

\_\_\_\_\_  
Trish Butler, Secretary