

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
May 7, 2019
NEWPORT CONFERENCE ROOM, NEWPORT, WA

Present: Curtis J. Knapp, President
Richard A. Larson, Vice President
Joseph B. Onley, Secretary

Staff Present: F. Colin Willenbrock, General Manager
Management/District Staff
Tyler R. Whitney, Chief Legal, Generation &
Regulatory/Government Affairs Officer
Karen Willner, Clerk of the Board

Others: Don Gronning, Newport Miner
Jeb Spengler, Piper Jaffray & Company

The meeting was called to order at 8:30 a.m. by Curtis J. Knapp, President.

CONSENT AGENDA:

The minutes from the April 30, 2019 meeting and today's revised agenda were reviewed.

Vouchers audited certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified by RCW 42.24.090, have been recorded on a listing, which has been made available to the Board. As of this date, May 7, 2019, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The minutes of April 30, 2019 meeting and the revised agenda for May 7, 2019.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 2849 through 2876 in the total amount of \$27,163.73; ACH payments in the total amount of \$403,276.53; and ACH payroll transactions in the total amount of \$220,254.24 for the payroll ending April 30, 2019.

BOARD WORKSHOP/GENERAL MANAGER'S REPORT:

Colin Willenbrock, District General Manager reported April Owen, District Chief Audit, Financial & Power Supply Officer will review the March 2019 Financial Report and Frank Pisano, District Network Supervisor will review the new Operations Center design.

Ms. Owen reported this past winter was very cold and the District hit a high load in March. She reported Ponderay Newsprint Company went down for a few days for maintenance and due to high market prices. Mr. Willenbrock explained how the market prices affect the way the District purchases power and how real time market pricing works. Discussion was held.

Ms. Owen provided an update on Box Canyon Dam. We anticipate the dam will continue to generate this year. She reported the Community Network System (CNS) continues moving forward and building reserves. She reported water system projects continue.

Tyler Whitney, District Chief Legal, Generation & Regulatory/Government Affairs Officer reported Mark Scott, District Water Systems Manager received a 100% subsidized loan from the Department of Health for an arsenic removal project at the Riverview Water System. Discussion was held.

Sarah Holderman, District Chief Treasury, Broadband & Strategic Planning Officer distributed and explained a department budget forecast and draft of the CNS financial forecast. Discussion was held.

Don Gronning, Newport Miner left the meeting.

Mr. Willenbrock provided Mr. Pisano's background information and reported he is the lead for the new vehicle maintenance building design. Mr. Pisano showed storyboards of the building materials and design and reported the project design is 65% complete. He provided project details and explained the bid process. Discussion was held.

Commissioner Knapp reported each commissioner received a customer letter regarding the aesthetics of our property on Union Avenue. Mr. Willenbrock will send a letter to the customer informing them of the aforementioned project. He and the Board thanked Mr. Pisano for providing the project details and being the project lead.

SAFETY SPOTLIGHT:

Jason Pimental, District Safety Coordinator reported employee hearing tests are scheduled for this Thursday in Newport and Friday at Box Canyon and will be followed by a supervisors training. First Aid/CPR is scheduled for May 22 and 23 in Dalkena. He attended a safety incident training last week.

Commissioner Onley referred to his comments at the January 15 Board meeting addressing the need for a stop sign to be installed where you enter the highway at the Box Canyon Viewpoint site. Mr. Whitney reiterated that he will need to first review the Port Lease Agreement with the District as this land is owned by the Port.

Mr. Willenbrock commended Mr. Pimental for doing a good job at looking at ways we can do things safer and more efficiently.

CUSTOMER SPOTLIGHT:

Libbey Bartel, District Chief Customer Service & Metering Officer reported the Neighbors in Need donations are increasing and staff is receiving positive feedback. She reported that with Teck's closing, staff is establishing procedures to help Teck employees with bill payment arrangements.

Commissioner Knapp received a customer call regarding fiber. He asked for the Board's and Mr. Willenbrock's input for him doing an opinion editorial for the Newport Miner. Discussion was held.

Discussion was held regarding the May 21 Board Meeting.

COMMISSION REPORT:

Commissioner Larson distributed a handout from the April 24 Tri-County Economic Development District meeting he attended.

Commissioner Onley attended a meeting with Jamie Wyrobek, Director of Economic Development Council, Pend Oreille County Commissioner Mike Manus and Russ Pelleberg, Newport City Administrator on May 1 in Newport to discuss CNS fiber broadband.

COMMISSION BUSINESS:

- Pend Oreille Players Association Summer Theater Camp Funding Request. Discussion was held. This item was tabled.
- People of Pend Oreille Golf Tournament Funding Request. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to sponsor at the bronze level for \$600. The motion passed unanimously.

ACTION ITEMS:

- Declaration of Surplus Property – Fleet Asset #700 Community Network System Bucket Truck. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Onley to declare the truck as being no longer necessary, material to, or useful in the operations of the District and, therefore, surplus to the needs of the District. The truck will be taken to auction. The motion passed unanimously. The staff will proceed as appropriate.
- Declaration of Surplus Property – Information Technology Items. Bob Pebles, District Information Technology Manager explained the details. Based on staff recommendation, a motion was made by Commissioner Onley and seconded by Commissioner Larson to declare the items as being no longer necessary, material to, or useful in the operations of the District and, therefore, surplus to the needs of the District. The items will be recycled or donated to a local school district or library. The motion passed unanimously. The staff will proceed as appropriate.
- Revised Amendment to Ponderay Newsprint Company Power Contracts. Mr. Whitney provided the revisions. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to authorize the general manager to execute the revised amendment in substantially the same form as presented. The motion passed unanimously.

Discussion was held regarding tomorrow's Northwest Open Access Network (NoaNet) Board meeting in Spokane and an upcoming NoaNet Strategic Planning Workshop scheduled in June.

BREAK/BUSINESS FROM THE PUBLIC:

Following a 10-minute break and no business from the public, the meeting resumed.

BONDING UPDATE:

Jeb Spengler, Piper Jaffray & Company reported he has been the District's financial advisor since 2015. He provided a powerpoint presentation of the District's bonds and reported the District has an opportunity to again refinance existing bonds in order to realize interest rate savings. He also reported the District has a great story to tell Moody's and Fitch Rating Agencies on all the outstanding progress that has been made which could result in improved ratings.

Mr. Spengler reviewed a preliminary schedule of events for the refunding of bonds and meeting with Moody's and Fitch. Bond pricing would occur during on September 11 and closing would be October 3. He reported this year the District would be refunding the Box Canyon Production System Series 2010 Bonds and Electric System Series 2010 Bonds. Discussion was held.

Ms. Holderman reported a bond resolution will be presented to the Board in May or June for consideration.

Commissioner Knapp thanked Mr. Spengler for attending and providing the update.

EXECUTIVE SESSION – REVIEW OF PERFORMANCE OF A PUBLIC EMPLOYEE; PENDING AND/OR POTENTIAL LITIGATION:

A 45-minute executive session on a review of the performance of a public employee and pending and/or potential litigation commenced at 11:15 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, Chief Legal, Generation & Regulatory/Government Affairs Officer. The executive session adjourned at 11:58 a.m. and the Board returned to open session. No final action was taken.

EXECUTIVE SESSION – REVIEW OF PERFORMANCE OF A PUBLIC EMPLOYEE:

A 60-minute executive session on a review of the performance of a public employee commenced at 12:00 p.m. The following were in attendance: Board of Commissioners; and Colin Willenbrock, General Manager. The executive session adjourned at 12:58 p.m. and the Board returned to open session. No final action was taken.

COMMISSION BUSINESS (continued):

Discussion was held regarding the District's policies regarding the Board's travel, expense reimbursements and governance. Commissioner Onley was admonished by the Board for entering into an employee's office without permission and also behaving unprofessionally to District employees.

There being no further discussion to come before the Board, the meeting adjourned at 1:48 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form