

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
March 7, 2023
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

Present: Curtis J. Knapp, President
David W. Rick, Secretary

Absent: Joseph B. Onley, Vice President

Staff Present: April Owen, Co-Interim General Manager
Sarah Holderman, Co-Interim General Manager
Management/District Staff
Tyler Whitney, General Counsel
Karen Willner, Clerk of the Board

Others: Gretchen Koenig, Member of the Public
Monty Stahl, COO of Merkle Standard
Darla Rick, Member of the Public, virtual
Sonya Scauftaire, Selkirk Sun, virtual
Don Gronning, Newport Miner, virtual
Norm Smith, Member of the Public, virtual

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

APPROVAL OF CONSENT AGENDA:

The minutes from the February 7, 2023 meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, March 7, 2023, the Board, upon motion by Commissioner Rick and seconded by Commissioner Knapp approved the following:

- The revised agenda for March 7, 2023, and the minutes of the February 7, 2023 meeting.
- 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. Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 7822 through 7889 in the total amount of \$208,035.38; ACH payments in the total amount of \$1,856,604.39; Wire Transfers in the total amount of \$2,900,490.28; ACH payroll transactions in the total amount of \$241,376.71 for the payroll ending January 31, 2023; and ACH payroll transactions in the total amount of \$258,185.16 for the payroll ending February 15, 2023.

The motion passed unanimously.

BOARD WORKSHOP:

Sarah Holderman, District Co-Interim General Manager, reported we have a few new employees at the District.

Philip Roice, District Engineering Manager, introduced Michael Cambareri, District GIS Technician, and provided his background. The Board welcomed him to the District.

Frank Pisano, District Network Supervisor, introduced Aaron Dale, District PC Technician, and provided his background. The Board welcomed him to the District.

Ms. Holderman reported our IBEW Local Union No. 77 Agreement allows District Management to approve an alternate schedule. The crews will start a 4/10 schedule beginning April 10 through October 27.

She reviewed the Board meeting calendar for 2023 and reported we are proposing adding a few additional regular Board meetings to the calendar. Discussion was held.

ACTION ITEM:

- Amendment to Board Meeting Calendar for 2023. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to amend the regular Board meeting schedule and request Karen Willner, District Clerk of the Board, update the schedule with the Washington State Code Reviser's Office. The motion passed unanimously.

Ms. Holderman reported we have a T-Mobile Site Lease Agreement where T-Mobile pays monthly rent for cell tower space and internet connection service at Metaline Falls. T-Mobile has requested more ground space for their generator. Staff is asking for Board approval to amend the previously approved agreement to reflect a change in the increased rental amount from \$500 to \$350.

ACTION ITEMS (continued):

- T-Mobile Site Lease Agreement Amendment. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to amend the monthly additional rent amount to \$350. The motion passed unanimously.

Ms. Holderman provided a Washington State Broadband Office (WSBO) fiber broadband grant for north Pend Oreille County update and reported WSBO received a challenge from RTI. We were instructed by WSBO to reach out to RTI. We reached out to RTI but they refuse to provide the necessary data. We will reach out to WSBO to check on the next steps. Discussion was held. She reported we have until March 10 to submit a grant application or request a meeting with WSBO.

April Owen, District Co-Interim General Manager, reported we paid our annual privilege tax which is based on our revenues. We are expecting approximately \$500,000 will come back to the county.

She reported the Box Canyon Dam turbine unit 4 rotor poles are with Delstar in Canada to be refurbished and we are hoping they come back by the end of this month.

She reported we had a turbine unit 2 emergency outage which was declared yesterday. Bryant Kramer, District Director of Power Production, reported crews are troubleshooting to see what went wrong. He explained that when they tried to restart unit 2 there was an issue with it not wanting to restart. He reported we didn't have an over speed situation like with unit 4. He noted the importance and urgency of completing the governor upgrade.

Ms. Owen reported that a Clean Energy Coalition group reached out to us to join. She responded to them that we do not have staff resources to actively participate at this time. She reported their goal is to work on getting grants for county infrastructure.

She reported our audit has been finished thanks to John Bricher, District Finance Manager. Staff is working on our annual report. We will be scheduling a final report to the Board from Moss Adams in April.

Commissioner Rick commented that the failing governor units is a big issue and we need to have spare parts available and a manual shut off. Ms. Owen reported that crews are currently working on a solution.

NORTHWEST OPEN ACCESS NETWORK (NoaNet) PENSION DISCUSSION:

Ms. Holderman gave a background history of NoaNet.

Nik Reed, District Broadband System Network Administrator, reported that NoaNet was formed in 2000 with the idea to connect the local PUD's and to build out fiber broadband for critical infrastructure. NoaNet has 10 members, nine are PUD's and one is Energy Northwest. He explained NoaNet's member backbone areas and reported we now have 3,300 miles of fiber across the county. He explained how the networks work together and reported NoaNet uses the District for last mile and tail circuits to anchor institutions such as schools, Department of Licensing, City of Newport, Washington Department of Transportation, 911, Boundary Dam, local businesses, and cell towers.

Ms. Holderman reported we are a NoaNet board member and as a member, the PUD is subject to certain capital financing obligations, tied to our membership interest. Member assessments haven't been done since 2011. NoaNet is looking to members to finance a \$10.4 million shortfall needed to close out their current pension plan and move into PERS. They are initially asking for volunteer loans from members. Ms. Holderman reported that she hasn't committed anything from the Community Network System. She is looking for the Board's thoughts. Discussion was held. Commissioner Knapp is open to a loan tied to the District's membership interest of 5.76%. Commissioner Rick concurred. Ms. Holderman will be attending a virtual NoaNet Board meeting tomorrow. She reported NoaNet is also working on moving their office space out of the U.S. Bank building in Spokane.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, shared staff's artwork from the last Open Attendance Safety meeting. The topic was safe lifting techniques.

CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Communications Manager, reported Habitat for Humanity donated \$2,500 to our Neighbors in Need (NIN) program and she gave a big thank you to them. She reported our current NIN balance is \$34,000 and we made over 24 funding awards to customers this year. Ms. Owen reported the Habitat for Humanity in the county was dissolved and they were distributing funds.

Commissioner Knapp announced a 20-minute executive session on pending and/or potential litigation to begin at 9:35 a.m., in the Riverbend Conference Room upstairs. No final action will be taken during the executive session. Following this executive session he, Commissioner Rick, and staff will rejoin the open session to continue the meeting.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 20-minute executive session on pending and/or potential litigation commenced at 9:35 a.m. The following were in attendance: Commissioner Knapp; Commissioner Rick; April Owen, Co-Interim General Manager; Sarah Holderman, Co-Interim General Manager; and Tyler Whitney, General Counsel. The executive session adjourned at 9:55 a.m. The Board returned to open session. No final action was taken during the executive session.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

Commissioner Knapp asked if there was any business or comments from the public.

Monty Stahl, COO of Merkle Standard, provided updates and reported they are looking to negotiate a successor contract with the District. He thanked Ms. Owen and District staff for working with them. He reported staff returned from Germany where they were looking at shoe press options to be able to run other operations. They are waiting on the Bonneville Power Administration feasibility study. He noted today's action item regarding collateral reduction and reported they posted \$16M as performance assurance.

They are requesting a collateral reduction of 50% in order to use the reserve funds for other capital projects.

Gretchen Koenig, member of the public, commented the Board should stick to their original contract agreement with Cascade.

Commissioner Knapp thanked everyone for attending and for their comments.

ACTION ITEMS:

- Declaration of Surplus Property – Fleet Assets #001, a 2006 Kubota Excavator and #052, a 2007 Tandem Axle Tilt Bed Equipment Trailer. Chris Jones, District Director of Operations, reported it is the original excavator and we will use a sealed bid process for both the fleet assets. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to declare the fleet assets as no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District and Fleet Asset #001, Kubota Excavator will have a minimum bid amount of \$15,000. The motion passed unanimously. Staff will proceed as appropriate.
- Declaration of Surplus Property – Outboard Motor. Ms. Willner reported the motor is a 2 stroke, 6 horsepower motor and is no longer functioning. It was taken to Mark's Marine to see if it could be fixed but it could not. It will be properly disposed. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to declare the outboard motor as no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. The motion passed unanimously. Staff will proceed as appropriate.
- Unbudgeted Request – Circuit Switcher Repair. Mr. Roice reported this was a budgeted item but the quote came back \$65,000 more than was originally quoted and budgeted. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the increase in repair cost in the unbudgeted request amount of \$65,000. The motion passed unanimously.
- April Energy Transactions. Ben Hall, District Energy Resources Manager, reported this should be the last sale for a while and then we will look at buying energy in the summer months. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to approve the energy transaction of selling 20 MW of energy in light load hours for the month of April as presented. The motion passed unanimously.
- Non-Union Benefit Updates. Tyler Whitney, District General Counsel, reported the recently ratified collective bargaining agreement is a 3-year contract and this update is to align the benefits for both union and non-union staff. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the non-union benefit updates as presented. The motion passed unanimously.
- Interlocal Agreement with Newport School District. Mr. Whitney reported this agreement is for the Newport RV Park project we have been working on at the Newport Rodeo Fairgrounds. We received a proposal from the Newport School District that students will do the signage and markers. We would provide the materials and they would do the labor. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to approve the agreement. The motion passed unanimously.
- Napa Valley, LLC Electric Service Agreement. Ms. Holderman reported per our policy we execute electric service agreements with our standard industrial customers. This is a new industrial customer. They were energized last week and this is agreement for them to have service with us. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the agreement. The motion passed unanimously.

- Reduction in Letter of Credit for Cascade Digital. Ms. Owen reported that per Cascade Digital's contract, they post performance assurance with us in the form of a letter of credit. The District may reduce this amount at our discretion, and is suggesting the letter of credit be reduced to \$14.1M. Mr. Whitney noted there is a calculation in the contract for performance assurance. Commissioner Rick inquired if this amount still protects the District in the event that Cascade defaults. Ms. Owen reported the reduced amount would still protect us in that situation. Commissioner Rick inquired who will be responsible for watching over this. Mr. Whitney reported that day to day, both Mr. Hall and Ms. Owen watch this and we also have a risk management staff/team that watches it. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to approve the reduction to \$14.1M in the letter of credit as presented. The motion passed unanimously.
- Energy West, LLC Personal Services Agreement for Power Supply Consultant. Mr. Whitney reported we have had an on-going relationship with Energy West for the last five years and this is to update the scope and hourly rate in the agreement. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to approve the agreement. The motion passed unanimously.
- Bid Award of Request for Proposal (RFP) for Search Firm for General Manager. Commissioner Knapp reported there were three bidding firms that have been provided to the Board to review. Mr. Whitney reported this is a services contract and typically when we go out for a RFP the staff would review and give its recommendation. However, since it is the Board's responsibility to hire the General Manager, staff has suggested that the Board take a more active role in selecting the firm. Suzie Wrbelis, District Director of Human Resources, provided a summary of the three bidders. Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to award the bid to Mycoff Fry Partners, LLC as the search firm for the general manager job position in the amount of \$75,000, plus expenses. The motion passed unanimously. Mr. Whitney reported we will award the bid to Mycoff and will bring the contract back to the Board to review and for their final approval before executing.

COMMISSION REPORT:

Commissioner Knapp read Commissioner Onley's Commission Report summary. Commissioner Onley attended a virtual Washington Public Utility Districts Association (WPUDA) Telecom meeting on February 9, a virtual Broadband Action Team meeting on February 9, and the WPUDA meetings and PUD Day on the Hill event on February 15 – 17 in Olympia.

Commissioner Rick attended the WPUDA meetings and PUD Day on the Hill event on February 15 – 17 in Olympia and provided an overview. He attended a virtual Tri-County Economic Development District (TEDD) meeting on February 22 and provided an overview.

Commissioner Knapp attended the WPUDA meetings and PUD Day on the Hill event on February 15 – 17 in Olympia and provided an overview. He attended an American Public Power Association Legislative Rally on February 26 – March 2 in Washington, D.C. and provided an overview.

COMMISSION BUSINESS:

- Pre-Approval of Commissioner Travel or Meeting Attendance for April. Commissioner Knapp will attend the Public Power Council and Pacific Northwest Utilities Conference Committee meetings on April 5 – 7 in Portland, virtual Energy Northwest meetings on April 10 – 13, a virtual WPUDA meeting on April 14, PUD Board meetings on April 4 and 18 in Newport, a virtual Energy Northwest meeting on April 19, and Energy Northwest meetings on April 25 – 27 in Tri-Cities. Commissioner Onley will attend a virtual WPUDA/Ports meeting on

April 3, a virtual Greater Newport Area Chamber of Commerce meeting on April 5, PUD Board meetings on April 4 and 18 in Newport, virtual WPUDA meetings on April 12 – 14. Commissioner Rick will attend PUD Board meetings on April 4 and 18 in Newport, WPUDA meetings on April 11 – 14 in Olympia, a TEDD meeting on April 26 in Colville, and an Economic Development Council meeting on April 19, location to be determined.

A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the commissioner travel or meeting attendance for April. The motion passed unanimously.

Commissioner Knapp thanked staff for their weekly update meetings.

Commissioner Rick reported he has an addition to his March meeting calendar for a Metaline Falls Water System pipe replacement project meeting on March 14 in Metaline Falls. He will attend with District staff. Commissioner Knapp approved his additional meeting.

Commissioner Knapp will attend the WPUDA meetings virtually in March and the PUD Board meeting on March 21 in Newport.

Commissioner Rick will attend the added Metaline Falls meeting on March 14, the PUD Board meeting on March 21 in Newport, and a North Pend Oreille Chamber of Commerce meeting on March 29 at Box Canyon.

Following a short recess, the meeting resumed.

Commissioner Knapp announced a 60-minute executive session on pending and/or potential litigation to begin at 11:00 a.m., in the Riverbend Conference Room upstairs. No final action will be taken during the executive session. Following this executive session he will rejoin the open session to adjourn the meeting.

Commissioner Knapp reported the next meeting is March 21, 2023, in the Newport Conference Room, Newport and via Microsoft Teams.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 60-minute executive session on pending and/or potential litigation commenced at 11:00 a.m. The following were in attendance: Commissioner Knapp; Commissioner Rick; April Owen, Co-Interim General Manager; Sarah Holderman, Co-Interim General Manager; and Tyler Whitney, General Counsel. The executive session adjourned at 12:00 p.m. The Board returned to open session. No final action was taken during the executive session.

Commissioner Knapp reported the next meeting is March 21, 2023, in the Newport Conference Room, Newport and via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 12:01 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form