

**WORKSHOP NOTES OF THE BOARD OF
COMMISSIONERS OF KITTITAS COUNTY PUD #1
November 24, 2015**

The workshop of the Board of Commissioners of Public Utility District #1 of Kittitas County was called to order by President Roger Sparks at 9:02 A.M.

Those Present:

Rogers Sparks, President
Shan Rowbotham, Vice President
Matt Boast, General Manager (GM)
Brian Vosburgh, Operations Manager (OM)
Genine Pratt, Finance Manager (FM)
Danae Cramer, Customer Service (CS)
Kelly Carlson, Admin Assistant

GUESTS: Kevin Eslinger, KRD
Mary Bergstrom
Joe O'Leary
Mike Lowe
Jerry Downs

GUEST COMMENTS: Jerry Downs commented that she would like to see our irrigation rate charges reflect usage not on horsepower.
Mary Bergstrom presented Commissioner with a comment letter which GM Boast then read into the record.

DISCUSSION:

Irrigation Rates:

GM Boast updated everyone with the history of how the presented irrigation rates were researched and created. He then went over the structure of the rates and how they will be based upon demand. Commissioner Rowbotham then explained the rate structure in detail and presented handouts to the public to support his explanation. GM Boast then went into further discussion on how the new rate structure will impact the current customers. He also stated that the staff will be happy to meet with any customers who are concerned and show them exactly what the impact to them will be.

GM Boast stated that a rate hearing will need to be held before the Commissioners can make a decision on the rates.

Commissioner Sparks stated that the rate hearing would be held on December 29, 2015, so written public comments would need to be received by December 22, 2015. It is anticipated rates would go into effect February 2016.

2016 Budget:

GM Boast presented a finalized 2016 budget to the Commissioners for review and comment. He then proceeded to go over the assumptions, executive summary, margins and reserves, bonding direction and capital plan for the next 10 years.

Commissioner Rowbotham commented that it was a good decision to hire a consultant to do the 20 year system study since it confirmed that the system isn't in as bad of shape as we had anticipated. Commissioners then commended staff on the preparation of the budget and that the final product was very good.

FM Pratt asked the Commissioners if they would like to review the budget policy since the intent was to go with it for a year then revisit to see if it needed to be modified. Commissioners stated that if it works for staff then keep going with it as is.

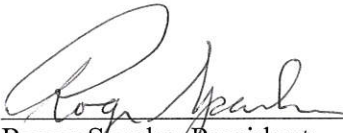
Strategic Plan:

GM Boast presented the document to Commissioners for review and comment. He then went over the process of how this document was drafted and Energy Northwest's involvement. He stated that there were no changes to the mission statement or values and that this is a two year planning document. GM Boast then proceeded to go over the eight objectives and tweaked according to the Commissioner comments.

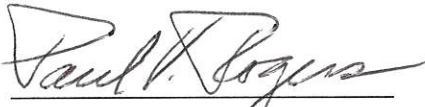
Commissioner Sparks expressed concern over the Governance objective in that it could tie the hands of their successors. Commissioner Rowbotham clarified that this will be a living document that can be amended. GM Boast commented that the adoption of a governance policy will help them create a formal method for commissioner meetings, more structure so we can be more prepared and not be so reactive. Commissioner Sparks stated that this policy may be created with some leniency at first then reviewed in a year to update as necessary. He then stated that more discussion would follow on this topic in the afternoon regular meeting.

Adjourned at 12:00 PM

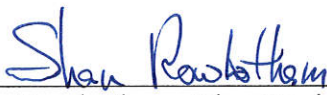
ATTEST:



Roger Sparks, President



Paul Rogers, Secretary



Shan Rowbotham, Vice President