

**WORKSHOP NOTES OF THE BOARD OF
COMMISSIONERS OF KITTITAS COUNTY PUD #1
AUGUST 25, 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 10:02 A.M.

Those Present:

Rogers Sparks, President
Shan Rowbotham, Vice President
Paul Rogers, Secretary
Matt Boast, General Manager (GM)
Brian Vosburgh, Operations Manager (OM)
Genine Pratt, Finance Manager (FM)
Kelly Carlson, Admin Assistant

GUESTS: Ron Olsen, Cashmere Valley Bank (via telecom)

GUEST COMMENTS: None

DISCUSSION:

Budget Discussion:

FM Pratt opened the discussion stating that we will be joined by Ron Olsen, Cashmere Valley Bank, and Nancy Nerras from our bond council this afternoon. She then went on to explain the bond anticipation note process she had learned from Ron Olsen of Cashmere Valley Bank. She also stated that anything we do with borrowing needs to go through our bond council prior to going forward. FM Pratt then reported that she had contacted two banks and found that if we do move forward with a bond anticipation note that Cashmere seems to be the most flexible in structuring the loan. Commissioner Rowbotham asked what the savings would be on bond anticipation note vs. bonding. FM Pratt had calculated this using “worst cast scenarios” on existing bonds and we would have paid a substantial amount less in interest and that with a bond anticipation note you only pay interest on the money used unlike a bond.

At this point staff called Ron Olsen, Cashmere Valley Bank, and he proceeded to go over long-term bond market and a bond anticipation note. He stated the bond anticipation note will give us more flexibility. Commissioner Rogers asked about amortization and Ron gave an example of 25 year commitment but is repriced every 5 years. There was continued discussion on different scenarios of funding amounts and determining the amount of the bond you will need. Commissioners thanked Ron Olsen and ended the phone call.

GM Boast then handed out a presentation on Revenue and Capital Spending for review and discussion by the Commissioners. He went over the PUD rate impacts such as BPA rate increase, refund of old debt, new money, bond anticipation note and capital spending. He then recommended the following:

- Reduce capital spending by \$200K
- Refinance 2005 bonds - \$6.5 million in January 2016
- PUD 2% rate increase as of November 2015
- Bond anticipation note 1st quarter of 2016 at \$2.5 million
- Plan for 2019 bond sale of \$5.2 million
- Debt Service Coverage target to 1.75


At this time Commissioner Rogers left the meeting 12:00

Commissioners and staff continued discussion on the GM's recommendations and asked staff if they had the direction they needed.

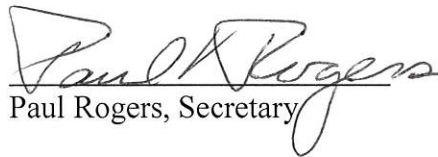
Commissioners then directed staff to move forward with the refinance process of the 2005 bonds in January of 2015. They then discussed the requirements for the upcoming meeting to discuss rate increase.

Adjourned at 12:48 pm

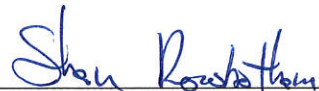
ATTEST:



Roger Sparks, President



Paul Rogers, Secretary



Shan Rowbotham, Vice President