

**WORKSHOP NOTES OF THE BOARD OF
COMMISSIONERS OF KITTITAS COUNTY PUD #1
November 13, 2014**

The workshop of the Board of Commissioners of Public Utility District #1 of Kittitas County was called to order by President Paul Rogers at 11:00 A.M.

Those Present:

Paul Rogers, President
Rogers Sparks, Vice-President
Shan Rowbotham, Secretary
Matt Boast, General Manager (GM)
Brian Vosburgh, Operations Manager (OM)
Genine Pratt, Finance Manager (FM)
Joy Potter, Staff

Guests: None

GUEST COMMENTS:

None

EXECUTIVE SESSION:

At 11:05 a.m. Commissioner Rogers announced the Board would recess into Executive Session for 40 minutes to discuss a claim received from Charles E. Ward Jr. with legal counsel.

At 11:45 Commissioners reconvened from executive session.

MOTION: Commissioner Sparks moved to deny the claim for damages from Charles E. Ward Jr. in accordance with RCW 4.96.020

SECOND: Commissioner Rowbotham seconded

VOTE: Approved 3-0

DISCUSSION:

Health Insurance Discussion:

GM Boast updated the Commissioners on the status for a new health insurance plan. He provide the commissioners with tables demonstrating the cost savings for the District to move to PEBB. The union has been involved in the discussions and they are scheduled to vote on an option provided to maintain current out of pocket expenses at 5:00 today. The District is required to notify the current carrier, NRECA of termination by November 14, 2015.

Budget Discussion:

FM Pratt presented the draft Capital Budget Schedule and the draft Statement of Operations for 2015. GM Boast explained the assumptions used for the draft budget. GM Boast then went through the Capital Budget Schedule. Following discussion, GM Boast recommended moving the warehouse facilities to 2016 or 2017. The Commissioners agreed.

Commissioner Sparks expressed concerns on the age of the system. GM Boast will provide the following information to the Commissioners at the next budget meeting:

- Average age of poles based on the GIS data base
- Number of system miles based on the GIS data base
- Provide circuit miles based on the GIS data base

Following additional discussion, GM Boast provided options for the Commissioners to consider to keep a balanced budget: cut \$350k, increase rates or use reserves. Commissioner Sparks inquired about the debt service coverage ratio. FM Pratt advised that the District policies require a 1.5 DSC ratio, with the budget balanced as per GM Boast's suggestions the DSC ratio would be 1.45.

Rate increase was discussed by the Commissioners. BPA is scheduled to implement an 8.7% increase in October 2015. Commissioner Rowbotham suggested the District should consider a rate increase at that time to minimize the impact to their customers. FM Pratt recommended a \$150k reduction in expenses and an additional \$100k reduction in capital expenditures. Commissioner Rogers instructed the staff to bring a revised draft to the next Board meeting on November 25, 2015.

Employee Evaluations:

At 2:20 p.m. Commissioner Rogers announced the Board would recess into Executive Session for 40 minutes for GM Boast's evaluation.

At 3:00 Commissioner reconvened from Executive Session

At 3:00 Commissioner Rogers announced the Board would recess into Executive Session for 5 minutes for GM Boast evaluation.

At 3:05 Commissioners reconvened from Executive Session

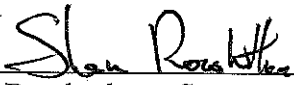
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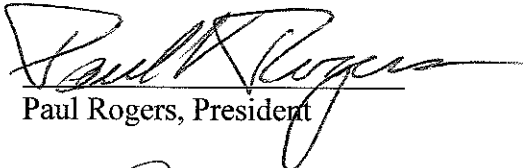
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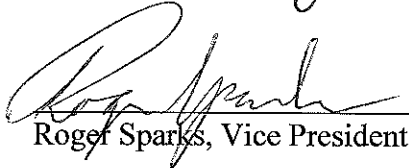
Commissioner Rogers stated that beginning in December 2014, the Commissioners will schedule Executive Sessions on a quarterly basis for District Auditor reports.

Workshop adjourned at 4:00 P.M.

ATTEST:


Shan Rowbotham, Secretary


Paul Rogers, President


Roger Sparks, Vice President