

MINUTES OF REGULAR MEETING (STUDY SESSION) OF THE COMMISSION
OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON

July 20, 2009

The regular meeting (study session) of the Commission of Public Utility District No. 1 of Chelan County, Washington, was held in the office of the District, 327 North Wenatchee Avenue, Wenatchee, Washington, on July 20, 2009, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Ann Congdon, Dennis Bolz, Carnan Bergren and Norm Gutzwiler. Commissioner Randy Smith attended via telephone. In attendance were General Manager Rich Riazzi, General Counsel Carol Wardell and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

Others in attendance: none

Administrative Assistant Michelle Lahd led the Pledge of Allegiance and provided a safety minute.

Commissioner Congdon noted in response to some public comments she had received that the Board retreats held earlier this year were open public meetings held in locations free of charge and that Commissioners paid for their own lunch. She said that discussions included debriefing of the surcharge process and review of the Board's Governance Policy and Balanced Scorecard.

Next, Commissioners held their quarterly update on meeting strategic objectives outlined in the Board's Balanced Scorecard. Each Commissioner gave a status update on their assigned strategy map objective(s).

Commissioner Smith opened discussion with the strategic objective E1 – Evaluate Governance Positions. He reported that the annual review of the Board Governance Policies has been completed and that a new section was added titled Ethics, Conflicts of Interest, Culture of Compliance and Tone at the Top.

Commissioner Bolz reported on the strategic objective E2 - Continuously Improve Board Member Skills. He reported that he is working on training schedule that will focus on strategic communications, planning, finance/risk, and teamwork.

Commissioner Bergren reported on the strategic objective G2 – Approve Strategy and Business Plan. He reported that staff has provided strategic planning updates as requested.

Commissioner Smith reported on the strategic objective G3 – Responsible Board Representation. He discussed setting targets for attendance at association and at regularly scheduled meetings. He suggested establishing a process for public feedback on Board conduct.

Commissioner Congdon reported on the strategic objective G4 – Ensure Compliance. She reported that she and Commissioner Bolz have attended regularly scheduled Audit Committee meetings. It was discussed to periodically update the entire Board following specific reporting events.

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Commissioner Congdon reported on the strategic objective G1 – Ensure Effective Execution. She reported that the Board completed the review of the Board's Balanced Scorecard. She requested that the Director of Strategic Financial Planning Kelly Boyd provide the Board a list of key policies for their annual review. The semi-annual review of the General Manager was held on June 1, 2009. The timing of the annual evaluation of the General Counsel performance and compensation was discussed. Commissioner Bolz suggested changing the review of the General Counsel to December each year to allow the review to be conducted by the Board in office for that year. General Manager Riazzi discussed the process by which he considers the Board's evaluation of General Counsel in establishing the appropriate compensation of the General Counsel. Commissioner Gutzwiler agreed that this process had worked and it was appropriate for the General Manager to establish compensation levels for all employees, including General Counsel, and the Board should establish the compensation level of the General Manager.

Commissioner Gutzwiler reported on the strategic objective S1 – Sustain Our Public Partnership. He reported that the strategy weighting of this objective was increased by the Board from 15% to 24% to recognize the importance of keeping local stake holders as a top priority.

Commissioner Bolz reported on the strategic objective F1 – Maintain Strong Financial Stewardship. He reported that staff has presented the quarterly operating and financial review as requested. The next review is scheduled for August 10, 2009.

Director Boyd recapped action items for the August 17, 2009 study session to include setting targets for association and regular meeting attendance, discussion of the timing and format for periodic updates by the internal auditor after Audit Committee meetings,, review schedule of sequencing the policy review to coincide with the normal cycle of District business, wording changes on the indicator referring to the evaluation General Counsel , and development of an indicator around the feedback from the public on Board conduct.

General Manager Rich Riazzi recapped the 2009 strategic plan and presented an expanded strategic plan (see www.chelanpud.org for presentation). The expanded strategic plan includes development of a rate stability and reliability policy, reinvestment policy and gathering detailed cross section of the public for input.

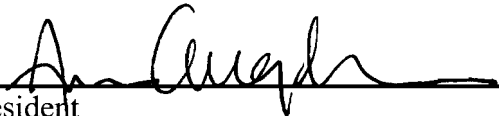
President Congdon asked Commissioners to give a report at the July 27, 2009 regular meeting on the Washington Public Utility District Association meetings they attended July 15 through 17, 2009.

General Counsel Carol Wardell stated for the record that there were three or more Commissioners that attend the Washington Public Utility District Association (WPUDA) meetings held in Olympia on July 15 through 17, 2009. General Counsel Carol Wardell stated it was not necessary to declare as special meetings the attendance by Commissioners at the WPUDA meetings according to RCW 42.30.070 and discussions with the state auditor since no District business was discussed or decisions made.

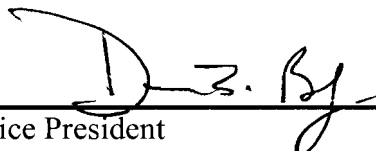
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A motion was made by Commissioner Gutzwiler, seconded by Commissioner Bolz and approved to excuse Commissioner Bergren on August 3, 2009.


There being no other business, the meeting adjourned at 2:56 p.m.



President



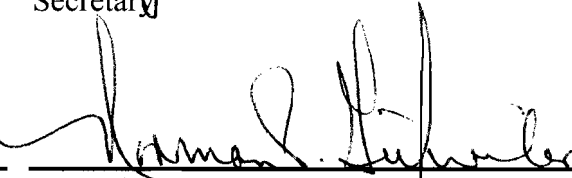
Vice President



Secretary



Commissioner



Commissioner