

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
March 19, 2007

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:15 a.m. Present were Commissioners Chris Kroupa and Nathan Davis with Commissioner Caudell joining the meeting at 10:08 a.m., Manager Roberta Weller, Attorney Steve Graham, Auditor Jennine Groth and Secretary/Treasurer Jayne Jurgensen.

Visitors: Dennis Wuerth

All stood for the Flag Salute which was lead by Commissioner Davis.

The minutes of the February meeting were reviewed with approval pending the arrival of Commissioner Caudell. Commissioner Davis stated that it was his understanding from the February meeting that discussions during the meetings were to be reported in more detail. He further asked that he be provided an unedited copy of the Minutes prior to finalization.

Reports:

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of March 10, 2007 were \$1,497,982.90 with restricted funds of \$1,404,361.51. There were eight outages in the month of February for a year-to-date total of eleven compared to twenty-four for the same period in 2006. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed

The Auditor's Report was presented by Jennine Groth:

1. The voucher listing was reviewed with the Board and questions answered. The approval of the Warrants was held pending the arrival of Commissioner Caudell. The new computer system reporting was used for a portion of the Boards report and it was discussed briefly.
2. The Financial and Statistical Report was reviewed by the Board.
3. The D. Hittle report was presented
4. The State mileage rate has increased effective January 1, 2007 to .485 per mile.
5. RUS Form 7 was distributed.
6. Federated Insurance issued the annual rebate in the amount of \$758. This is a considerable increase over the \$460 received in 2006.

The Manager's Report was presented by Roberta Weller:

Correspondence:

1. A letter has been received from Mr. Dan Bower with RUS advising that he has reviewed the Load Forecast and has approved it. The Board signed three additional copies of the previously adopted, Resolution 07-01 "A Resolution Adopting Load Forecast" as three original copies were needed by RUS. Power Engineers can now move on to the next step. Commissioner Kroupa questioned the status of the Utility's request to perform stubbing work. Manager Weller advised that Mr. Bower indicated that this type of work will not disqualify the Utility from a loan however, money cannot be borrowed from RUS for this type of work.
2. A letter has been received from Avista stating that Justin Koepke has completed all classroom requirements for a Lineman with a score of 99.2. He has yet to take his actual test which will hopefully be completed by April.
3. A letter has been received from the Curlew School advising that their Annual Science Fair will be held on March 28. The Utility was asked to again help sponsor this event and to provide an exhibit as in previous years if possible. A motion was made by Commissioner Davis to sponsor in the amount of \$60. The motion was seconded by Commissioner Kroupa and unanimously approved.
4. A letter has been received from B.P.A. advising of an important change in how they will conduct Transmission business and explaining the affects of the change. On March 31 the new transmission scheduling system OASIS will become effective. Ferry P.U.D. is a full requirements customer and B.P.A. will be making all appropriate changes in our service to meet any new requirements and the Utility will see no specific changes. Annexation of a new service territory, purchasing power from a new source, modification or deletion of a Network Resource specified in Ferry's NT Contract, and the renewal of Ferry's NT contract at the end of its contract period would affect the transmission system.

Mr. Dennis Wuerth joined the meeting at 9:42 a.m.

5. A letter has been received from NWPPA explaining that the Utility has qualified for a Safety Award for no lost time accidents. The award will be presented on April 26 at the E&O Conference which will be held in Tacoma. The Board concurred that if Mike Brown is available to attend, he will accept the award.

Visitor, Dennis Wuerth, was introduced and given an opportunity to speak. He explained that he had no specific issues and that he was interested in attending a Board meeting. He did question the updating of the Utility's website as the meeting information was not current and questioned whether it would be possible to include the Board's Agenda. He thanked the Utility for all of the good work that was done throughout the winter as he was not aware of any outages.

Manager Weller Continued with her report.

6. A letter has just been received from the King County Office of the Prosecuting Attorney regarding criminal charges filed against the individual who forged checks against the Utility's G&O account. Because the Utility pays with warrants, it lost no funds although the entities that did cash the checks suffered a loss. Attorney Graham advised that, under the restitution laws, the Utility's time involved in the matter and associated long distance telephone calls are

not compensable. Utilities are being encouraged to change from warrants to actual checks which is not our desire. A brief recess was declared at 9:58 a.m. with the meeting reconvening at 10:00 a.m.

7. A letter has been received from the Republic BPW advising that they will be hosting their 3rd annual bingo fund-raiser on March 24 and asking the Utility to donate. In the past the Utility employees have given two \$25 gift certificates and this will again be done.
8. A claim was recently received from Mr. Terry Bryant for damages incurred on his property on July 27, 2006 when the line crew drove over a water well stand-pipe causing the hydraulic tank on the truck to puncture. This resulted in approximately 30-gallons of hydraulic fluid leaking into and around his well. The incident was reported to the Utility's insurance company at the time and an adjuster visited the site. An agreement could not be reached with Mr. Bryant as he also wanted two other water wells tested which resulted in none of the wells being tested. The Utility had asked that a Utility representative be present during the testing and Mr. Bryant would not agree to this. The total claim is for \$28,720.50 plus court costs if applicable.

Commissioner Caudell joined the meeting at 10:08 a.m.

Attorney Graham reported that he has consulted a geologist who is an expert in oil contamination of ground water and he advised that the material should be removed as quickly as possible. The Utility did show due diligence by reporting the incident to the Department of Ecology right away. The landowner may also be responsible for the incident at the pipe was not clearly marked in the tall grass. Commissioner Davis questioned the reporting sequence, i.e., is the DOE reported to first. Attorney Graham advised that by law, this is not necessary. The DOE had initially indicated that they were to be notified immediately but after he talked with them they were advised that there are different requirements for the various water sources. Commissioner Caudell requested that the Board move into an Executive Session for the purpose of discussing potential litigation. This was done at 10:12 a.m. for approximately twenty minutes. The meeting returned to regular session at 10:25 a.m. with the Board concurring that appropriate action would be to send a letter to the insurance company as expeditiously as possible and then wait for their response.

Commissioner Kroupa pointed out that the meeting will continue until 12:30 for a late lunch. A recap of the proceedings of the meeting was presented for Commissioner Caudell's benefit. Commissioner Caudell questioned the printing of the billings and Auditor Groth explained that there is the possibility that this job will be outsourced. Commissioner Caudell asked that a presentation be made to the Board on the billing and mailing process prior to a decision.

A motion to approve the minutes of the February meeting was made by Commissioner Davis. The motion was seconded by Commissioner Caudell and unanimously carried.

A motion to approve Board approved G&O Warrants Number 24438 through 24491 in the amount of \$113,076.14 and Numbers 1001 through 1039 in the amount of \$36,414.26 and Payroll Warrants Numbers 009329 through 009347 in the amount of \$42,298.54 and Numbers 009348 through 009370 in the amount of \$41,838.07 was made by Commissioner Caudell, seconded by Commissioner Davis and unanimously carried.

Manager Weller continued with her report:

Meetings:

1. The NWPPA Engineering and Operations Conference will be held in Tacoma in April. The information pertaining to the Utility's Safety Award was presented for Commissioner Caudell.
2. The Annual NWPPA Conference and Membership meeting will be held May 20 through 24 in Spokane. May 21 is scheduled to be the Regular Board Meeting day. After a brief discussion of the agenda, the Board was in agreement that they could forego the first days activities. Commissioner Caudell will attend and requested lodging at the DoubleTree. Commissioners Kroupa and Davis are undecided. Pending their final decision, Manager Weller will secure more cost effective lodging for the other two Commissioners and herself.
3. General Foreman Sage has reviewed the Okanogan County Service Territory map as prepared by Okanogan County P.U.D. and has found their proposal acceptable. The map reflects some of the proposals made by the Ferry P.U.D. Commissioner Caudell questioned the length of time Manager Berrie would be with Okanogan P.U.D. The Board was in agreement that the Territory should be finalized before he has transferred.

General Foreman Randy Sage joined the meeting at 11:10 a.m.

Mr. Sage advised that the Utility will not be giving up any existing system or consumers and the proposal appears to meet the needs of both Utilities. Manager Weller will see that an agreement is prepared for both Utilities to sign. A motion to accept the Service Territory map was made by Commissioner Caudell. The motion was seconded by Commissioner Davis and unanimously approved. Manager Weller will contact Mr. Berrie.

The General Foreman's Report was presented by Randy Sage:

1. Attended the most recent Community Advisory Board meeting. The by-laws have been completed and the next meeting will be used to establish the parameters for receiving information from the public. The next pressing issue will pertain to vehicles issues, i.e., noise levels and emissions. Commissioner Caudell recommended that Mr. Sage contact Kyle Desautel regarding his possible participation as a representative for the Colville Tribes.
2. The crew has completed two more line extensions.
3. An outage occurred at the San Poil Bay subdivision. This is the third time that the underground primary cable has faulted. An easement was obtained to relocate the wire and in the process of making the necessary repairs it was learned that a portion of the line was not covered by the required 30 inches of material.

4. There is another section, between 600 and 800 feet, of old cable to be replaced at Curlew Kai. There are several thousand feet yet to be upgraded. Commissioner Caudell advised that costs are an issue and the policy is to deal with the faults when they are found as we don't budget for putting in replacing lines and it's one thing to repair a fault and another to put in a new system. Mr. Sage explained that the costs are being tracked by work order and at the time the budget is prepared the prior years expenditures are used to help develop the budget. Commissioner Caudell stated that there is no cushion and he is worried about the situation. He agreed that the Utility does need a quality system but what he has heard is that the General Foreman elects to put in new system where the old system may be adequate. He stressed that the Utility is really tight and a rate increase may not be the way to deal with the situation. General Foreman Sage added that, from a customer service standpoint, when there are multiple faults/stresses on an underground piece of cable, and there are a number of customers served from this section, the Utility doesn't have the latitude to not make appropriate repairs. The criteria set for replacement of underground cable was three faults and they multiply and increase prior to replacement. Faults are a result of imperfections in the cable when manufactured and usually occur when ground temperatures change in the spring or fall. He concluded by stating that unless someone stops him, he will continue in the manner in which he has been operating. Commissioner Kroupa stated that he understood Commissioner Caudell's concerns but feels that there is funding to cover the expenditures. He compared our maintenance program with Avista's to the East and the expense involved with their system. He concluded by stating that he does not have a problem with performing maintenance on poles and does agree that the budget does need to be monitored closely.
5. The meeting regarding brush clearing was well attended and went very well. The contractor did ask for a commitment from the utilities present so that he could pursue the equipment. He was advised that our Utility would not be interested in the 2007 field season but would consider this type of work in the future.

Commissioner Caudell requested an Executive Session to discuss potential litigation at 11:40 a.m. for approximately fifteen minutes. The meeting returned to regular session at 12:25 p.m. and immediately adjourned for lunch. The meeting reconvened at 2:10 p.m. with Commissioner Caudell presiding in Commissioner Kroupa's absence. General Foreman Sage did not return to the meeting.

Conservation Director John Friederichs joined the meeting at 2:13 p.m. for the purpose of presenting the Conservation Report.

1. The Renewable Energy System Cost Recovery Program is moving slowly. Several packets have been sent. The Curlew Medical Clinic is interested and in all probability will be the first to take advantage of the program. The Assisted Living Facility is also interested and should be the next to participate.
2. The Public Utility Tax Credit for transportation Services did not pass through the legislation process again this year.
3. The Post 2006 Conservation Program is moving slowly as well. The Energy Smart grocery program is still in progress and a contractor has been scheduled to install door gaskets. A lighting estimate has been completed for the Republic School. The decision to proceed now rests with the School. A portion of the total cost will be paid by B.P.A..
4. Arrangements will be finalized for the PV installation at the new Assisted Living facility. The new Curlew Medical Clinic will also have a grid-tied PV installation. Commissioner Caudell asked that the Utility send a letter of appreciation to Mrs. O'Halloran for her support of renewables by installing the PV system on the Clinic. Board concurrence.
5. The wood waste-to-methanol may still be possible. TEDD is looking for an economic development project in either Ferry or Stevens County. Met with TEDD and interested area individuals to put together a pre-application for review in hopes that a full application will be requested. The proposal included several new businesses for the area.

Manager Weller provided information regarding a telephone conversation she had with a gentleman from New York who is interested in bringing a major industry into Ferry County.

Mr. Friederichs was thanked for his report and he exited the meeting at 2:40 p.m.

Commissioners Reports:

Commissioner Davis:

1. Attended two of the Horizon Project meetings which are focused on combating poverty and implementing changes in the County. High School seniors at Curlew, Republic and Inchelium Schools are also developing proposals to improve the status of those in poverty. More meetings are planned.
2. Attended the meeting with the local contractor and other utilities to discuss a brush cutting program. Would be interested to see a pilot program to see if this equipment would truly be cost effective.
3. The letter from employees was covered earlier.
4. The matter of direct payroll deposit was questioned. Manager Weller advised that she met with the Union Representative on February 26. Those at the meeting agreed to wait to see what the outcome will be after the payroll portion of the new computer system is operational. Will see how many employees voluntarily sign up for this option. Another meeting will be held in September with the Union to discuss further.

Commission Caudell asked that the minutes reflect a correction to the morning Executive Session. The purpose was to discuss personnel matters with personnel present rather than litigation which may be the next step. Attorney Graham added that the Board came out of Executive Session at 12:05 p.m. for the purpose of extending the Executive Session until 12:25 p.m.

5. A TRICO meeting will be held on April 28. Has responded to information on the by-laws amendments. Commissioner Caudell questioned whether this information should have been completed by the full Board as Commissioner Davis is representing the other Commissioners.

Manager Weller continued her report:

General Business:

1. Training on the new computer system has just been completed. A PCS trainer was at the Utility for ten days working with Auditor Groth on the financial side which includes accounts payable, payroll, ARO and the general ledger and all components are now live. April 1 is the target date to make transportation, work orders and inventory live. The first payroll run is being processed and carefully reviewed. The first accounts payable check run has been completed through the new system. The first 2,000 checks received were incorrect and have been reordered at no cost to the Utility. PCS is available until 4:00 p.m. our time to answer any questions. The Internet may be causing problems as connections were lost during training. Commissioner Caudell added that the Utility is to make Verizon aware of the problems. He has spoken with Senator Cantwell's Aide regarding the pricing inconsistencies and fiber availability. There are at least six telecommunications bills before the legislature this spring. Unfortunately they don't really deal with rural communities. He has asked the WPUDA to engage on the subject and to make sure that we're in that discussion again.

Commissioner Kroupa returned to the meeting at 3:07 p.m.

The Manager's Report continued:

- The Utility has begun ramping up to start on the customer service/billing portion of the system. Auditor Jennine Groth and Deputy Auditor Marilee Schertenleib worked through the weekend on the payroll system. Treasurer Jayne Jurgensen and Deputy Treasurer Andrea Olson also had training on the cash manager program. Work order training has been provided to Staking Engineer Steve VanSlyke and Warehouseman Mike Brown has received training on the outside information. Commissioner Caudell questioned whether information is still being migrated and whether the system is still within budget. Manager Weller answered in the affirmative to both questions.
2. The Union employees were granted a wage increase effective April 1, 2007. Administrative Schedule 24-07 was presented to the Board which will allow a wage increase for management personnel. A motion was made by Commissioner Caudell to accept Proposal Schedule 24-07. The motion was seconded by Commissioner Davis and unanimously approved. As per 04/16/07 Bd Mtg. increase as follows: Union Linemen 3%, all other Union personnel & Management personnel 2%.

Commissioner Caudell questioned the status of the satellite which would allow the Utility to have a back-up Internet connection. Manager Weller advised that the Utility can go use the PCS satellite and connect directly to their computers. However, the Utility has gone through the Republic TV Association for a back-up connection at the cost of \$27.50 per month.

3. The NRU letter written to B.P.A. explaining NRU's position regarding the proposed IOU benefit increase was briefly discussed. The Utility's Resolution opposing this increase has also been sent to B.P.A.
4. The draft communication policy presented at the February meeting was brought up for review. The proposed updated draft will make the use of Utility-owned computers for personal use more stringent. It also explains that information that goes over the Internet is public. Information that supervisors and Managers are receiving indicates that companies are getting into trouble with employees use of the Internet. Commissioner Caudell questioned what constituted de minimis use. Attorney Graham explained that the State Auditors Office has yet to define de minimis use. Most State agencies and counties do not have a de minimis policy for the Utility to adopt. He added that he does know that governments allow employees to use the Internet on their breaks. Manager Weller added that the Utility had a first directive and the second directive was created to tighten up the requirements. The Board concurred that they would review the document and bring back to the April Board meeting.
5. A proposed change in the Travel Policy was presented. It was explained that the current policy states that the Utility will follow the State POV mileage rate for personal vehicle use reimbursement. Employees have always been encouraged to use Utility vehicles when they travel.

Mr. Wuerth thanked the Board for their time and he exited the meeting at 3:10 p.m.

- Employees have more flexibility when they use their personal vehicles however, sometimes additional mileage is included in the reimbursement. The proposed change to the policy is that personal vehicles may still be used however the employee will only be reimbursed for fuel used for the trip. Manager Weller recommended changing the policy back to the old way as this will save the Utility money as the new State mileage rate is now 48.5 cents per mile. The Board concurred that it is more cost effective to use Utility vehicles and all agreed to do so when it will meet their travel needs. Commissioner Caudell added that he did not feel that the Utility should be trying to save money on travel. Commissioner Kroupa added that reimbursement for driving long distances versus flying can be quite costly. Auditor Groth interjected that the Conservation Vehicle is available as it is used very little. Commissioner Kroupa added that he felt changing the policy was too extreme and that most employees travel to one or two workshops per year while Commissioner Caudell is away for extended periods. It would not be cost effective to have a Utility vehicle tied up for the length of time Commissioner Caudell is away. Auditor Groth suggested two separate travel policies, one for commissioners and one for employees. Commissioner Caudell questioned whether the travel was being abused. Manager Weller explained that it was an issue in the management meeting as employees had issues with who could use a company vehicle and who could use their personal vehicle and be reimbursed. The Board concurred that Manager Weller is to talk with employees prior to travel. Commissioner Davis added that he felt the policy should remain as it is currently and employees should be encouraged to use a company vehicle however, if they want to take a spouse they should be able to take their personal vehicle and be appropriately reimbursed.
6. Met with the Union on February 26 regarding the direct deposit of payroll checks issue. As agreed at the meeting,

- will meet again in September to review the situation.
7. Met with Management personnel on March 9 to discuss some of the issues. They were told that she would meet again to continue the discussion.
 8. Have spoken with two individuals who would be available to put together an employee and consumer survey. Commissioner Caudell added that one of the individuals is also a consultant for employee relations and would be able to interview employees and Board to learn what the issue is. Commissioner Davis requested additional pricing information for both companies in order to make a decision at the April Board meeting. Commissioner Kroupa stated that he would like to see the Board have input into the nature of the survey and what kind of questions should be asked, whereas, Commissioner Caudell feels that the person performing the survey should develop all questions.
 9. Attended a Fred Pryor meeting in Spokane with a summary provided to the Board. They were asked to consider the suggestion made.
 10. Power Engineers has been contacted regarding the Construction Work Plans. They have now completed the modeling for the distribution system as the Load Forecast has been approved by RUS. The load allocation to allocate to each of the substations has been completed, emailed to Staking Engineer Steve VanSlyke and approved by Mr. VanSlyke and Dan Bower of RUS. The total cost of the report is \$86,000. Commissioner Caudell expressed concern that this report will create the Utility's High Water Mark for B.P.A. Commissioner Kroupa stated that he had an opportunity to visit with John Heberling and Mr. Heberling suggested that the Utility consider a different type of loan that is usually ½% over the RUS rate but does not require the RUS reporting. Auditor Groth interjected that the Utility is required to complete the reports because it is an RUS borrower.

A brief recess was declared at 4:00 p.m. with the meeting reconvening at 4:05 p.m.

11. The need to bring all customer deposits up to the current level of \$200 was presented. There were a number of customers that chose not to pay the additional amount and the Utility has been transferring a portion of their payments to the deposit to meet the requirement. The winter moratorium is now lifted and delinquent services will now be disconnected for non-payment. Any customer that is disconnected will not be reconnected until they have met the deposit requirements. The new billing computer system will become effective on July 1 and there must be a minimal number of delinquent accounts at this time. The Utility will also read every meter for two consecutive months. Information will be provided to consumers explaining this need. This will meet the Utility's requirement of reading all meters annually to identify problems.
12. A vacation request was submitted for signature.
13. The Revolving Loan committee will meet immediately following the Board meeting.

The Attorney's Report was presented by Attorney Graham:

1. The question posed at the February Board meeting by Credit Manager Jurgensen regarding adding delinquent 143 billings to a customers electric billing has been researched. Emailed the entire WPUDA Attorneys association and spoke with several in person. The general consensus is that accidents or consumer caused expenses on a consumers property could rightfully be attached to the power bill. If a consumer caused a power outage off their residential property this could not be added to their electric bill. The additional charges are based on a tort principle (someone has caused damage) there is a three-year statute of limitation. Recommended that the policy be amended to allow the District to clearly make it evident to consumers that these add-ons can simply be attached to their main power bill. Old expenses would need to be resolved either by writing off or taking to small claims court. Commissioner Caudell asked that Manager Weller and Auditor Groth develop a policy for the April Board meeting.
2. There are certain terms used in the Utility's Policy Handbook that could be made gender neutral to reduce potential liability in the future. Auditor Groth questioned whether the wording in the Policy Handbook should agree with the Union Contract and would changing the Handbook affect the Contract. Attorney Graham advised that changes of this nature would have no impact on the Contract. Commissioner Caudell stated that if the Union doesn't have an issue with the wording then the Utility shouldn't.
3. Very little new information regarding the Steinbock matter. A portion of their property is being foreclosed on. Judge Nielsen will decide the outcome at the end of April and he will be asked to dismiss the case against the Utility.
4. Has reviewed the Kinross Contract as requested and the Utility will act as go-between with the private contractor for the construction of the underground and overhead line. There is not liability for the Utility and all expenses are on Kinross.
5. Questioned a comment made by Commissioner Caudell at the February Board Meeting regarding CALEA. Commissioner Caudell explained that he has gathered information. The law states that anyone in the ISP business has to comply with the Federal regulation that makes their email achievable and subject to search. The date that this became effective has since passed. Commissioner Caudell will forward emails to Attorney Graham regarding the subject.
6. Information was distributed to the Board regarding the Open Public Meeting Act and how this applies to any governmental entity.

The Board went into Executive Session at 4:45 p.m. for approximately twenty minutes for the purpose of discussing potential litigation. The meeting returned to regular session at 5:12 p.m.

Lobbying: None

Commissioners Reports:

Commissioner Caudell:

1. Provided information relative to his recent trip to Washington, DC. Had an opportunity to speak with Senator Cantwell's Aide regarding the 2006 Census. Ferry County is challenged to be eligible for grants as the Census

omitted anything except Republic. For most grants, if the area is not Census recognized and entity is not eligible. It has been learned that there is a 6-month period after a Census is completed to appeal the outcome and this was not done. The next opportunity to correct this matter is during the 2010 Census. Broadband into the northern portion of the County was also discussed with the Aide, as was Verizon. The Universal Service Fund is deployed according to zip code. This is one of the areas that is being looked into with the new bills. Is encouraging WPUA Managers to draft a universal service position paper along with the lobbyist in Washington DC monitoring the situation. Met with the UTC Commissioner in Olympia in hopes that public power can get into the loop and not be excluded in the definition of service providers. Had a great visit with the delegation and was the emcee and choreographed the presentation. As per 04/16/07 Bd. Mtg. - for WPUA as President.

With no further business to come before the Board, the meeting recessed at 5:25 p.m.

Recessed meeting of March 19, 2007 was called to order by President Chris Kroupa at 4:45 p.m. on March 28, 2007. Present were Commissioners Kroupa and Nathan Davis, Attorney Steve Graham and Manager Roberta Weller. A conference call with Lauren Glickman was initiated to discuss the format to be used for an upcoming survey. Said call was ended at 5:30 p.m.

At 5:45 p.m. the Revolving Fund Board of Directors meeting commenced with Commissioners Kroupa and Davis, Attorney Steve Graham, Recording Secretary Roberta Weller in attendance and Director Gail Kuehne present via phone conference. Commissioner Gregg Caudell joined the group at 5:50 p.m. and Director Dan Miller was absent.

The Minutes of the Directors' March 19th meeting were approved.

A Loan request by K Diamond K Ranch was brought before the Directors and thoroughly discussed. Mr. Steve Konz joined the group at 6:10 p.m. to make a further presentation. Motion was made, seconded and unanimously approved to loan K Diamond K Ranch \$80,000.00 at 5% interest for 10 years with a 6 month grace period before interest started to accrue and first payment due. Mr. Konz exited the meeting room. Details of securing collateral and drawing the documents were directed to Attorney Graham and Manager Weller.

Commissioner Caudell moved and Commissioner Davis seconded the motion to retain Gail Kuehne as a Director on the Revolving Fund Board for another 2 year term and the motion unanimously carried.

Revolving Fund Board of Directors meeting ended at 6:50 p.m.

P.U.D. Commissioners Board meeting continued with Attorney Steve Graham explaining the laws governing the awarding of contracts and the setting of performance bonds for construction work. The Board was presented with an analysis from Power Engineers covering the bids submitted for the Kinross overhead line construction and underground line construction. Overhead line bids were received from Wilson Construction in the amount of \$824,676.82, Hawkeye Construction in the amount of \$1,092,025.56, and International Line Builders in the amount of \$1,097,382.17. One underground line bid was received from Alpine Concrete & Excavating in the amount of \$297,816.00.

Commissioner Caudell moved and Commissioner Davis seconded the motion to accept Wilson Construction bid for overhead line construction and Alpine Concrete & Excavating bid for underground line construction and to set the Bond at 100%. Motion unanimously carried.

Board concurred with awarding the Wood Poles bid to J. A. Baxster, the Steel Pole bid to Saber Tubular Structures and the Materials Bid to General Pacific.

With no further business to come before the Board, the Meeting was adjourned at 7:20 pm

BOARD OF COMMISSIONERS
PUBLIC UTILITY DISTRICT NO. ONE
FERRY COUNTY, WASHINGTON

President

Vice-President

ATTEST:

Secretary

APPROVED:

Manager