PRESENT: Commissioners Dan G. Gunkel-President, Ray A. Mosbrucker-Vice President, and Randy L. Knowles, Secretary.

STAFF PRESENT: Jim Smith-General Manager, Ron Ihrig-Chief Operating Officer, Ron Schultz-Chief Engineer, Holly Dohrman-Power Manager, Kevin Ricks-LFG Site Manager, Anita Thompson-Senior Accountant, Gwyn Miller-H.R./I.T. Manager, Brandy Myers-Accountant, Mike DeMott-Customer Service Supervisor, and Kathy Loveland-Executive Assistant.

GUESTS: John Janney with Lands Energy; and Sherry Carver-Public at Large.

CALL TO ORDER: The meeting was called to order at 2:00pm by President Dan Gunkel.

PLEDGE: The Pledge of Allegiance was recited by those present.

MINUTES: Motion was made by Commissioner Ray Mosbrucker to approve the April 08, 2014 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Brandy Myers presented the Claims and Payroll data for the Board’s approval. MOTION was made by Commissioner Randy Knowles to approve payroll warrants #43136 through #43137 and #9911051 through #9911128 in the amount of $177,401.25 for the payroll period ending April 14, 2014 as presented; to approve accounts payable vouchers #99627 thru #99752 for the period ending April 22, 2014 as presented in the amount of $1,875,267.51; and to approve special vouchers #99617 thru #99626 and #99753 thru #99754; and Wires #8800103 thru #8800104 and #8800108 in the amount of $285,692.11 for the period ending April 22, 2014. Motion carried.

PUBLIC COMMENTS: None at this time.

REPORTS:
Commissioner Ray Mosbrucker reported that he attended the Washington PUD Association (WPUDA) meetings April 16-18, 2014 in Longview, WA at which re-election of officers took place. Grant PUD continues to work on a plan for repairing the Wanapum Dam spillway, which will be a costly endeavor. Current estimates are $60 million. Senator Hatfield spoke at the Government Relations Committee meeting, and recommended that the WPUDA members approach legislators in a united voice, as that is what the senate prefers. According to the draft dues calculation, the District should be receiving a deduction in annual WPUDA dues by 2%, as the dues calculation now includes fiber business revenues. This shifts some of the WPUDA costs to those utilities that provide services over fiber and benefit from the work WPUDA does on their behalf. The budget will be finalized at the next meeting, following final review.

Commissioner Randy Knowles reported that he was successful in his invitation to Oregon Senator Ron Wyden to visit the potential pumped storage site the next time the Senator is in our vicinity, which should be within the next month.

Commissioner Dan Gunkel reported that he would be attending Energy Northwest’s Board meeting April 23-24, 2014 in Richland, Washington. Elections for the 5 internal Executive Board members will be held. Commissioner Gunkel also noted that Energy Northwest’s Columbia Generating Station is running well and should continue to do so until the planned outage.

GENERAL MANAGER: Jim Smith presented the managers report, and with Board input the date of June 12, 2014 was chosen for a workshop on excellence in governance. The report was accepted as presented.
POWER MANAGEMENT: Holly Dohrmann presented the monthly Power Management Department’s report for March 2014 which included daily energy prices, generation totals for our projects, our net position, as well as the outcome of our hedges year-to-date. The report was accepted as presented.

ACCOUNTING: Anita Thompson presented the monthly financial statements for February 2014, noting that the March financials would be presented at the next Board meeting. Anita also noted that the financial auditors with Moss-Adams completed their in house field work the end of March. The audit is proceeding as expected. Anita has also been in contact with the WA State Auditor, who plans to be onsite late this summer or early fall to perform the state audit. The report was accepted as presented.

OPERATIONS DIVISION: Jeff Thayer presented the monthly outage statistics and safety review for March 2014. He noted that the Ponderosa Park reservoir was finished on time and on budget. Jeff also reported that our new safety manuals were completed by a small sub-group of the Safety Standards Committee and have been distributed to district employees.

Ron Schultz presented the monthly engineering department report for March, and reviewed 2014 capital projects in progress.

Ron Ihrig reminded the Commissioners of the May 10th Safety Banquet. He reported that he and Anita Thompson met with the Klickitat County auditor last week to discuss the Dallesport wastewater system audit issues. We may be looking at completing an amendment to our wastewater system operator contract with the county by this fall. Ron also noted that we received the Report of Examination (ROE) for the Landfill Gas project. The water right will be for 89 acf at 93 gallons/minute. The water right will provide water for use at our HW Hill LFG facility as well as for Republic Service’s use at the landfill. We also have signed a contract with John Grim & Associates for engineering services for the Bickleton water project. The contract amount came in a little higher than anticipated due to USDA requirements that have to be met. The reports were accepted as presented.

HW HILL LANDFILL GAS -- Kevin Ricks presented the monthly LFG report for March, and also provided an update on the steam turbine / heat recovery system repairs. Start-up is currently planned for next week, and the system will be monitored closely. The report was accepted as presented.

AGENDA ITEMS:

A. PRE-QUALIFICATION OF CONTRACTORS – MOTION was made by Commissioner Ray Mosbrucker to authorize the addition of the following contractors to Klickitat PUD’s Works Rosters for 2014.
   - Track Utilities, LLC of Meridian, Idaho – Small & Large Works Rosters
   - Brent Woodward, Inc. of Redmond, Oregon – Small Works Roster
   - JH Kelly of Tacoma, Washington – Small Works Roster
Motion carried.

B. PROFESSIONAL SERVICE CONSULTANTS – MOTION was made by Commissioner Ray Mosbrucker to authorize the addition of N&T Consulting of Livermore, California to Klickitat PUD’s Professional Services Consultants listing for 2014. Motion carried.

C. SET PUBLIC HEARING DATE – Water-WW Rates – MOTION was made by Commissioner Randy Knowles to set a public hearing date for Tuesday, May 27, 2014 at 3:00pm for presentation of the proposed water and wastewater system rates, and directed staff to advertise such in the local newspapers. Motion carried.

D. PUBLIC HEARING – President Gunkel opened the public hearing at 4:25pm, and asked staff to provide an overview of their supplemental budget request and the reasoning for such. Following the presentation, President Gunkel asked if there were any comments from the public. Hearing none, President Gunkel closed the hearing at 4:38pm.

E. SUPPLEMENTAL BUDGET – Following discussion, MOTION was made by Commissioner Randy Knowles to approve the Supplemental 2014 Budget request in the amount of $350,000 to advance certain substation improvements from 2015 to 2014 per staff’s recommendation. Motion carried.
F. **FINANCIAL MODEL** – Jim Smith and John Janney (consultant with Lands Energy) presented draft stochastic financial model scenarios and discussed philosophies with the Board in regard to financial planning. The model provides staff and the Board with tools to better quantify risk and the effects of financial decisions on our financial position. Commissioner Gunkel asked staff to also have sensitivity to interest rates when considering bond refinancing. Mr. Janney recommended that the Board consider reviewing an updated 5-year forecast model on a quarterly basis, in order to keep an eye on the direction that numbers are moving. He also noted that the General Manager has asked Lands Energy to assist with developing revisions to the District’s financial and risk management policies to reflect additional financial measures, of which the models can then be utilized by the Board to assist in making decisions regarding risk mitigation.

Following discussion, the Board provided staff with input to consider in making policy revisions, which will be brought back to the Board at a future meeting.

No action was required at this time.

G. **EXECUTIVE SESSION: Potential Litigation** – President Gunkel called for an Executive Session at 4:45pm per RCW42.30.110 (1)(i) for the purpose of discussing the Landfill Gas Contract issues, noting that the session would last for 30 minutes.

**RCW 42.30.110 – Executive Sessions.**
(1) Nothing contained in this chapter may be construed to prevent a governing body from holding an executive session during a regular or special meeting:

(i) To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation.

The Executive Session concluded at 5:15pm. No action was taken.

**ADJOURNMENT:** There being no further business, the meeting adjourned at 5:16pm.

/s/ Dan G. Gunkel, President

/s/ Ray A. Mosbrucker, Vice President

/s/ Randy L. Knowles, Secretary

/s/ Kathy Loveland, Executive Assistant

Date Approved: 5/13/2014