

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, February 9, 2021
1:00 p.m.

Due to the office closure associated with COVID-19 precautionary standards, in person attendance is still restricted. Attendance is noted below.

CALL TO ORDER: President Douglas B. Miller called the meeting to order at 1:00 p.m. as advertised.

GUESTS: Jena MacLean, Perkins Coie and Meredith Weinberg, Perkins Coie

AGENDA ITEMS:

- A. **EXECUTIVE SESSION:** Potential Litigation MM-28 - President Miller called for an Executive Session at 1:00 p.m. per RCW 42.30.110 (1)(i) noting that the session would last for 60 minutes, for the purpose of discussing the Mile Marker 28 fire litigation. The commissioners, Jim Smith, Gwyn Miller, Jena MacLean of Perkins Coie (via teleconference), Meredith Weinberg also of Perkins Coie (via teleconference) and Jeff Thayer were present for the session. The session ended at 1:56 p.m. No action was taken.

RCW 42.30.110 – Executive Session.

(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:

PRESENT: Douglas B. Miller - President, Randy L. Knowles -Vice President, and Dan G. Gunkel- Secretary

STAFF PRESENT: Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, and Luann Mata - Executive Assistant.

Via teleconference: Mike DeMott - Director of Finance and Power Management, Brandy Myers - Customer Service Supervisor, Alex Casimiro - AP Clerk, Cynthia Bruce - Accounting Clerk, Beth Schroder - Accountant, Ron Schultz - Engineering Manager, Kevin Ricks - Renewable Energy Assets Manager, April Greenlaw - Operations Support Assistant, Brandon Walter - Water/Wastewater Superintendent, Doug Senn - RNG Site Supervisor, Mark Pritchard - Operations Manager, Jeff Thayer - Materials Manager, Mark Garner - Engineering Customer Supervisor, and Brandon Johnson - Engineering Tech.

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

MINUTES: **MOTION** was made by Commissioner Knowles to approve the January 26, 2021 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Alex Casimiro. Vouchers were audited and certified by the auditing officer as required by RCW 42.24.080, and all expense reimbursement claims presented were certified as required by RCW 42.24.090 and were recorded on a listing made available to the board this 9th day of February, 2021.

MOTION was made by Commissioner Gunkel to approve accounts payable vouchers and payroll in the amounts as listed:

- Accounts Payable Voucher Nos. 209578 through 209579 and 209581 through 209677 in the total amount of \$531,221.58; Wire and Automated Clearing House (ACH) transaction Nos. 8801420 through 8801430, along with Electronic Funds Transfer (EFT) transaction Nos. 209 through 210 in the total amount of \$261,248.86 for the period ending February 9, 2021; and

- Payroll Warrant No. 209580 and ACH Direct Deposit Payroll transactions 206451 through 206533 in the total amount of \$200,448.27 for the payroll period ending January 31, 2021.

Motion carried.

PUBLIC COMMENTS: None

AGENDA ITEMS Cont.:

E. **DEBT RESTRUCTURING DISCUSSION** - Mike DeMott presented options for restructuring the Renewable Natural Gas debt to allow for the potential to refinance customer funded debt to reduce our interest costs. After review and discussion, Mike recommended that we pursue the North Cascades Bank RNG refinancing proposal which will lock in interest savings thereby reducing annual debt service requirements. The loan under the proposed structure would be fully repaid by 2028 or 10 years from commercial operation of the facility. The bank is preparing a loan proposal letter which will be received within a few days.

Mike also discussed two options for refinancing the 2035 and 2036 maturities of the 2015A bonds. These options continue to be tax exempt financing options and would reduce the interest rate on the callable bond debt. The proposed refinance structure would reduce the interest rate and also allow for early principle and interest payments.

After significant discussion, the commissioners supported the RNG refinance under the North Cascades proposal to reduce the interest rate and extend the repayment option out an additional five years from the original approved financing structure. Mike will begin working with North Cascades Bank to lock in the interest rate and will bring back a resolution approving the refinance. The commissioners also supported the refinance of the 2035 and 2036 maturities of the 2015A bonds under the Washington Federal Bank proposal. Commissioner Knowles preferred this option which provided full discretion on prepayment. He also requested that Mike negotiate for a lower interest rate. Commissioner Gunkel supported the refinance with a stipulation that we add a line item to our budget for an accelerated minimum annual repayment of one million dollars for the first three years and three million for the remainder of the loan. Mike left with the direction of committing to the RNG terms with North Cascades Bank and to pursue the Washington Federal proposal for the 2015A bond debt and work to negotiate a better interest rate than the proposal reviewed. Commissioner Miller agreed with the restructuring options including the budgetary commitment. Mike will bring back resolutions to a future board meeting for approval of the final proposals.

REPORTS:

Renewable Energy Assets - January update - Kevin Ricks presented the department report for January. The plant experienced two outages. One occurred as staff was implementing a control system program change and the other was a scheduled maintenance item that was moved up on the schedule. Neither of these outages was long-lasting, totaling 955 dekatherms of lost production. Kevin also discussed the meeting with Republic Services regarding leachates. The meeting went very well and Republic management personnel were engaged in the conversation to provided clarity on what they are required to do and the challenges that they face. They also listened to our concerns. The meeting was left with a better understanding of each other's challenges. Kevin is revising our operating agreement to work to meet these challenges as Republic works to help us increase gas volume. We have also received Republic's approval to move forward with installation of the LOCI well monitoring system. This system will provide valuable data to both sides on well efficiency.

Purchasing Report - Jeff Thayer presented an update to the board on the scrap metal sales from 2020. We have revised our scrap separation process over the past few years. By doing so we are able to realize a higher recycle price per pound. Our last trip statistics were provided in the board packet. In 2020, we received \$38,167.79 in scrap value as a result of the program. Staff will continue to look for value in fleet, warehouse and buildings and grounds for the utility and our customers.

- B. CALL FOR BID: TREE TRIMMING and RIGHT-OF-WAY CLEARING - **MOTION** was made by Commissioner Knowles to authorize staff to call for bids on the 2021 Tree Trimming and Right-of-Way Clearing project. Motion carried.
- C. PREQUALIFICATION OF CONTRATORS - **MOTION** was made by Commissioner Knowles to approve the addition of Proper Plumbing Solutions, LLC and agree to add them to the small works roster for the 2021 period. Motion carried.
- D. PROFESSIONAL SERVICES APPROVAL - **MOTION** was made by Commissioner Knowles to approve the addition of the three firms presented and agree to add them to the professional services roster for the 2021 period. Motion carried.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller discussed the redistricting process, some system considerations as we continue with our remote work force efforts and the natural gas challenges. He also discussed the CEASE article and the understanding of the cost of installing renewable resources. Gwyn Miller stated that Kevin provided a site visit to the Seattle Times regarding the renewable resources. The Snake River dams and the legislative bills continue to be a discussion during Washington Public Utility District Association meetings. Doug plans to attend Thursday's meeting next week. He also felt it would be beneficial to attend some of the Public Utility Risk Management System meetings to begin to learn the risk considerations of utilities.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles did not have a report.

COMMISSIONER DAN GUNKEL - Commissioner Gunkel appreciated the discussion regarding Mile Marker 28.

ASSISTANT GENERAL MANAGER - Gwyn Miller presented the current operational update.

- COVID-19 updates: Gwyn reviewed the state's current phase requirements. There are not many changes between phase one or phase two. The main differences are indoor dining and outdoor events. The metrics are reevaluated weekly. She also mentioned that we will bring back an update on assistance program partnerships.
- Legislative bills: Gwyn asked commissioners to review House Bill 1490. WPUA is opposed to this bill and is testifying on behalf of member utilities.
- Coverage: Gwyn stated that we are rotating customer service and support staff for coverage in the White Salmon office. She would like to discuss ongoing options of what coverage should look like in the future for this office. Multiple coverage options were discussed as well as philosophy for the future of this office. More discussions to come.
- E3 Solutions conversation: We brought in a vendor to analyze the meeting room. We discussed technology, audio and visual requirements. The focus is to ensure visual quality of the projector to allow for high quality viewing of documents. The second focus is the audio solutions as we want to have ease of use and high quality. We are somewhat limited in options with the building structure for audio quality, but will bring back the decision on the options selected. The focus will be to continue to use the big meeting room as the commission room now as well as in the future.

