



**Special Meeting Minutes
Of the Board of Commissioners
Port of Chelan County
Joint Session with Chelan County & Chelan County PUD
Tuesday, June 29th, 2010 at 1:00 pm
Chelan County PUD – Commission Board Room
327 North Wenatchee Avenue – Wenatchee, WA 98801**

Present:

Port of Chelan County

Craig N. Larsen, Commissioner
JC Baldwin, Commissioner
Pete Fraley, Legal Counsel
Mark Urdahl, Executive Director
Judy Bradford, Director of Business Operations
Kathleen Knappert, Staff Assistant
Mike Armstrong, External Affairs Director
Ron Johnston-Rodriguez, Economic Dev. Director

Chelan County

Keith Goehner, Commissioner
Ron Walter, Commissioner
Doug England, Commissioner

Mayors

Gordon Irle, City of Cashmere
Bob Goedde, City of Chelan
Keith Vradenburg, City of Entiat
Dennis Johnson, City of Wenatchee
Rob Eaton, City of Leavenworth

Chelan County PUD

Dennis Bolz, Commissioner
Randy Smith, Commissioner
Carnan Bergren, Commissioner
Ann Congdon, Commissioner
Norm Gutzwiler, Commissioner
John Janney, Executive Mgr. – Finance, CFO & CRO
Joe Jarvis, Executive Mgr.: – Operations Group
Wayne Wright, Exec. Mgr. – Dist. Services Group
Jeff Smith, Director of External Affairs
Kirk Hudson
John Stoll
John Smith
Rich Riazzi, General Manager
Sheila Salmon, Board Clerk

Others:

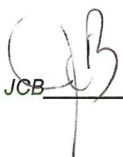

Jim Reinbold, City of Chelan
Mike Irwin, Wenatchee World
David Grimes, Chelan County Comm. Dev.
Jolene Gosselin-Campbell, Chelan County Comm. Dev.

Pat Haley, Port of Douglas County
Jim Huffman, Port of Douglas County
Bill Stokes, Chelan County Citizen

PUD Commissioner President Dennis Bolz called the Chelan County Tri Commission meeting to order. Each public agency called its meeting to order in succession. Port of Chelan County Commission President Craig Larsen called the special meeting of the Port of Chelan County commission to order at 1:03 pm. The pledge of allegiance was led by Commissioner PUD Commission President Dennis Bolz.

Jeff Smith with Chelan County PUD acted as facilitator for the Tri-commission meeting. Self introductions around the table and around the room were made. Smith Announced the meeting is being recorded.

Smith stated the first item on the agenda would be the discussion on future power allocations. He reported there are several long term-contracts that will be expiring in 2011 and 2012. Rich Riazzi, PUD General Manager, gave an overview of the strategic planning process of the PUD and a background of the expiring contracts and future power allocations. He spoke about recent outreach to gather information and opinions from the public, employees, and business community leaders. He stated, from a customer's perspective main priorities include keeping low and stable rates. He reported the strategic plan will be completed as the PUD enters the budget cycle in November. Riazzi also gave an overview and background of the expiring contracts and future power allocations. He stated that

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previously, the PUD relied more heavily on wholesale sales which are becoming more volatile. The PUD plans to develop a comprehensive set of financial policies designed to keep the service utility healthy and sustainable. Last week the PUD Board approved a set of financial policies. They will be also considering a tiered rate in the near future. Riazzi reported that in 2012 about 200 megawatts of power will be returning to the district. He stated the rate price for this power may be 4 to 6 cents per kilowatt. Discussion ensued. John Stoll reported the PUD currently has approximately 30 industrial customers, each currently using between 1 and 3 megawatts. Discussion on power usage and rates ensued.

Mark Urdahl extended an invitation to the members of the Tri-Commission board to Pat Moore's retirement celebration. He reported Pat Moore's last day of employment will be on June 30th. Urdahl stated the new Airport Director, Greg Phillips, will be starting on August 1st. Moore will likely return on a contract basis to complete transitional work with Phillips. Urdahl stated the largest upcoming project for the airport is the runway extension.

Port Commissioner Craig Larsen reported on the recent Denver Small Airports conference. He reported meeting with representatives from Frontier, SkyWest, and Great Lakes Airlines. He also stated the airport transitioned to 76 seat aircrafts. The runway extension will allow for more opportunities at Pangborn Airport.

Mark Urdahl reported demolition will soon begin on the kiln building at Cashmere Mill site. Work to remove wood waste will also take place. He stated the Sunset Highway project has been postponed to next year. Urdahl reported the Port has retained Heartland LLC to evaluation options for the Peshastin property. One idea for the property is a potential wine village concept. He reported the Peshastin site has been opened to non-motorized public access. Urdahl also reported the Port recently purchased the Pybus property and are currently working on a three-party pre-development agreement between the Port, the City, and Mr. Mischaikov, the adjoining property owner.

Chelan County Commissioner Ron Walter reported the county will be hosting the Western Interstate Region convention. The Western Interstate Region is a branch of the National Association of Counties that focuses on natural resource energy, agriculture, public lands and transportation issues that are unique to the West. He reported approximately 200-300 county commissioners will be attending this week-long conference. The County will organize tours for the group. Walter also reported on the Stemilt Loop project.

Chelan County Commissioner Keith Goehner stated there is a group meeting regularly regarding biomass. The group includes the Forest Service and public agencies. Currently, they are determining what is available in Chelan County and more broadly, North Central Washington. Goehner also reported Jeff Wilson was selected as the Community Development Director.

Chelan County Commissioner Doug England reported the Holden Mine restoration project has been postponed to 2013. He also reported the county is in preliminary discussions on extending the sewer system to Chatham Hill.

Port of Douglas Executive Director, Pat Haley, commented on power rates and expressed support for low rates for industrial customers. He stated low rates will help in recruiting new industries Chelan and Douglas counties. He also stated data centers are attractive targets for recruitment.

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Mark Urdahl reported the Port of Chelan County is not recruiting data centers. He states the Ports concerns with future power allocations are rooted in using the surplus power to recruit business, possibly specialty manufacturers, which will create a large number of jobs. Commissioner Larsen agreed with the statements made by Urdahl and stated the Port is interested in less power intensive, more labor intensive, good paying jobs.

The next Tri-commission meeting will be held on a date, time and location to be determined.

Meeting was adjourned at 2:10 pm.

Signed and dated this 21st day of April, 2011.

PORT OF CHELAN COUNTY



JC Baldwin, Commissioner

Excused Absence

Michael H. Mackey, Commissioner



Craig N. Larsen, Commissioner