

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
February 5, 2018
NEWPORT CONFERENCE ROOM, NEWPORT, WA

SPECIAL MEETING

Present: Daniel L. Peterson, President
Curtis J. Knapp, Vice President
Richard A. Larson, Secretary

Staff Present: F. Colin Willenbrock, General Manager
District Staff
Karen Willner, Clerk of the Board

Others: 16 Members of the Public

Pursuant to notice given to the Newport Miner, a Special Meeting for the purpose of discussing a Ponderay Newsprint Company (PNC) Settlement was called to order at 9:00 a.m. by Daniel L. Peterson, President.

Commissioner Peterson provided a format for today's meeting. Introductions were provided.

F. Colin Willenbrock, District General Manager provided an overview and reported PNC is the District's largest industrial customer. He reported the District has received a negotiated settlement and offer that have been signed and executed by PNC partnership.

A member of the public inquired if the public can get a copy of the settlement agreement. Mr. Willenbrock explained the agreement is continuing to be reviewed by the attorneys and is therefore still under attorney-client privilege. He suggested the person submit a public records request.

The public inquired about a sliding scale and the loss amount; if the District could handle another industrial customer's load if PNC remains; the settlement timeline; the costs if the contract stays in place; format of a financial guarantee; what cost-cutting measures has the District done; and the amount left to pay on the Box Canyon bonds. Discussion was held.

The meeting recessed at 10:18 a.m. until 11:30 a.m. for the Board to review the updates.

The meeting resumed at 11:30 a.m.

Mr. Willenbrock provided an update and reported the District received a final review of the settlement from Nancy Neraas, Bond Counsel and her tax attorney colleague Bill Tonkin. He reported attorneys are continuing to review the settlement. Discussion was held.

The meeting recessed at 11:40 a.m. until 1:30 p.m. for lunch.

The meeting resumed at 1:34 p.m.

Lloyd Clark, District Director, Safety & Human Resources received communication from Mr. Willenbrock that documents were coming in and asked the meeting recess until 3:00 p.m.

The meeting recessed at 1:35 p.m. until 3:00 p.m. to receive and review the final settlement documents.

The meeting resumed at 3:00 p.m. After public announcement the meeting was extended until 5:00 p.m.

The meeting recessed at 3:01 p.m. until 3:30 p.m. to continue a review of the documents.

The meeting resumed at 3:30 p.m.

Mr. Willenbrock reported the documents are coming in but they are in draft form. He highlighted two areas of the amendment. The Board reviewed the documents. Discussion was held.

Commissioner Peterson publicly announced at 5:00 p.m. the meeting has been extended for one hour.

Mr. Willenbrock reported there are final documents in front of the Board for its consideration. Discussion was held.

ACTION ITEM:

- PNC Settlement Agreement and Associated Contract Amendment. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to authorize the President of the Board of Commissioners to execute the PNC Settlement Agreement, the Proposal, the Amendment to the Fiber Mill Contract and the Amendment to the Paper Plant Contract. Commissioner Knapp thanked Mr. Willenbrock and staff for their time spent on this matter. Commissioner Peterson commended Mr. Willenbrock and staff for providing all the documents to the Board promptly. The motion passed unanimously. Mr. Willenbrock thanked the Board for making a difficult decision and for their praise.

There being no further discussion to come before the Board, the meeting adjourned at 5:56 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form