

**PUBLIC UTILITY DISTRICT NO. 1
OF
BENTON COUNTY**

**SPECIAL COMMISSION MEETING
BOND ISSUANCE**

Date: March 2, 2010
Time: 1:00 p.m.
Place: 2721 West 10th Avenue, Kennewick, Washington

Present:

Commissioners Sanders, Bertsch and Hall
General Manager Sanders
Assistant General Manager Bartram
Legal Counsel Hultgrenn
Manager of Risk Management and Treasury White
Director of Power Management Bickford
Manager of Accounting Meyer
Manager of Broadband Nall
Financial Analyst Pryor
Supervisor of Executive Administration Cole

Guests: Nancy Neraas, Foster Pepper; Christine H. Pihl, J.P. Morgan, and Jeb Spengler, Seattle Northwest

Commissioner Robert Bertsch led the pledge of allegiance.

Assistant General Manager introduced Christine H. Pihl, Nancy Neraas and Jeb Spengler, and stated that today's special meeting was called in order to authorize the issuance and sale of \$17,345,000 electric revenue bonds, Series 2010, to finance capital improvements to the District's electric system; provide for the disposition of the proceeds of the bonds and establish the terms and covenants of such bonds, and provide for the \$6,415,000 cash defeasance of certain outstanding Series 2001A parity bonds.

Ms. Pihl provided a hand-out showing benchmark U.S. Treasury history for 30 years and 10 years, and a rate comparison from other entities most recently in the market. Additional information was provided on tax-exempt versus Build America Bonds (BABs). Two term bonds will be issued maturing in 2026 and 2030 with sinking fund payments beginning in 2022. The interest rates were set based on a spread to the 10-year and 30-year Treasuries. Overall, the all-in true cost for the bond issue is 4.16%. The District realized a present value savings of nearly \$850,000 by issuing taxable BABs versus tax exempt bonds. There was strong interest from purchasers in the District's bonds. It was noted that the District's strong credit, with ratings from three agencies and an upgrade to A+ from Standard & Poors, were factors in the pre-sale interest from purchasers leading to a favorable interest rate. Ms. Pihl informed the Commission that she believed Benton PUD had the best financial staff, being the most prepared, organized and thoughtful, and noted it was a pleasure to work with them.

Jeb Spengler was introduced as the independent financial advisor used for the bond issuance. Mr. Spengler stated this was a successful bond issuance, noting factors that went into its success was a calm and stable market, as well as the excellent disclosure document prepared by Nancy Neraas and its dissemination the week prior to the issuance. Mr. Spengler distributed the pricing schedule, noting the defeasance is scheduled for March 10, 2010 and the bond closing is scheduled for March 16, 2010.

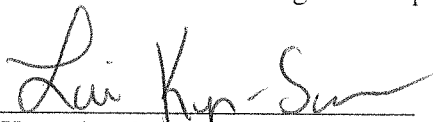
Ms. Neraas submitted Resolution No. 2077, stating the resolution approves the sale of bonds and defines the terms of the bonds, specifically stating it is a 20 year agreement. Differences relating to selling BABs bonds were reviewed. The resolution also approves the Official Statement and approves the purchase contract and the defeasance of bonds. Ms. Neraas expressed her pleasure to once again work with the staff at Benton PUD on a bond issuance.

Ms. Pihl noted that no bond insurance was purchased for the sale, stating that pricing is currently high in that area, with only 15% of bonds insured now. Bond insurance is not considered a viable product at this time.

Motion by Jeff Hall, seconded by Robert Bertsch approving Resolution No. 2077, authorizing the issuance and sale of Electric Revenue Bonds, Series 2010 (Taxable Build America Bonds – Direct Payment) to finance capital improvements to the District’s Electric System; providing for the disposition of the proceeds of the bonds; establishing the terms and covenants of such bonds; and providing for the defeasance of certain outstanding parity bonds.

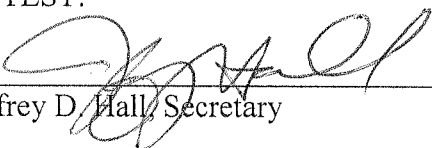
MOTION CARRIED.

Hearing no objection, President Lori Sanders adjourned the Commission Meeting at 1:32 p.m.



Lori Kays-Sanders, President

ATTEST:



Jeffrey D. Hall, Secretary