

MINUTES OF REGULAR MEETING OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO. 3
OF MASON COUNTY, WASHINGTON

President Farmer called a regular meeting of the Mason County PUD No. 3 board of commissioners to order at 10:00 a.m. The meeting was held in the PUD 3 auditorium, at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, June 25, 2013.

District officers present were: Commissioners Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson; Manager Annette Creekpau; and Finance Manager/Auditor Sherry Speaks. Treasurer Brian Taylor was on personal leave and Attorney Robert Johnson was attending a conference.

The following PUD 3 personnel were present: Executive Assistant / Records Program Administrator Lynn Eaton; Public Information & Government Relations Manager Joel Myer; Director of Engineering Terry Peterson; Power Supply Manager Matt Samuelson; Risk Manager Bob Smith; Director of Business Operations Michelle Wicks; and Administrative Services Manager Nancy Bolender (recorded minutes).

Members of the public in attendance were: Dedrick Allan of Mason WebTV.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented.

CONSENT AGENDA

Mr. Farmer reviewed the items listed on the consent agenda. Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

A. Minutes of the June 11, 2013, regular commission meeting.

B. * Voucher numbers: (dated June 18, 2013)	122638 through 122718	\$	406,847.44
(Includes electronic funds transfer payment Nos. 952-956.)			
Voucher numbers: (dated June 25, 2013)	122719 through 122836		<u>3,276,950.87</u>
(Includes electronic funds transfer payment Nos. 957-959.)			
	TOTAL	\$	3,683,798.31

C. Void accounts payable checks for the week ending June 14, 2013, in the total amount of \$1,521.81.

* Vouchers audited and certified by the district auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been made available to the board.

COMMENTS FROM THE PUBLIC

Mr. Farmer welcomed those present and stated comments would be accepted throughout the meeting.

ACTION ITEMS

Recommendation was made to adopt Resolution No. 1599, "A Resolution Declaring General Plant Items Surplus." If adopted the resolution will declare the remaining office furniture, equipment, partitions and other miscellaneous items at the downtown administrative complex surplus to the PUD's need and allow their transfer to the state surplus for sale to other public agencies and the general public.

The items remaining need to be removed in order to proceed with the listing and future sale of the facilities.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1599, "A Resolution Declaring General Plant Items Surplus." MOTION PASSED UNANIMOUSLY.

Staff recommended the award to the highest bidder for each of five vehicles previously declared surplus and listed for sale under bid S1-2013. The total value of the sale is \$19,108.57 plus taxes.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to award bid S1-2013 to the high bidder for each vehicle. MOTION PASSED UNANIMOUSLY.

A recommendation was made to pre-qualify contractors for inclusion on the PUD's public works roster for 2013. The following contractors have met the district's requirements for pre-qualification:

Asplundh Tree Expert Company of Kenmore, WA
Burke Electric LLC of Bellevue, WA
City Pacific Services of Olympia, WA
DJ's Electrical, Inc. of Battle Ground, WA

Hood Canal Communications of Union, WA
KVA Electric, Inc. of Arlington, WA
Magnum Power, LLC of Battle Ground, WA
Maslonka Powerline Services of Spokane, WA
Michels Power (a Division of Michels Corp.) of Tumwater, WA
Moza Construction, Inc. of Tacoma, WA
Par Electrical Contractors, Inc. of Hubbard, OR
Potelco, Inc. of Sumner, WA
Power City Electric, Inc. of Spokane, WA
Power Technology, Inc. of Battle Ground, WA
Saunders Line Construction, Inc. of Cheney, WA
Summit Line Construction of Heber City, UT
Wilson Construction Company of Canby, OR

Mr. Jorgenson moved, motion seconded by Ms. Gott, to pre-qualify the listed contractors for inclusion on the PUD's public works roster. MOTION PASSED UNANIMOUSLY.

Recommendation was made to select Scott Barnard of John L Scott Realty to serve as the PUD's commercial real estate broker for the vacant downtown properties.

Mrs. Creekpaum explained that Mr. Barnard was the only respondent to the request for proposals issued earlier this year. He would represent the PUD in advertising, marketing, procuring offers, and assist with negotiating purchase and sale agreements for the downtown administrative complex. The listing agreement would be for a term of six months from the listing date and include a five percent commission of the sales price.

Ms. Gott moved, motion seconded by Mr. Farmer, to select Scott Barnard of John L Scott Realty as the PUD's commercial real estate broker for the vacant downtown administrative complex and authorize the manager to sign the agreement on behalf of the PUD. MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mr. Samuelson reviewed the power situation statement for May 2013 with the commissioners. The report showed that in May, PUD 3 purchased 48,478 MWh of electricity to serve local energy needs. That is compared to 50,290 MWh of electricity purchased during the same period in 2012; a decrease of four percent.

Relating to the cost of the energy purchased, PUD 3 paid \$1.4 million during May on wholesale energy purchases, compared to \$1.44 million for the same period in 2012, which is a decrease of three percent.

Mr. Samuelson reported that the Bonneville Power Administration (BPA) issued a draft record of decision (ROD) June 14 on its proposed wholesale rate increase for the agency's 2014-2015 fiscal years. He said the initial average increase is proposed at 9.6 percent for electricity and 7 percent for transmission service. In addition, BPA is increasing its delivery charges to substations it owns by 25 percent. This affects the Potlatch substation and will impact PUD 3 with an increase of approximately \$10,000.

BPA's final record of decision is scheduled for release on July 22 and will include the updated wholesale rate schedules.

Mrs. Creekpaum reported on her attendance at the American Public Power Association's (APPA) national conference last week, as well as the just completed exit conference with the Washington State Auditor's office.

COMMISSIONERS' REPORT

Ms. Gott reported on the NoaNet board meeting on June 12th. The board discussed the pre-payment option for NCS charges, and may take action on allowing the option for member utilities.

Ms. Gott also reported on the APPA national conference, which featured a number of prominent speakers and good breakout sessions. One session she attended was on strategic planning. In addition, she participated in the Public Power Day of Giving, in which well over 100 people took part in community improvement activities as part of the national conference.

Mr. Farmer reported that the PUD has passed its annual inspection by the Washington State Auditor's Office with an exemplary evaluation. During today's exit conference, following a month of evaluation, officials with the State Auditor's office were complimentary of the PUD, saying that it is a well-run organization with good internal controls. The district received an "unmodified" opinion which means there were no issues found during the audit.

GOOD OF THE ORDER

Following a calendar review, and with no further business appearing, the commission meeting adjourned at 10:25 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary