

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, December 23, 2014.

District officers present were: Commissioners, Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson. Manager Annette Creekspaum; Finance Manager/Auditor Sherry Speaks; Treasurer Brian Taylor; and Attorney Rob Johnson.

The following PUD 3 personnel were present: Director of Business Services John Bennett; Customer Service Manager Diane Hennessy; Energy Resources Manager Justin Holzgrove; Public Information & Government Relations Manager Joel Myer; Records Coordinator Jennifer Renecker; Risk Manager Bob Smith; Director of Business Operations Michelle Wicks; and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

Members of the public in attendance were: Jay Himlie of Shelton, Jean Farmer and family members.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that two executive sessions would be held for the purposes of item 42.30.110(1) (c) to consider the minimum price at which real estate will be offered for sale or lease and item 42.30.110(1) (i) to discuss potential litigation with legal counsel. Each executive session was estimated to last 15 minutes with potential action to follow.

CONSENT AGENDA

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

- a. AMENDED Minutes of the November 25, 2014, public hearings and special commission meeting.
 - b. Minutes of the December 9, 2014, regular commission meeting.
 - c. Voucher Nos. (dated December 16, 2014) 130201 through 130313 — \$ 2,749,309.98
(Includes electronic funds transfer payment Nos. 1467-1471.)
 - d. Voucher Nos. (dated December 23, 2014) 130314 through 130429 — \$ 959,397.94
(Includes electronic funds transfer payment Nos. 1472-1477.)
- TOTAL \$ 3,708,707.92
- e. Voided accounts payable check for the week ending December 12, 2014 in the total amount of \$15.00.
Voided accounts payable check for the week ending December 19, 2014, in the total amount of \$529.27.
 - f. Write-off closed, deceased no assets, and bankruptcy accounts in the total amount of \$16,672.15

* 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 PUBLIC

Mr. Farmer announced comments from the public would be accepted at this time.

ACTION ITEMS

The commissioners reviewed a listing of organizations to which the PUD belongs and the person(s) who represents the PUD at each. The list includes local, regional, national and state organizations.

With no changes, Mr. Jorgenson moved, motion seconded by Ms. Gott, to approve the organizational representation listing for 2015. MOTION PASSED UNANIMOUSLY.

The commissioners took up the election of officers for the board of commissioners for 2014. Mr. Jorgenson moved, motion seconded by Ms. Gott, to continue with Mr. Farmer serving as president of the commission, with Ms. Gott as board secretary and Mr. Jorgenson remaining as vice president. The MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mr. Holzgrove went over the Power Situation Statement for November 2014 with commissioners. The total

amount of purchased power for the month of November was 65,869 MWh which was similar to the amount of power purchased from the Bonneville Power Administration (BPA) in November of 2013. However he pointed out that the cost of purchased power was about 2.2 percent more than last year coming in at \$2.4 million. Mr. Holzgrove said that year to date in 2014, the PUD has purchased 4.5 percent more power from the BPA, but paid 2.2 percent more than the same period in 2013. Mr. Holzgrove also reported that the financial impact to the utility for requirements under the Energy Independence Act (1937) was \$984,752 year to date, which amounts to approximately four percent of total purchased power costs.

Mrs. Creekpaum informed the commission that the Mason Conservation District formally withdrew its offer to purchase the downtown administration building. Commissioners will need to consider a plan for moving forward.

Mrs. Creekpaum shared that the PUD weathered the December storms well. She said that while our crews only had to deal with a few scattered outages, the utility sent two crews to Jefferson County for mutual aid to help Jefferson PUD with large outages.

Mrs. Creekpaum then reported on new and altered service applications received by our engineering group. She said that 2014 year to date, staff has received 1,292 new and altered service applications compared to 1,082 during the same period in 2013. She attributed the increase to ductless heat pump installations, and LED area lights.

Mrs. Creekpaum reported her attendance to the select pension committee in Olympia. She said it was her first meeting since being appointed by the governor to serve on the committee. She shared that Washington State is one of the top four funded pensions in the United States mainly due to the 1977 pension reforms.

Mrs. Creekpaum shared that PUD employees wrapped up their season of giving. In addition to completing their annual United Way workplace campaign, employees also sponsored 33 foster kids and raised funds and gather gifts for a family in need provide Christmas for their children.

Mrs. Creekpaum announced that the utility will hold its second annual all employee meeting on Tuesday, January 6. She said the meeting will be an opportunity to look at past accomplishments and set a vision for the future.

COMMISSION REPORT

Ms. Gott reported on her attendance at the NoaNet board meeting on December 10th, where she was elected president. The same day she travelled to Portland to attend the Public Power Council and Northwest River Partners meetings. Ms. Gott also reported her attendance at the Energy Northwest Executive Board Meetings in Richland. In addition she attended the Economic Development Council's luncheon and enjoyed the speakers regarding the local shellfish industry.

Mr. Farmer thanked Judge Amber Finlay for swearing him into office prior to the meeting and shared appreciation for his family and friends' attendance to the ceremony.

GOOD OF THE ORDER

Following a calendar review, the commission meeting recessed at 10:14 a.m. for a short break, and reconvened at 10:19 a.m.

The commissioners then met in executive session for 15 minutes to consider the minimum price at which real estate will be offered for sale or lease. Potential action would follow the executive session.

At 10:30 the executive session adjourned and it was announced that the commissioners would continue in executive session to discuss with legal counsel potential litigation for a 15 minutes.

The executive session adjourned at 10:41 and the regular meeting reconvened.

Ms. Gott moved, motion seconded by Mr. Jorgenson to authorize the District's attorney to pursue legal action to obtain a boundary line adjustment for the district's parking lot located on Grove Street in downtown Shelton.

The MOTION PASSED UNANIMOUSLY.

With no further business appearing, the commission meeting adjourned at 10:42 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary