

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, January 13, 2015.

District officers present were: Commissioners, Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson. Manager Annette Creekpau; 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; Power Supply Manager Matt Samuelson; Director of Engineering Terry Peterson; 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).

There were no members of the public in attendance.

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 (estimated to last approximately ten minutes) and item 42.30.110(1) (i) to discuss potential litigation with legal counsel (estimated to last approximately fifteen minutes). 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:

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|----|---------------------------------------------------------------|------|----------|-------------------|
| a. | Minutes of the December 23, 2014, regular commission meeting. | | | |
| b. | Voucher Nos. (dated December 23, 2014) 130430 through 130499 | — \$ | | 83,186.33 |
| | (Includes electronic funds transfer payment Nos. 1478-1479.) | | | |
| c. | Voucher Nos. (dated December 31, 2014) 130500 through 130542 | — \$ | | 448,381.06 |
| | (Includes electronic funds transfer payment Nos. 1480-1483.) | | | |
| d. | Voucher Nos. (dated January 06, 2015) 130543 through 130561 | — \$ | | 31,522.61 |
| e. | Voucher Nos. (dated January 13, 2015) 130562 through 130688 | — \$ | | <u>895,972.11</u> |
| | (Includes electronic funds transfer payment Nos. 1484-1497.) | | | |
| | | | TOTAL \$ | 1,459,062.11 |
- f. Void accounts payable checks for the week ending November 26, 2014, in the total amount of \$430.31.
Void accounts payable checks for the week ending December 31, 2014, in the total amount of \$365.11.
Void accounts payable checks for the week ending January 09, 2015, in the total amount of \$323.04.

* 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

No public was in attendance.

STAFF REPORTS

Mrs. Speaks reviewed the 2014 year-end status of the budget report with the commissioners. She reported the year ended with a positive budget balance of \$35,502. Expenditures for the year were at \$58,857,869 or 95 percent of the budget, while receipts were \$58,893,371, which is 95 percent of budget. The amount spent for purchased power was less than forecasted at \$26,373,713 or 94 percent of anticipated budget.

Mr. Taylor provided the board with the year-end treasurer's report. PUD 3 ended December 2014 with operating reserves of \$15.7 million, while the total of all funds was \$34.1 million.

Mr. Samuelson informed the commissioners that February 4, 2015 is the deadline for response to Bonneville Power Administration (BPA) on the proposed wholesale electricity rate increases. The BPA announced in December that its preliminary estimated increase for Mason PUD 3 rates may be 6.1 percent for electricity and 6.3 percent for transmission.

At Mrs. Creekpau's request, Mr. Myer updated the commission on the current legislative session that started on the 12th of January. He relayed a key rule change where a two-thirds majority vote is now required on tax increases and climate change issues. Mr. Myer also mentioned a number of solar bills and net metering bills that could be taking place this legislative year.

Mrs. Creekpau informed the commissioners of the Northwest Open Access Network (NoaNet) line of credit with Bank of America has been paid off. She explained that NoaNet has established a new banking relationship with Wells Fargo who has issued a true line of credit directly to NoaNet, relieving member utilities from guaranteeing a line of credit in the future.

A recap of the annual all employee meeting that was held on January 6 was given to the commission by Mrs. Creekpau.

Mrs. Creekpau also informed the commission that a request for proposal that will be going out for an automated metering (AMI) grid modernization system. She explained that once costs were received from this process, staff would conduct a cost/benefit analysis before bringing a proposal to the commission.

Mrs. Creekpau gave an update on the annual engineering service orders and tree trimming numbers.

COMMISSION REPORT

Ms. Gott reported on her attendance at the NoaNet board meeting on December 29, as the new president. She said that the resolution to switch banking institutions was a major milestone for the organization.

Ms. Gott also had the opportunity as a representative from the executive board of Energy Northwest (ENW) to make an official visit to Jefferson PUD's commission meeting. Jefferson expressed their appreciation for PUD 3's mutual aid assistance in the recent storm.

Ms. Gott also attended Public Power Council (PPC) and the Economic Development Council (EDC).

Mr. Farmer reported on his attendance at the Public Power Council (PPC).

GOOD OF THE ORDER

Following a calendar review, the commission meeting recessed at 10:39 a.m. for a short break, and reconvened at 10:45 a.m.

The commissioners then met in executive session for 10 minutes to discuss with legal counsel potential litigation.

At 10:55 the executive session adjourned and the commission then met in another executive session to discuss the minimum price real estate should be sold or leased.

At 11:10 it was announced that the commission would continue in executive session for an additional ten minutes.

The executive session adjourned at 11:19 and the regular meeting reconvened.

With no further business appearing, the commission meeting adjourned at 11:19 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary