

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

President Gott 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, July 26, 2016.

District officers present were: Commissioners, Linda R. Gott and Bruce E. Jorgenson (Commissioner Thomas J. Farmer attended by phone). Manager Annette Creekpau; Finance Manager/Auditor Sherry Speaks; and Treasurer Brian Taylor. (Attorney Robert Johnson was on vacation).

The following PUD 3 personnel were present: Director of Business Services John Bennett; Director of Business Operations Michelle Burleson; Administrative & Strategic Coordinator Asia Cline; Customer Service Manager Diane Hennessy; Engineering and Community Relations Manager Justin Holzgrove; Telecommunications Manager, Dale Knutson; Director of Engineering Terry Peterson; Safety & Environmental Compliance Manager Bob Smith; and Administration and Communication Services Manager Lynn Eaton (recorded minutes).

Members of the public in attendance were Dedrick Allen of *Mason Web TV* and Randy Lewis of Shelton.

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) (i) (g) to review the performance of a public employee and for the purposes of item 42.30.110(1) (i) (c) to consider the minimum price at which real estate will be offered for sale or lease. Each executive session is estimated to last approximately 5 minutes, with no action to follow.

CONSENT AGENDA

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

- a. Minutes of the July 12, 2016 regular commission meeting.
 - b. Minutes of the July 20, 2016 telecommunications workshop.
 - c. Voucher Nos. (dated July 19, 2016) 137643 through 137714 — \$ 1,978,966.90
(Includes electronic funds transfer payment Nos. 3750- 3758.)
 - d. Voucher Nos. (dated July 26, 2016) 137715 through 137821 — \$ 1,228,882.04
(Includes electronic funds transfer payment Nos. 3759 - 3920.)
- TOTAL \$ 3,207,848.94
- e. Void accounts payable checks for the week ending July 22, 2016 in the total amount of \$2,640.00.
 - f. Write-off closed, deceased no assets, and bankruptcy accounts in the total amount of \$1,101.24.

* 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.

PUBLIC COMMENT

Mr. Lewis arrived after the public comment section. He addressed the commission after the commission report, asking questions about the advanced refunding of the 2008 bonds.

ACTION ITEMS

Recommendation was made to Adopt Resolution No. 1665, "A Resolution Declaring General Plant Items Surplus." The resolution authorizes the District to surplus items no longer needed and send them to the Washington State Surplus Property facility.

Mr. Jorgenson moved, Mr. Farmer seconded to Adopt Resolution No. 1665, "A Resolution Declaring General Plant Items Surplus." MOTION PASSED UNANIMOUSLY.

MANAGER'S REPORT

Mrs. Speaks reviewed the status of the budget as of June 30, 2016, with the commissioners. Month-end receipts were approximately \$5 million, while expenditures were approximately \$4.5 million leaving the month with a positive budget balance of \$486,396. Mrs. Speaks explained that the utility is on track to meet its net zero budget at the end of the year.

Mr. Taylor gave the treasurer's report of funds through June 2016. The total of all funds at month-end were \$34.97 million. Mr. Taylor noted nothing substantial to report on the District's investments.

Mrs. Creekaum updated the commission on the advanced refunding of the 2008 bonds. She noted that the request for proposal (RFP), which has been issued to various banks in order to find the lowest rate, is due on August 4. With the preliminary quote, she anticipates the savings to the District to be approximately \$2 million over the life of the bond. The outstanding principal of the bond to be refunded is approximately \$9.95 million. The bond is set to mature in December of 2028. Mrs. Creekaum explained that the current debt structure and term of the bond will be maintained in the form of a loan from the bank and the savings will be realized through the lower interest rate.

Mrs. Creekaum reported that staff will be bringing the integrated resource plan (IRP) to the commission on August 23, so that it may be approved and submitted to meet the reporting requirement of the Department of Commerce.

Mrs. Creekaum spoke about the telecommunications workshop and informed the commission that she will be seeking guidance from the board on proceeding with future neighborhood builds at an upcoming meeting.

Mrs. Creekaum announced that Director of Engineering Terry Peterson, has announced his retirement in May of 2017. She noted that the District has begun advertising for an Engineering Manager and that a celebration of Terry's career will take place as his retirement date gets closer.

Mrs. Creekaum noted for the record that she has been appointed to the State Actuary Appointment Committee as a subcommittee of the Select Pension Committee.

COMMISSIONERS REPORT

Mrs. Gott reported her attendance at the American Public Power Association (APPA) Policy Maker's Council meeting in Washington DC.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission took a short break at 10:25.

Upon return, the commission went into executive session at 10:27 for the purposes of item 42.30.110(1) (i) (g) to review the performance of a public employee. The executive session is expected to take approximately 5 minutes with no action to follow.

At 10:32 the commission announced it would continue in executive session for approximately 10 more minutes.

At 10:42 the first executive session adjourned and the commission announced it would meet in executive session again for the purposes of item 42.30.110(1) (i) (c) to consider the minimum price at which real estate will be offered for sale or lease. The executive session is expected to take approximately 5 minutes with no action to follow.

The executive session adjourned at 10:47 and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 10:47.

Respectfully submitted,

Lynn Eaton
Administration and Communication Services Manager