

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, September 13, 2016.

District officers present were: Commissioners Thomas J. Farmer, Linda R. Gott, and Bruce E. Jorgenson; Manager Annette Creekpaum; Treasurer Brian Taylor; and Attorney Robert Johnson.

The following PUD 3 personnel were present: Director of Business Services John Bennett; Director of Business Operations Michelle Burleson; Administration & Strategic Coordinator, Asia Cline; Customer Service Manager Diane Hennessy; Telecommunications Manager & Director Dale Knutson; Energy Resource Manager Michele Patterson; Director of Engineering Terry Peterson; Safety Manager, Bob Smith; and Records Coordinator Jennifer Renecker (recorded minutes).

Members of the public in attendance were Randy Lewis, Michael Fitz both of Shelton, Sue Patnude of Elma and City of Shelton Commissioner Kathy McDowell.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that an executive session 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. The executive session is estimated to last approximately 10 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:

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| a. Minutes of the August 23, 2016 regular commission meeting. | |
| b. Voucher Nos. (dated August 30, 2016) 138296 through 138379
(Includes electronic funds transfer payment Nos. 4107 - 4268.) | — \$ 1,105,784.71 |
| c. Voucher Nos. (dated September 6, 2016) 138380 through 138431
(Includes electronic funds transfer payment Nos. 4269 - 4277.) | — \$ 287,217.53 |
| d. Voucher Nos. (dated September 13, 2016) 138432 through 138589
(Includes electronic funds transfer payment Nos. 4278 - 4438.) | <u>— \$ 2,655,693.67</u> |
| | TOTAL \$ 4,048,695.91 |
| e. Void accounts payable checks for the week ending August 26, 2016 in the total amount of \$387.60. Void accounts payable check for the week ending September 1, 2016 in the total amount of \$12,513.41.00. | |

* 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

Ms. Gott welcomed those in attendance and stated that comments would be accepted throughout the meeting.

STAFF REPORTS

Mrs. Creekpaum gave an update on the engineering applications for new services. She noted that 214 applications were received year to date as of August 2016 compared to 139 during the same period in 2015, resulting in a 54 percent increase.

Mrs. Creekpaum informed the commissioners on the ongoing grid modernization project. She said that 3,650 meters, 5 collectors, and 64 routers have been installed to date.

Mrs. Creekpaum also updated on the implementation of NISC software, noting that the Outage Management System (OMS) training will begin September 20th with a representative from NISC. She shared with commission that the process of rate changes in the new software is much easier.

Mrs. Creekpaum reminded commission of the rate increase scheduled for October 1, 2016. A rate comparison sheet for west side utilities was provided to commission showing where PUD 3 ranks with the upcoming rate change. It was noted that the rate increase was adopted last September 2015 and commission held a rate hearing that was publicized at that time.

Mr. Lewis commented to commission, after the manager's report, stating that PUD 3 has absorbed much of the rate increases from Bonneville Power Administration (BPA), and questioned if PUD 3 anticipates the rates from

BPA coming down. Mrs. Creekpauum responded that PUD has been pushing BPA administrator to cut these increases. Discussion ensued about how the PUD publicizes rate increases. Mrs. Hennessy stated that the billing messages will include the rate increase information. It was also reiterated at this time the rate hearing was publicized last year in September and commission adopted the rate increase after the hearing by resolution 1649.

COMMISSIONERS REPORT

There were no reports from the commission.

DISCUSSION ITEMS

Mr. Johnson gave an update on the downtown administration building. He informed commission that the building is not actively listed at this time. The prior appraisal on the building has expired (commercial property appraisals only usually last six months). He informed the commission of options to consider for the sale of the property.

With the Shelton market improving, the one option would be to get an updated appraisal of the property for fair market value and begin listing again. Another option would be to do an intergovernmental transfer under RCW 39.33. With this option, the property does not need to be fair market value exchange, however a public hearing process would be required.

Mr. Johnson informed commission he would consult with the commission in executive session regarding the selling cost.

Mr. Farmer expressed interest in moving forward with the appraisal of the building.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission took a short break at 10:19.

Upon return, the commission went into executive session at 10:25 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. The executive session is estimated to last approximately 10 minutes, with no action to follow.

At 10:34 the executive session adjourned and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 10:35.

Linda R. Gott, President

ATTEST:

Bruce E. Jorgenson, Vice President

Thomas J. Farmer, Secretary