

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 10, 2014.

District officers present were: Commissioners Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson; Acting Manager Michelle Wicks; Finance Manager/Auditor Sherry Speaks; Treasurer Brian Taylor; and Attorney Rob Johnson. (Manager Annette Creekpaum was on PTO)

The following PUD 3 personnel were present: Director of Business Services John Bennett; Sr. Human Resources Generalist Thedra Flink; Customer Service Manager Diane Hennessy; Conservation Manager Justin Holzgrove; Public Information/Government Relations Manager Joel Myer; Director of Engineering Terry Peterson; Records Coordinator Jennifer Renecker; Risk Manager Bob Smith; and Executive Assistant/Records Program Supervisor Lynn Eaton (recorded minutes).

A member of the public was in attendance, Dedrick Allan of *Mason WebTV*.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved with the addition of an executive session under item 13 of the agenda. It will be held to discuss potential litigation and the legal risks of a current practice with legal counsel as authorized under RCW 42.30.110(1)(i). The executive session will last 15 minutes, and no action will be taken following.

CONSENT AGENDA

Mr. Farmer 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 May 27, 2014, regular commission meeting.
 - b. Voucher Nos. (dated June 3, 2014) 127508 through 127584 — \$ 403,392.07
(Includes electronic funds transfer payment Nos. 1290-1294.)
 - c. Voucher Nos. (dated June 10, 2014) 127585 through 127680 — 743,701.82
(Includes electronic funds transfer payment Nos. 1295-1308.)
- TOTAL \$ 1,147,093.89

* 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 asked for public comments at this time.

ACTION ITEMS

Resolution No. 919-I was brought before the commission. It is “A Resolution Increasing the Reserve Fund for the Group Self-insured Medical and Dental Plans with the Public Utility Risk Management Services (PURMS).” Mrs. Wicks explained every few years PURMS will examine each participating agencies previous claims experience and require 2-1/2 to 3 months of the average claims in reserves. The claims history for PUD 3 requires an increase in reserves in the amount of \$64,560.20. Mrs. Wicks expressed that this is much less than what is trending in the healthcare industry.

Mr. Jorgenson moved, motion seconded by Mr. Farmer to adopt Resolution No. 919-I, “A Resolution Increasing the Reserve Fund for the Group Self-insured Medical and Dental Plans with the Public Utility Risk Management Services (PURMS).” MOTION PASSED UNANIMOUSLY.

Recommendation was made to adopt Resolution No. 1621, “A Resolution Adopting a Policy and Procedures for Handling of Discrimination and Harassment Claims.” Mrs. Wicks explained that this procedure has been reviewed by legal counsel in preparation for an upcoming training. The policy was updated to ensure compliance with applicable laws and best practices.

Ms. Gott moved, motion seconded by Mr. Farmer to adopt Resolution No. 1621, , “A Resolution Adopting a Policy and Procedures for Handling of Discrimination and Harassment Claims.” MOTION PASSED UNANIMOUSLY.

Recommendation was then made to declare a sole source provider for joint trenching and boring in the Rustlewood development and award a small works contract. Mrs. Wicks informed the commission that this

project was already planned for this year, however staff became aware that Hood Canal Communications would be trenching in the area. The joint trenching portion of the job will significantly save the district money.

Mr. Jorgenson moved, motion seconded by Mr. Farmer to declare a sole source provider for joint trenching and boring in the Rustlewood development and award a small works contract to Hood Canal Communications.
MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Speaks reviewed the status of the budget as of May 31, 2014, with the commissioners. Month-end receipts were \$4,965,358, while expenditures were \$4,667,347. Expenditures year to date were \$28.1 million, or 45.3 percent of the adopted 2014 budget. Receipts year to date were \$28.0 million, or 45.0 percent of the adopted 2014 budget.

Mr. Taylor gave the treasurer's report of funds through May 2014. The total of all funds at month-end were \$34,381,629.69. Outstanding warrants for the month of May were \$106,177.95.

At Mrs. Wicks, Mr. Holzgrove reported that he was able to procure some Energy Efficiency Incentive (EEI) funds from the Department of Energy (DOE) in Richland in the amount of \$314,672 to be applied to PUD 3's outstanding conservation projects. This is the second time in just over a year that the DOE has relinquished its unused share of the EEI funds to PUD 3. He mentioned however, that DOE can request the funds back in the 2018-2019 biennium but he doesn't anticipate the district needing large projects to meet its target by that time frame. Mr. Holzgrove explained that 50 percent of the large industrial project being funded this fall will be able to be rolled-over to the next two bienniums to be applied to PUD 3's future conservation targets.

Mrs. Wicks reported on the final costs on the emergency underground replacement project resulting from a February 16 storm, which affected divisions 2, 3, and 4 of Lake Cushman. The storm caused a fault on nearly two miles of underground cable that fed the three divisions, which affected approximately 500 customers. The final costs amounted to approximately \$503,700 which was close to the original estimate.

Mrs. Wicks informed commissioners that a transmission pole near the Roessel road is being moved to accommodate the State Route 3 widening project. She explained that moving the pole will require a planned outage on Saturday, June 14, from 10:00 p.m. to 6:00 a.m., affecting nearly 3,200 customers. This is the final transmission pole needing to be moved as a result of this project. Three of the four poles were able to be moved without outages through a process of 'sliding' the poles.

Mrs. Wicks reminded commissioners that Mr. Myer will be giving a presentation at the Economic Development Council's State of the Community – Part Two meeting on Friday, June 13 at Mason General Hospital beginning at 11:30 a.m.

COMMISSIONER'S REPORTS

Ms. Gott reported that she missed the May 27 meeting due to extending her travel to the Northwest Public Power Association (NWPPA) Annual Conference in Billings, MT.

Ms. Gott also announced her attendance at the Energy Northwest meetings in Richland, WA on May 14-15.

Ms. Gott reported that during the Northwest Open Access Network (NoaNet) meeting on May 14, the board of directors discussed obtaining an \$8 million line of credit (LOC) for capital expansion projects. She commended NoaNet on its history of paying off previous repayment agreements and only having one more payment on the 2010 LOC, leaving only its 2012 LOC. She said that previous conversations about NoaNet members lending money to NoaNet in lieu of members guaranteeing a LOC had led to more than half of the members interested due to the better return on investment. However, since PUD 3 had made a motion to express an interest, all members had withdrawn their interest to proceed except PUD 3. She suggested that PUD 3 rescind its expression of interest as well.

Ms. Gott moved, Mr. Jorgenson seconded to rescind the expression of interest to express an interest of investing in a line of credit with NoaNet up to \$500,000. Ms. Gott explained however, that PUD 3 will be asked to sign a member guarantee for NoaNet to obtain a LOC in the future. MOTION PASSED UNANIMOUSLY.

GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the commission meeting recessed at 10:29 a.m. for a short break, and reconvened at 10:33 a.m.

The commissioners then adjourned then met in executive session for 15 minutes to discuss potential litigation and the legal risks of a current practice. No action would follow the executive session.

At 10:48 the executive session adjourned and it was announced that the commissioners would continue in executive session for an addition 10 minutes.

The executive session adjourned at 10:58 and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 10:58.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary