

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 09, 2014.

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: Customer Service Manager Diane Hennessy; Conservation Manager Justin Holzgrove; Telecommunications Manager Dale Knutson; Network Systems Supervisor Joel Moore; Public Information & Government Relations Manager Joel Myer; Records Coordinator Jennifer Renecker; Power Supply Manager Matt Samuelson; Director of Engineering Terry Peterson; 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 an executive sessions would be held for the purposes of item 42.30.110(1) (g) to review the performance of a public employee. The 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. Minutes of the November 25, 2014, public hearings and special commission meeting.
- b. Voucher Nos. (dated December 02, 2014) 130046 through 130110 — \$ 99,268.01
(Includes electronic funds transfer payment Nos. 1454-1455.)
- c. Voucher Nos. (dated December 09, 2014) 130111 through 130200 — \$ 489,140.37
(Includes electronic funds transfer payment Nos. 1456-1466.)
- TOTAL \$ 588,408.38
- e. Voided accounts payable checks for the week ending December 05, 2014 in the total amount of \$3,681.02.

* 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

Recommendation was made to adopt Resolution No. 1636, "A Resolution Establishing Positions and Grades for Supervising and Non-Union Employees (supersedes Resolution No. 1610.)"

Mr. Farmer moved, motion seconded by Ms. Gott, to adopt Resolution No. 1636, "A Resolution Establishing Positions and Grades for Supervising and Non-Union Employees (Supersedes Resolution No. 1610)." MOTION PASSED UNANIMOUSLY.

A recommendation was then made to adopt Resolution No. 1637, which is "A Resolution Establishing the 2015 Non-Union Compensation Plan." The 2015 budget was developed based on the adopted positions and compensation as outlined.

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to adopt Resolution No. 1637, "A Resolution Establishing the 2015 Non-Union Compensation Plan." MOTION PASSED UNANIMOUSLY.

Resolution No. 1638 was then presented and recommended for adoption. It is "A Resolution Declaring General Plant Items Surplus." The resolution authorizes the sale of the listed items through other utilities and the Washington state surplus system.

Mr. Jorgenson moved, motion seconded by Ms. Gott, to adopt Resolution No. 1638, "A Resolution Declaring General Plant Items Surplus." MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Speaks reported to the commissioners on the status of the budget as of November 30, 2014. November expenditures for the year to date were at 86 percent and revenues year to date were also at 85 percent of what was anticipated in the adopted 2014 budget. Year-to-date expenditures totaled \$53.5 million while year to date revenues were also at \$53 million. Mrs. Speaks noted that November was a short business month resulting in less cash receipting days and expects the budget to balance by the end of the year.

Mr. Taylor reviewed the November treasurer's report with the commissioners. He pointed out that the total of all funds at the end of November was \$32,871,106.94. Mr. Taylor informed the commission they are looking at other investment opportunities for the district and are hopeful of higher rates for the next year.

Mr. Samuelson informed the commissioners that Bonneville Power Administration (BPA) has released the initial proposal of rates for fiscal years 2016 - 2017. It is anticipated that the cost of power will increase 6.7 percent and transmission will increase by 5.6 percent. This is the beginning of the ex parte portion of the rate case, record of the decision will be due in June of 2015, and the final decision will be made in August.

Mr. Samuelson also spoke to the commission on the Energy Northwest bond refunding. Depending on pricing on December 10, 2014, they will be refunding 64 percent of the phase-three, Nine Canyon Bonds.

Mrs. Creekpaum reported to the commission that staff will be responding to Mr. Fuhr today, who presented questions to commission at the November 25th meeting on the new rate structure for cannabis related service.

Mrs. Creekpaum also reported that a memo will be going out to employee's today regarding half day Holiday schedules for Christmas and New Year's. She explained that this is something offered each year, however the half day is only granted with specific restrictions.

Mrs. Creekpaum shared with the commission that the Mason County PUD 3 truck took 2nd place in the commercial division of the Kristmas Town Kiwanis Annual Christmas Parade this last weekend.

Mrs. Creekpaum informed the commission that she was appointed by Governor Inslee to serve on the Select Pension Committee and will be meeting monthly for this committee.

COMMISSION REPORT

Ms. Gott reported on her attendance at the Washington Public Utility Districts Association (WPUDA) annual meeting and gave praise to George Caan and staff for the great work they do.

Mr. Jorgenson also reported on his attendance at the Washington Public Utility Districts Association (WPUDA) annual meeting. He also commented on the life of former Klickitat commissioner Harold Hill and the accomplishments he has made in his 95 years.

Mr. Farmer reported his attendance at the Washington Public Utility Districts Association (WPUDA) annual meeting as well and commended Mr. Caan on his leadership; noting his work on the clean energy resolution as an example.

GOOD OF THE ORDER

Following a calendar review, the commission meeting recessed at 10:21 a.m. for a short break, and reconvened at 10:25 a.m.

The commissioners then adjourned then met in executive session for 15 minutes to review the performance of a public employee. Potential action would follow the executive session.

At 10:40 the executive session adjourned and it was announced that the commissioners would continue in executive session for an additional 15 minutes.

The executive session adjourned at 10:55 and the regular meeting reconvened.

Mr. Jorgenson moved, motion seconded by Mr. Farmer to "direct the District's attorney to modify the compensation section of the manager's employment agreement as follows: the annual salary will be increased to \$175,795 per year; the automobile allowance will be set to \$5,400 per year; and the additional deferred compensation will be modified to \$7,500 per year. Such changes to be effective December 16, 2014."

The MOTION PASSED UNANIMOUSLY.

With no further business appearing, the commission meeting adjourned at 10:56 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary