

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 22, 2015.

District officers present were: Commissioners, Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson Manager Annette Creekpaum; Finance Manager/Auditor Sherry Speaks; 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; Energy Resources Manager, Justin Holzgrove; Interim Power Supply Manager Pat McGary; Public Information & Government Relations Manager Joel Myer; Director of Engineering Terry Peterson; Safety & Environmental Compliance Manager Bob Smith; 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) (b) to discuss the acquisition of real estate which is estimated to last approximately five minutes with potential action to follow; and for the purposes of item 42.30.110(1) (g) to review the performance of a public employee which is estimated to last approximately 15 minutes also 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 December 8, 2015, regular commission meeting.
Voucher Nos. (dated December 15, 2015) 134926 through 135020 — \$ 3,142,203.60
- b. (Includes electronic funds transfer payment Nos. 1792-1799.)
Voucher Nos. (dated December 22, 2015) 135021 through 135107 — \$ 249,293.94
- c. (Includes electronic funds transfer payment Nos. 1800-1803.)
TOTAL \$ 3,391,497.54
- d. Void accounts payable checks for the week ending December 18, 2015, in the total amount of \$800.00.
- e. Write off deceased no assets and bankruptcy accounts in the total amount of \$736.95.

* 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

No members of the public were in attendance.

ACTION ITEMS

The commissioners took up the election of officers for the board of commissioners for 2016. Mr. Farmer moved, motion seconded by Mr. Jorgenson to have Ms. Gott serve as president of the commission. The MOTION PASSED UNANIMOUSLY. Then Mr. Jorgenson moved, motion seconded by Ms. Gott to have Mr. Farmer serve as board secretary. The MOTION PASSED UNANIMOUSLY. Finally, Ms. Gott moved, motion seconded by Mr. Farmer for Mr. Jorgenson to remain as vice president. The MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Creekpaum reported that the state declared a state of emergency for the December storms however because of the continuing weather, there has not been an end date stated. Once the declaration is closed, a FEMA declaration resolution will be brought to board.

At Mrs. Creekpaum's request, Mr. Myer gave a report on the various storms. Mr. Myer explained that with the El Nino winter, sever events have been happening. Since the last meeting, five weather related incidents occurred causing outages. From lightening to wind gusts, many customers experienced outages. He shared that while the FEMA declaration will help our county overall, other parts of the state were hit much worse.

Mrs. Creekpaum reported her attendance at a United Way event where PUD was recognized for its employees' contributions.

Mrs. Creekpaum updated the commission on the recent blood drive held at the PUD where twenty donors gave blood, resulting in potentially saving 51 lives.

Mrs. Creekpaum reported that a PUD employee (Jenifer Sliva) provided emergency first aid to a crash victim in front of the Johns Prairie Operations Center where a small pickup truck veered into a semi-truck and trailer. Mrs. Sliva provided first aid until medical personnel relieved her.

At Mrs. Creekpaum's request, Mr. Holzgrove spoke about the community solar ribbon cutting ceremony on December 21st. He said there was good attendance from participants and community leaders, including Mason PUD 1 which is considering a community solar project as well. He mentioned that they were able to speak with Governor Inslee's representative who showed an interest in the project as well as how the utility is encouraging private solar installations. Mr. Holzgrove explained that support is available to customers who have or are wanting to install solar panels on their homes, but shared that the incentives to customers are much better in a community solar project. While the utility has reached its cap on the size of system it can build, there is still enough roof space to build up to 350kW total if legislation passes to allow it.

At Mrs. Creekpaum's request, Mr. Holzgrove went over the power situation statement for November of 2015. He noted that this is the second month of the Bonneville Power Administration's (BPA) new rates. While November's purchased power was about the same as November of last year, the cost was up about two percent. He also noted that the heating degree days is up over last year, but that 2014 was an unseasonably warm winter.

At Mrs. Creekpaum's request, Mr. McGary gave a report on power supply issues. Some of the topics included in the discussion included:

- BPA Low Transmission Issues
- Carbon Emissions Meeting
- Position on Energy Independence Act (I-937)

Mrs. Creekpaum gave an update on the Grid Modernization project. She said that network equipment for the Landis + Gyr (L+G) project has been ordered and the site survey has been completed. She noted that an official kickoff meeting with L+G will be held on February 11, 2016. Phase one of that project which is the software conversion to NISC is also moving along. Trainers from NISC were on site to provide training to accounting, payroll, and purchasing. That portion of the software (referred to as ABS) will go live on January 25, 2016. The customer care and billing (CC&B) is expected to go live in May of next year.

Mrs. Creekpaum reported that the utility has been recognized for the 11th consecutive year by the Government Finance Officers Award (GFOA) for excellence in financial reporting. Ms. Gott clarified that the utility has won this award every year it has submitted.

COMMISSIONERS REPORT

Ms. Gott reported her attendance at the Energy Northwest executive board meetings in the tri-cities last week where Mark Reddemann spoke about the Excellence program implementation and how it trickled down throughout the organization.

Mr. Farmer expressed his satisfaction with the community solar ribbon cutting event. He was pleased with the participation of 75-80 people in attendance.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission took a short break at 10:33.

Upon return, the commission went into executive session at 10:38 for the purposes 42.30.110(1) (b) to discuss the acquisition of real estate which for approximately five minutes with potential action to follow.

The executive session adjourned at 10:43 and the regular meeting reconvened.

Ms. Gott moved, motion seconded by Mr. Jorgenson to move forward with the purchase of the Overton property in Belfair and authorize the manager to sign the purchase and sale agreement and notice of condemnation.
MOTION PASSED UNANIMOUSLY.

The commission then went into executive session at 10:48 for the purposes 42.30.110(1) (g) to review the performance of a public employee for approximately 15 minutes with potential action to follow.

At 11:03 the commission announced it would be meeting in executive session for approximately five more minutes.

At 11:08 the commission announced it would be meeting in executive session for approximately five more minutes.

The executive session adjourned at 11:13 and the regular meeting reconvened.

Mr. Jorgenson moved, motion seconded by Mr. Farmer to direct the District's attorney to modify the employment contract with the manager, effective December 16, 2015 to increase her annual salary by 3.5 percent. MOTION PASSED UNANIMOUSLY.

With no further business appearing, the commission meeting adjourned at 11:15.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary