

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

Vice President Jorgenson 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 12, 2016.

District officers present were: Commissioners, Thomas J. Farmer, and Bruce E. Jorgenson (Commissioner Linda R. Gott was out of town); 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 Burtleson; Engineering Services & Community Relations Manager, Justin Holzgrove; Public Information & Government Relations Manager Joel Myer; Energy Resources Manager Michele Patterson; Director of Engineering, Terry Peterson; Safety and Environmental Compliance Manager, Bob Smith; and Administration and Communication Services Manager, Lynn Eaton (recorded minutes).

A member of the public in attendance was Randy Lewis of Shelton.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented.

CONSENT AGENDA

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

- a. Minutes of the June 28, 2016 regular commission meeting.
 - b. Voucher Nos. (dated July 5, 2016) 137423 through 137523 — \$ 473,428.65
(Includes electronic funds transfer payment Nos. 3575 – 3580.)
 - c. Voucher Nos. (dated July 12, 2016) 137524 through 137642 — \$ 851,776.50
(Includes electronic funds transfer payment Nos. 3581 – 3749.)
- TOTAL \$ 1,325,205.15
- d. Void accounts payable check for the week ending June 30, 2016, in the total amount of \$1,456.65. Void accounts payable check for the week ending July 8, 2016, in the total amount of \$390.00.
 - e. Write off closed, deceased, no assets, and bankruptcy accounts in the total amount of \$347.20.

* 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 comments from the public.

STAFF REPORTS

Mrs. Creekpaum reported that year to date as of June 30, 2016, the engineering department has received 915 applications for service compared to 836 applications during the same period in 2015. She particularly noted that applications for permanent services were up.

Mrs. Creekpaum provided the commission with the system reliability report. She pointed out that the PUD's average service availability was 99.977 percent in 2015 compared to 99.968 percent in 2014. She explained that the report shows the top ten outages in 2015 among other reliability information.

Mrs. Creekpaum also provided commissioners with a copy of a letter submitted to the Bonneville Power Administration (BPA) regarding its proposed financial reserves policy. She summarized saying that she does not believe that the BPA can justify a policy that could raise rates by many hundreds of millions over the course of several years, just to maintain a credit rating that saves a comparatively small amount if their credit rating was downgraded. Especially considering that it would be unlikely that any amount of reserves would prevent a downgrade if it affects the United States government in general. She said she supports a financial reserves policy, however the level of reserves should only be one piece of the policy.

Mrs. Creekpaum informed the commission that staff has been working with the District's financial advisors regarding the refinancing of a 2008 bond. She said the District has been watching the bond for a couple of years, and that due to the low rates, the utility could save nearly \$2 million over the life of the bond with an advance refunding through a bank loan. Currently the lowest rates are being evaluated. Both Alan Dashen of A. Dashen & Associates and Nancy Neraas of Foster Pepper PLLC will be here on August 9, 2016 to officially present the recommendation to the commission.

Mrs. Creekpaum announced that a telecommunications workshop has been scheduled for July 20, 2016 with commission. She said public notices would be sent out and that no action would take place at the workshop. She plans to discuss updating the Telecom Service Rules and Regulations, as well as presenting potential funding solutions and prioritization metrics for future neighborhood builds. While no action will take place at the workshop, the commission will be asked to make a policy decision on whether the utility will move forward with building out the fiber network in the future or just continue to maintain the existing system.

Mrs. Creekpaum announced that she has been appointed by the Governor again to serve on the select pension committee for the state of Washington.

Mrs. Creekpaum informed the commission that staff is working on the budget for 2017.

At Mrs. Creekpaum's request, Mr. Myer reported on various legislative happenings including an update that Grays Harbor PUD also voted to oppose Initiative 732 "The Carbon Tax Initiative." He noted that several public utilities have taken this official position. He will continue to update the commission as other utilities take action.

COMMISSIONERS REPORT

Mr. Farmer noted that he is hearing from customers in the Collins Lake and Tahuya River Valley areas that they are interested in PUD 3's fiber.

Mr. Farmer also reported that he would be attending the Washington Public Utility Districts Association meetings tomorrow.

Mr. Jorgenson reported that his meter was changed out for the Grid Modernization project and that it appeared to only take approximately five minutes.

Following a calendar review and good of the order, and with no further business appearing, the regular meeting adjourned at 10:16 a.m.

Linda R. Gott, President

Bruce E. Jorgenson, Vice President

ATTEST:

Thomas J. Farmer, Secretary