

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, August 9, 2016.

District officers present were: Commissioners, Linda R. Gott, Thomas J. Farmer and Bruce E. Jorgenson. Manager Annette Creekspaum; 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; Customer Service Manager Diane Hennessy; Engineering and Community Relations Manager Justin Holzgrove; Telecommunications Manager, Dale Knutson; Records Coordinator Jennifer Renecker; and Administration and Communication Services Manager Lynn Eaton (recorded minutes).

Members of the public in attendance were Nancy Neraas, bond counsel, *Foster Pepper PLLC*; Scott Bauer of *Northwest Municipal Advisors* (attended by phone); and Randy Lewis of Shelton.

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) (i) (i) to discuss with legal counsel potential litigation. 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:

- a. Minutes of the July 26, 2016 regular commission meeting.
  - b. Voucher Nos. (dated August 2, 2016) 137822 through 137884 — \$ 321,950.45  
(Includes electronic funds transfer payment Nos. 3921- 3926.)
  - c. Voucher Nos. (dated August 9, 2016) 137885 through 137935 — \$ 252,298.58  
(Includes electronic funds transfer payment Nos. 3927 - 3935.)
- TOTAL \$ 574,249.03
- d. Void accounts payable checks for the week ending July 26, 2016 in the total amount of \$5,397.40.

\* 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.

ACTION ITEMS

Recommendation was made to Adopt Resolution No. 1666, "A Resolution Refunding 2008 Bonds." The resolution authorizes the issuance and sale of an electric revenue refunding bond not to exceed \$10 million.

Financial advisor Scott Bauer, gave a presentation to the commission on the trends of the current market bond interest rates, stating that it is a good time to refinance. He explained that PUD staff along with his office have been monitoring the 2008 bonds looking for refund savings. A request for proposal (RFP) was sent out to six banks and three responses were received. Of those three, Chase bank had the best proposal. The current debt structure of the bond would be maintained and the cash-flow savings to the district would be approximately \$4.1 million over the life of the loan.

Nancy Neraas went over the resolution, which she explained was a delegation resolution as the numbers are not completely finalized until the closing date of August 31, 2016. The resolution authorizes "the issuance and sale of an electric revenue refunding bond in the aggregate principal amount of not to exceed \$10 million to advance refund certain outstanding electric revenue bonds of the District; and fixing the form, terms and covenants of the bond."

After a brief discussion, Mr. Farmer moved, Ms. Gott seconded to Adopt Resolution No. 1666, "A Resolution Refunding 2008 Bonds." MOTION PASSED UNANIMOUSLY.

Recommendation was then made to approve the development of a program for future broadband neighborhood builds.

Ms. Creekpau expressed that staff is seeking a motion to move forward on fully developing a program for the prioritization and funding of broadband neighborhood builds. She explained that if the commission is supportive of this direction staff will seek customer input before proposing the final program, policies/procedures, and funding options. She further explained that the previously proposed gig-a-build rate proposal has been postponed until the details of the program has been worked out.

Mr. Farmer moved that Mason PUD 3 establish a program to authorize the manager to approve extensions of fiber optic infrastructure to neighborhoods when such extensions can be made financially viable and further direct the manager to develop the details of the program, funding methods and the policies necessary for its implementation for formal adoption by the board. Ms. Gott seconded the motion. After a brief discussion, the MOTION PASSED UNANIMOUSLY.

A recommendation was made to Adopt Resolution No. 1667, "A Resolution to Amend the Telecommunications Service Rules & Regulations."

Mrs. Creekpau noted that the changes to the document had been explained fully at the telecom workshop. She made note that the reduction in some of the rates were due to reduced costs to the District.

Mr. Jorgenson moved, Mr. Farmer seconded to Adopt Resolution No. 1667, "A Resolution to Amend the Telecommunications Service Rules & Regulations." MOTION PASSED UNANIMOUSLY

It was then recommended to Adopt Resolution No. 1668, "A Resolution to Adopt Rules, Regulations and Rates for Communication Facilities."

Mrs. Creekpau pointed out that the rates for communication facilities (towers) were also discussed at the telecommunications workshop. She explained that the rates are based on zones and each tower facility will have its own zone diagram. Mrs. Creekpau noted that the rates are the same as PUD's existing Kamilche tower facility, however staff recommended combining all facilities on one resolution and rate schedule for efficiency.

Mr. Jorgenson moved, Mr. Farmer seconded to Adopt Resolution No. 1668, "A Resolution to Adopt Rules, Regulations and Rates for Communication Facilities." MOTION PASSED UNANIMOUSLY

A recommendation was then made to Adopt Resolution No. 1669, "A Resolution Modifying the Policy for Food & Beverage Expenditures."

Mrs. Creekpau explained that this is a cleanup resolution that supersedes Resolution No. 732 from 1994. She explained that the policy is very similar, however the new policy will be followed by an administrative directive and procedures that bring the District's practices closer in line with recommendations from the Washington State Auditor's office based on a published Attorney General opinion.

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to Adopt Resolution No. 1669, "A Resolution Modifying the Policy for Food & Beverage Expenditures." MOTION PASSED UNANIMOUSLY.

#### MANAGER'S REPORT

Mrs. Creekpau informed the commission that a hearing would be held on August 23 in order to seek public comment on the District's resource plan as required under RCW 19.280. Following the hearing commission will be asked to take action on the resource plan.

Mrs. Creekpau let commissioners know that staff is currently working on the budget for 2017.

Mrs. Creekpau reported that comments were made at the Public Power Council meeting to the Bonneville Power Administration's (BPA) administrator Elliot Mainzer, regarding the projected rate increases. She said that the group was firm in its position of opposing another large rate increase from BPA.

#### COMMISSIONERS REPORT

Mrs. Gott noted that she appreciated the personal note that George Caan, Executive Director of the Washington Public Utility Districts Association (WPUDA) sent out about the passing of Asotin County PUD Commissioner Gary Hicks.

#### GOOD OF THE ORDER

During the good of the order, Mr. Lewis noted that he appreciated the District's decision to reduce its telecommunication rates to its retailers. He also made a point that while he already has fiber, he wouldn't mind if part of his bill went to help other customers receive fiber in their more rural areas. He related it to the public benefit of paying taxes for schools even though he doesn't have students attending those schools.

After a calendar review and with no further business appearing, the commission took a short break at 10:48.

Upon return, the commission went into executive session at 10:55 for the purposes of item 42.30.110(1) (i) (i) to discuss with legal counsel potential litigation. The executive session is estimated to last approximately 10 minutes, with no action to follow.

At 11:05 the commission announced it would continue in executive session for approximately 5 more minutes.

At 11:10 the executive session adjourned and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 11:10.

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Linda R. Gott, President

ATTEST:

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Bruce E. Jorgenson, Vice President

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Thomas J. Farmer, Secretary