

MINUTES OF PUBLIC 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 (Skookum Room) at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, November 26, 2019.

District officers present were: Commissioners, Thomas J. Farmer; Linda R. Gott Bruce E. Jorgenson; Manager Annette Creekpaum; Finance Manager/Treasurer Sherry Speaks; Risk Manager/Auditor Brian Taylor; Attorney Robert Johnson.

The following PUD 3 personnel were present: Director of Business Services John Bennett; Director of Business Services Operations Michelle Burlison; Asst. Public Information & Gov Relations Manager Lynn Eaton; Customer Service Manager Diane Hennessy; Telecommunications & Community Relations Mgr. Justin Holzgrove; Conservation Manager Koral Miller; Public Information & Gov Relations Manager Joel Myer; Power Manager Michele Patterson; Administration Services Manager Mary Taylor-Monger (recorded minutes).

Member of the public in attendance was: 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 as authorized by the Open Public Meetings Act, RCW 42.30.110 (1) (g) to review the performance of a public employee. The executive session is estimated to last approximately 30 minutes, with possible 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:

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| a. | Minutes of the November 12, 2019 regular commission meeting. | | |
| b. | Voucher Nos. (November 19, 2019) 152175 through 152248 (Includes electronic funds transfer payment Nos. 19524-19547) | \$ | 284,775.91 |
| c. | Voucher Nos. (November 26, 2019) 152249 through 152340 (Includes electronic funds transfer payment Nos. 19548- 19735) | \$ | <u>1,473,526.80</u> |
| | | TOTAL | \$ 1,758,302.71 |
| d. | Void accounts payable checks for the week ending November 22, 2019 in the total amount of \$146.51 | | |
| e. | Governance Policy Expense Approval | | |

*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

No public comment was given.

STAFF REPORT

At Mrs. Creekpaum's request, Mrs. Speaks reviewed the status of the budget as of October 31, 2019, with the commission. The month-end receipts for October were \$5.6 million, expenditures were \$6 million. Finishing the month of October with a negative budget balance of \$394,736. Mrs. Speaks stated that the 2019 budget may end in a negative balance. Some of the factors causing this is was a storm that was declared as a state of emergency by the governor, but the \$500,000 cost is not being reimbursed by FEMA. The weather was warmer than anticipated causing low energy sales. Conservation measures are also a factor. As Ms. Patterson will discuss, demand charges are running much more than last year. Historically having a negative balance at year end has occurred. Cash reserves are available if necessary.

Mrs. Speaks then provided the treasurer's report of funds through October 2019. The opening cash balance for October was \$2.1 million and was \$2.8 million at month's end. The total of all funds at month-end were \$30 million.

Mrs. Creekpaum reported that after two days of interviews, a bond refinancing underwriter has been selected. With PUD 3's financial advisor Allen Dashen facilitating, Christine Pihl of RBC Capital Markets was selected. Commission can expect a resolution soon to move forward with the bond refinancing.

At Mrs. Creekpaum's request, Mr. Holzgrove reported on the North Mason capacity issues. The building of a roundabout on State Route 3 near Log Yard Road provides access to property that was not previously accessible for construction. He reviewed a Mason large load capacity timeline. PUD 3 has met with potential builders in the North Mason area as well as the Bonneville Power Administration (BPA) to discuss power needs and possible solutions. Discussions will continue over the coming months.

At Mrs. Creekpaum's request, Ms. Patterson provided commission with a purchased power statement. Ms. Patterson stated the demand (or peak) was 140 MW which is 11 percent higher than forecasted. The 11 percent increase in the MW's equated to a 334 percent increase in the demand charge. The high demand in September and October were centered on very cold mornings and evenings. The HDDs in October were 132 percent of normal and 129 percent of the ten-year average. September was also out of the ordinary with the last four days of the month averaging over 300 percent of the norm. This cold weather affected the demand charge to PUD 3 greatly. PUD 3's costs are higher due to the demand; however, it will not necessarily correlate to an increase in revenue. The kWh's came in at only 96 percent and we do not bill our residential and small commercial customers for demand.

At Mrs. Creekpaum's request, Mr. Myer reported on the recent Northwest River Partners Lower Snake River Dam Survey.

Mrs. Creekpaum shared with commission that PUD 3 is again featured in the NWPPA Bulletin magazine. The article in the Bulletin discusses automated meters and grid modernization.

At Mrs. Creekpaum's request, Mrs. Eaton provided information on the upcoming Holiday events. Mrs. Eaton reported on several events occurring in downtown Shelton December 6-8, 2019. PUD 3 is assisting with tree lighting and will have an entry in the Shelton Christmas parade.

At Mrs. Creekpaum's request, Mrs. Hennessy reported on a recent interaction with a PUD 3 customer. The PUD Employee Association selects several deserving families in Mason County to receive turkey dinner baskets for Thanksgiving. A customer that has worked continuously with customer service was very thankful for the donation and commented that she is not always the most pleasant to deal with appreciates the thoughtfulness of the utility employees.

COMMISSIONERS' REPORT

Ms. Gott reported that she attended the NoaNet, Northwest River Partners, Public Power Council (PPC) and Pacific Northwest Utilities Conference Committee (PNUC) meetings last week. She shared that NoaNet has completed its 2020 budget.

Mr. Farmer reported that he attended the NoaNet, PPC, WPUDA, and the League of Women Voters Meetings last week.

DISCUSSION ITEMS

No items were discussed

GOOD OF THE ORDER

Following the calendar review, the commission meeting recessed at 10:53 a.m. for a short break and reconvened at 10:58 a.m. to meet in executive session for no more than 30 minutes.

At 11:28 a.m. the executive session extended for 15 minutes.

At 11:42 a.m. the executive session adjourned and the regular meeting reconvened. Ms. Gott moved, the 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 set at \$250,100 per year; and future adjustments for the term of the contract will be established using the CPI-W percentage rate as published annually from August to August for the Seattle-Tacoma-Bellevue, WA region and market pricing studies provided to the district by Milliman. In years 2021 and 2022 the salary will be adjusted based on the CPI and in 2023 the Board shall review the Manager's compensation and it will be adjusted to reflect the P50 level of the Milliman market pricing study. For the remaining term of the contract the annual salary will be set every other year using the CPI in even years and the market pricing study in odd years. THE MOTION PASSED UNANIMOUSLY.

With no further business appearing, the commission meeting adjourned at 11:44 a.m.

Thomas J Farmer, President

ATTEST:

Linda R. Gott, Vice President

Bruce E. Jorgenson, Secretary