

**MINUTES OF THE REGULAR MEETING OF MARCH 24, 2009
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for March 2009, of the Commissioners of Public Utility District No. 1 was called to order on March 24, 2009, at 921 Lakeridge Way SW, Suite 201, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Alan Corwin, Paul Pickett and Chris Stearns were present. Also present were John Weidenfeller the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), Don Taylor the District's Attorney and Jennifer Anderson, Clerk to the Board.

Commissioner Corwin called the general meeting to order at 5:05 p.m.

Commissioner Pickett moved to adjourn the March 10, 2009 meeting at 5:05 p.m.; Commissioner Stearns seconded and all approved.

Approval of Agenda:

Commissioner Pickett moved the adoption of the agenda, with Resolution 09-20 moved to the Consent Calendar; Commissioner Stearns seconded and all approved

Public Hearing:

None

Public Comment:

No members of the public were present

Consent Calendar:

- Improvement Authorizations
- Approval of Minutes: March 10, 2009
- Prequalification of Contractors – Small Works Roster
 - Brumfield Construction Inc
 - Quality Fence Builders
- Travel Approvals
- Other –
- Resolution 09-20 Amendment 2 to Triway Contract (Res. 08-35)
- Voucher Approval
 - 1) Accounts Payable 3/11/2009, 3/18/2009
 - 2) Payroll 3/20/2009

Commissioner Stearns moved to adopt the consent calendar, Commissioner Pickett Seconded, all approved.

Action Items:

None

Presentations:

Legal Report:

Don Taylor, PUD Attorney

Mr. Taylor advised the Board that both the state statutes and constitution allow adoption of Resolution 09-19. The Board agreed with his suggestion to substitute sympathetic in place of empathetic. He also reviewed statutes that relate to the PUD's authority to impose a surcharge on water systems. He expressed that it is his opinion that we may impose a surcharge for fire flow, or anything else, but must give notice and give the public an opportunity to comment. ULID's can be done, but cautioned the Board that this would be a very lengthy and cumbersome process. He also has concerns that we may not have the power to do ULID's in all of the counties we service because our taxing authority is only in Thurston County, he will continue to investigate this and report back to the Board. The Board requested Mr. Taylor to provide a memo about the Hills Homes v. PUD case. The GM asked Mr. Taylor if a new resolution is needed to increase the per diem rate. Mr. Taylor recommended a new resolution so that the auditors could easily see the where the per diem was increased as authorized by the legislature. The Board directed the GM to draft a resolution.

General Manager's Report:

John Weidenfeller, GM

The GM presented a written report. Commissioner Pickett asked the GM to summarize his meeting with Steve Hatton, consulting engineer, about the Crescent Park and Terry Lane fire flow issue. The GM reported that Mr. Hatton indicated it will not cost as much as estimated and provided other options to consider, such as installing standpipes where pump trucks could get water. The GM will continue to follow-up with Pierce County Fire Department regarding their requirements and recommendations. The options, along with their associated costs, will be provided to the homeowners at the meetings taking place on March 26 (Crescent Park) and March 31 (Terry Lane). Commissioner Pickett expressed concern about spending our capital on non public health related issues. The Board agreed to not offer an option that includes contributing PUD capital at this time.

Operations Manager's Report:

Kim Gubbe, OM

The OM's written report was submitted in her absence.

Chief Financial Officer's Report: Julie Parker, CFO

The CFO presented a written report.

The CFO passed out an information paper to the Board regarding the status of funding for Tanglewilde projects. Because we are not permitted to significantly change the scope of what we have already applied for, she does not see the need to go out for a bond issue at this time as the DWSRF loan, along with the associated grant, will be sufficient to complete the project.

Commissioner Corwin asked about refinancing the Cashmere Valley Bank Loan. The CFO has concerns that our current credit rating would not qualify us for a very good rate at this time. The GM noted that significant staff time is needed to perform the due diligence needed to go out for a bond issue and also that since bonds are typically sold in

\$5 million increments, we would first need to determine if we could sell the bonds and then how the money could be spent.

The CFO noted that the encumbrances and revenue that we know are going to happen but that have not been budgeted were not included in the financial report provided to the Board. The CFO was directed by the Board to include these in future financial reports.

She has been investigating the 211 call potential, which is a social services number that customers can call to be directed to charitable entities when they need help paying their water bill. The CFO also provided an update on the work performed by Dick Wilson. Mr. Wilson completed all of the necessary work to get the PUD systems in Thurston County into the PUD's name. The OM is now working on completing this project for systems outside of Thurston County, with Don Taylor's assistance. The GM was directed to send a thank-you letter to Mr. Wilson for his service.

She also reported that four applications were submitted for stimulus loans, two of these have been disqualified because they are Group B systems and the stimulus was only available to Group A systems. It was learned yesterday that the \$6 million project for Tanglewilde was not even considered because the administrators misread our application and thought the project would not be shovel-ready within 12 months. The other project on the list for consideration, Evergreen Vista, did not score high enough to be funded. The next step is to follow up with possible funding from USDA.

Resolutions:

Resolution 09-18 Revised Financial Policies

The Commissioners requested changes to Section 1.1 to include "any one of the following methods" and to change "cost of service" to "rate approach study" in Section 1.2. The Board directed the GM and CFO to make the changes and bring it back to the next meeting.

Information Discussion of Operations/Policy Issues:

Draft Resolution 09-19 Low Income Assistance Program

Commissioner Corwin noted the need to determine how Pierce and Grays Harbor systems can be included; he would like to see all of the PUD systems under the same program. His other questions concern the sustainability of the program and how the program could be discontinued if it isn't sustainable. He would like to see language included that enables us to get contributions from other sources other than only customers. There were questions about whether the amount of assistance per customer per year being proposed is enough to be meaningful as well as the cost to administer the program. The CFO stated that the proposed assistance amount of \$25 is not enough to get customers off of the shut-off list; the threshold to be on the shut-off list is \$30 and the average past due amount is \$50 - \$60. The Board agreed there are a lot of details to work out and directed the GM to continue working on the details.

Commissioner Reports:

| Commissioner Corwin

Reported on WPUDA meeting he attended and provided some information about the discussion of I-937 and Bill 5840. He noted there was more discussion about Commissioner Compensation and that the State Auditor has recognized that the current regulations are vague however, we still have to abide by them. He also attended the WRIA11 meeting and he reported a successful outcome in the negotiation with Triway Enterprises.

Commissioner Stearns

Attended the Chehalis WRIA where the discussion was about funding upcoming projects for salmon recovery. He is also planning to attend the TMDL on March 26.

Commissioner Pickett

Attended the Telecom Committee meeting and sat in on the discussion regarding the Federal Stimulus money. He learned that the stimulus money is going to shovel-ready projects so it would not help us at this point. They also want people to have a track record. Bottom line is we can't go any where with Telecom until we put together a business feasibility study. He is on their mailing list and will monitor their activity. GM was directed to contact TRPC and get copy of the Telecom Report. He also met with Karen Valenzuela, is meeting with Kathy Wolfe on March 26 and met with Steve Johnson to get updated on what is happening with other PUDs.

Summary of Assignments:

1. Don Taylor: Memo about Hill Homes v. PUD decision; right to surcharge
2. Don Taylor: Investigate the PUD's power to do ULID's in all of the counties we serve
3. GM: Prepare Resolution regarding Commissioner Compensation
4. CFO: Put Artesian Well testing results on our web site
5. OM: Work on signage for the Artesian Well
6. GM: get cost estimate to cap hydrants in Crescent Park and Terry Lane
7. CFO: Research options for refinancing the Cashmere Bank loan
8. CFO: Include the up coming revenue and expenses in the financial report
9. GM: Send a thank you letter to Dick Wilson
10. GM: Get a copy of the Telecom report from TRPC

Adjournment:

There being no further business, Commissioner Pickett moved to adjourn to Executive Session at 7:50 p.m., seconded by Commissioner Stearns, all approved.

President

Attest: _____
Secretary