

**MINUTES OF THE REGULAR MEETING OF AUGUST 23, 2009
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for August 2009, of the Commissioners of Public Utility District No. 1 was called to order on August 25, 2009, at 921 Lakeridge Way SW, Suite 201, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Alan Corwin, Paul Pickett were present and Chris Stearns attended by telephone. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), Kim Gubbe, the District's Operations Manager and Jennifer Anderson, Clerk to the Board.

Commissioner Stearns called the General Meeting to order at 5:01 p.m.

Approval of Agenda:

Commissioner Pickett moved adoption of the agenda, Commissioner Stearns seconded and all approved.

Consent Calendar:

- Improvement Authorizations
- Approval of Minutes: August 11, 2009
- Prequalification of Contractors – Small Works Roster
- Resolution 09-36 Write-off Uncollectable Accounts
- Travel Approvals
- Other –
- Voucher Approval
 - 1) Accounts Payable 8/12/2009, 8/19/2009
 - 2) Payroll 8/20/2009

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

Public Hearing:

None

Public Comment:

No members of the public were present

Presentation:

None

Staff Presentations:

General Manager's Report: John Weidenfeller, GM

The GM presented a written report and had nothing further to add.

Operations Manager's Report: Kim Gubbe, OM

The OM presented a written report and had nothing further to add.

Chief Financial Officer's Report: Julie Parker, CFO

The CFO presented a written report. Commissioner Pickett asked if the facility charges should be included in the variance report for the capital accounts rather than as income in the Operations accounts. The CFO explained that it goes into the Operations account first, and then is transferred to Capital. Commissioner Pickett asked that the CFO include a summary status of the capital account in her monthly report in the future.

Commissioners agreed that where minor expenditures are concerned, for which budget funds are available, it is within the discretion already granted to the GM and CFO to authorize such changes as needed unless it would require a change in the budget or a change in policy.

Commissioner Stearns asked for an update about the Bond issue. The CFO informed the Board that she has spoken with Cashmere Valley Bank about increasing our line of credit. She was advised that it would be in our best interest, for short term credit, to obtain a separate line of credit. She has not yet contacted Bond Counsel to start that process because we currently have a sufficient line of credit. She also reported that she will be pursuing the Bond refinancing in the near future. Commissioner Corwin expressed concern that we have a back up line of credit in place in the event Cashmere Valley Bank fails. The GM and CFO will follow up on securing a back up plan.

Commissioner Reports:

Commissioner Corwin

Commissioner Corwin reported that he attended the WRIA 11 meeting and water banking was discussed. He will be out of town during the next WPUDA board meeting but plans to attend the executive committee meeting on September 17th.

Commissioner Stearns

Commissioner Stearns reported that he received the agenda for the September WPUDA Water Workshops. He will attend the September WPUDA Board meeting.

Commissioner Pickett

Commissioner Pickett had nothing to report.

Information Discussion of Operations/Policy Issues:

Discussion – 2010 Budget and Rate Discussion

The CFO noted a couple of small changes that were made to the proposed 2010 Budget since the last meeting. There was some discussion about the Budget and Rate hearing and approval process and timing. The CFO explained that the August newsletter advises customers of the

ability to comment at the September 22nd and October 5th hearings and that the Commissioners will make a decision on or before October 13th.

Discussion – Status of Low-income Payment Support Fund.

Commissioner Pickett noted that there are signs that economic difficulties are catching up with customers and he didn't want to lose track of this project. However, he had discussed the issue with the GM and would like to keep this in a low-priority status, to be reviewed again during the 2010 budget process. The Commissioners agreed with the goal of looking for ways to help low-income customers, and that pursuing other items to improve infrastructure, revenues, and efficiency should be a higher priority because they will be less costly overall and can hold rates down.

Discussion – Timing of Manager Contract

Commissioner Pickett noted the difficulty in establishing a budget before the GM's salary has been negotiated and suggested negotiations be moved up to fit in with the budget process. It was noted that the current contract expires on December 27th; the Commissioners requested the GM prepare a motion for the next meeting to extend the GM's current contract to December 31st and to draft a proposed contract for the 2010 calendar year. In the future, GM evaluations will be held in late December or early January retrospective of the past calendar year. Negotiations for a new GM contract for the following year will be held early in the budget cycle and adopted when the budget is adopted.

Action Items:

Motion authorizing Engineering and Improvements to Platt and Brookhaven 1 Water Systems

The OM provided some explanation about what the problems are and what will be done to resolve them.

Commissioner Corwin moved to authorize staff to hire an engineer and make necessary upgrades to the Brookhaven 1 and Platt water systems to resolve their water system problems, not to exceed a cost of \$20,000 seconded by Commissioner Pickett. All approved.

Resolutions:

Resolution 09-37 Travel Policy (Policy 100-042)

The Board and staff discussed the suggested revisions. The Policy changes apply to Commissioners and staff when they are using their own vehicle for travel. If a single-day trip inside the county with multiple destinations add up to more than 30 miles, then it is eligible for mileage reimbursement.

Commissioner Pickett moved to adopt Resolution 09-37 Travel Policy (Policy 100-042), Commissioner Stearns seconded, all approved.

Legal Report:

Mr. Taylor reported that he reviewed and approved the Terry Lane and Crescent Park bid contract.

Executive Session

Commissioner Corwin opened an Executive Session at 5:56 p.m. to discuss potential litigation and real estate acquisitions (RCW 42.31.110). The Board closed the Executive Session at 6:01 p.m. and returned to the Regular meeting.

Summary of Assignments:

1. CFO: work on a back up plan for our line of credit at Cashmere Valley Bank.
2. CFO: include a Capital Report with her monthly reports to the Board.
3. GM: prepare a motion for the next meeting to extend the GM's current contract to December 31st and a proposed contract for 2010.
4. Commissioner Stearns: attend the September WPUDA Board meeting

Adjournment:

There being no further business, Commissioner Stearns moved to adjourn the Thurston PUD Board meeting at 6:01 p.m., seconded by Commissioner Pickett, all approved

President

Attest: _____
Secretary