

**MINUTES OF THE REGULAR MEETING OF SEPTEMBER 8, 2009
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for September 2009, of the Commissioners of Public Utility District No. 1 was called to order on Tuesday September 8, 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 Julie Parker, the District's Chief Financial Officer (CFO), Kim Gubbe, the District's Operations Manager (OM), Don Taylor the District's Attorney (arrived at 6:00 p.m.), and Jennifer Anderson, Clerk to the Board.

Commissioner Corwin called the general meeting to order at 5:02 p.m.

Approval of agenda:

Commissioner Corwin requested a motion for approval of the agenda.

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

Public Comment

Consent Calendar:

- Improvement Authorizations
- Approval of Minutes: August 23, 2009
- Prequalification of Contractors – Small Works Roster
 - Utility Services Associates, LLC
- Travel Approvals
- Other –
- Voucher Approval
 - 1) Accounts Payable 8/26/2009, 9/2/2009
 - 2) Payroll 9/4/2009

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

Presentation:

Denise Addotta Clifford, Office of Drinking Water (ODW), DOH, & Clark Halvorson, Regional Manager, Southwest Region

Mr. Halvorson and Ms. Clifford spoke to the Board about developing issues in drinking water. Questions were raised by the Commissioners regarding B systems, exempt wells and relocation of the artesian well. Ms Clifford raised the idea of mutual aid and regional planning efforts with other neighboring PUD's and utilities. Commissioner Pickett expressed support for this idea and described the PUD's efforts to date in this area. They have WDOH has just released their small

water systems report; it is available on their website. The GM will provide a link to this to the Commissioners. Other issues discussed include working with the County to develop contingency plans for a Health Advisory, and the need to communicate with customers about what it takes for a utility to provide clean, dependable water.

Legal Report: Legal Report: Don Taylor, PUD Attorney

Mr. Taylor reported that he reviewed several documents including the contract with JW Morrisette, the Thurston County IT Interlocal Agreement and a letter from an attorney, Brian Baker, concerning the notice to owners regarding their payment responsibilities effective October 1st. He asked to see a copy of the Title Report regarding the sale of the Lathrop system; the GM will mail or drop off a copy to him. The CFO will provide Mr. Taylor with the information necessary to draft an Ad Valorem Resolution for setting the 2010 Property Taxes.

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager
The GM presented a written report.

Operations Manager's Report: Kim Gubbe, Operations Manager
OM presented a written report.

Chief Financial Officer's Report:

The CFO did not have a report, other than budget issues which are later on the agenda.

Commissioner Reports:

Commissioner Stearns

Commissioner Stearns did not have a report.

Commissioner Pickett

Commissioner Pickett sent an e-mail to staff at the Squaxin Tribe to initiate contact regarding a discussion with the PUD. Commissioner Stearns will attend the Thurston Regional Planning Council retreat on September 11th in place of Commissioner Pickett. There was some discussion about the PUD's involvement with the Planning Council.

Commissioner Corwin

Commissioner Corwin did not have a report.

Information Discussion of Operations/Policy Issues:

2010 Budget and Rate & Capital Plan Discussion

The CFO reported that no changes have been made since prior discussions. The Proposed 2010 Budget is the Option 2 that the Board has previously discussed. This item was brought forward by the CFO to assure that there is concurrence between the Board and Staff. She also added the Capital Budget, which includes everything that was discussed in prior meetings. Additionally, she included the proposed rates at an across the board increase of 1.9%; the average customer will see a rate increase of less than \$1.00/month.

In response to a question from Commissioner Pickett about reserve balances, she stated that we are on target with our financial policies this year; developer fees have helped to strengthen our reserve. Commissioner Pickett noted that the capital budget is short; the CFO stated there is still lot of work to do on 2 bonds which will go towards the capital budget as well as to our LOC. At the September 22nd meeting she will provide the Board with a revised Capital and Operating Budget for 2009 to incorporate the changes anticipated throughout the rest of the year. The Terry Lane and Crescent Park improvements have been included as expenditures in the Capital Budget however the rate changes for Terry Lane and Crescent Park will come after the improvements have been made when the actual costs are known; there will be a rate hearing at that time.

GM's 2009 Contract & Draft 2010 Contract

Commissioner Corwin noted a 5 day discrepancy in the 2009 contract and requested staff look into rectifying the discrepancy. Commissioner Pickett suggested this be corrected by amending the 2009 contract ~~within rather than develop a new the~~ 2010 contract. The contract will be referred to Don Taylor ~~and will be for consideration~~ at the next meeting.

Action Items:

None

Resolutions:

Resolution 09-38 Contract with JW Morrissette & Associates for Tanglewilde-Thompson Place Project Engineering and Construction Oversight

Commissioner Pickett moved to adopt Resolution 09-38 Contract with JW Morrissette & Associates for Tanglewilde-Thompson Place Project Engineering and Construction Oversight Commissioner Stearns seconded, all approved.

Executive Session

Commissioner Corwin opened an Executive Session at 7:27 p.m. to discuss potential litigation and real estate acquisitions (RCW 42.31.110). The Board closed the Executive Session at 7:47 p.m. and returned to the Regular meeting.

*****Commissioner Corwin moved as follows: If the subject of hiring an independent investigator comes up at the WPUDA GM or Board meeting, GM and Commissioner Stearns are to state that Thurston PUD unanimously opposes hiring any independent investigator, seconded by ***, Commissioner Pickett, all approved.**

Summary of Assignments:

1. GM: Provide copy of link for DOH Small Water Systems Report to Commissioners
2. GM: Provide a copy of the Lathrup Title Report to Counsel Don Taylor
3. Don Taylor: Prepare and provide the ad valorem property tax ordinance to CFO Parker
4. Commissioner Stearns: Attend the Sept. 11th TRPC meeting and Sept 18th WPUDA meeting
5. Don Taylor: Review the GM's contract for 2010, and instruct GM and Board how best to seamlessly transition from the existing contract to the new contract.

Adjournment:

There being no further business, Commissioner Stearns moved to adjourn the Thurston PUD Board meeting at 7:52 p.m., seconded by Commissioner Pickett, all approved.

President

Attest:

Secretary