

**MINUTES OF THE REGULAR MEETING OF FEBRUARY 22, 2011
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for February 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday February 22, 2011, at 921 Lakeridge Way SW, Suite 301, 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), Kim Gubbe, the District's Operation Manager, Tom McDonald, Chief Legal Counsel, and Cathy Skiles, Clerk to the Board

Commissioner Stearns called the general meeting to order at 5:09 p.m.

Approval of agenda:

Commissioner Corwin moved the approval of the agenda, Commissioner Pickett seconded, all in favor.

Consent Calendar:

Approval of Minutes: February 8, 2011

Prequalification of Contractors – Small Works Roster

Cobra BEC, Inc.

Town and Country Post Frame Buildings

SMA Contracts

Correspondence:

Travel Approvals: GM Attendance at AWWA SW Chapter Conference in Boise, Idaho May 4-6, 2011

Other –

Voucher Approval

Accounts Payable 2/9/11, 2/16/11

Payroll 2/18/11

Resolutions:

Commissioner Corwin moved the approval of the Consent Calendar, Commissioner Pickett seconded, all in favor.

Public Comment: None present

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller added two items to his written report that occurred after his report was submitted. He was contacted and met with Thor Hoyte, former Tribal Attorney for the Nisqually tribe. Mr. Hoyte is in the business of serving as Tribal Attorney for tribes and is also helping with Native American green businesses. He asked if we would be interested in a product developed by KVAR, it saves energy and helps reduce fuel expenses. Mr. Hoyte provided testimonies from businesses already using the product. They have offered to install two systems for us to try out for 90 days. He claims there is approximately a two year payback. Commissioner Pickett commented he would like to contact our energy providers to find out if they have any incentives and also to confirm they do not have any concerns with us using these products.

The second item is that we have been contacted by the Nisqually tribe to assist with a water system they own called the Nisqually Business Park. OM Gubbe and GM Weidenfeller will visit the system tomorrow. They are looking for someone to manage the system.

Commissioner Corwin asked about the PURMS insurance in reference to our \$40,000 payment in January. He did some research on how PURMS works; he found the co-pay is 70%. He does not believe that is considered shared risk. He is concerned about whether the pool they hold is large enough. It is safe to assume we will see more of these assessments in the future. He does not want to harm the employees and their level of benefit but does not like the risk of a 70% co-pay. He has asked GM Weidenfeller to look into other options such as financial pools etc. Discussion continued regarding health insurance benefits. The CFO noted that the PUD has paid out between \$112,000 and \$140,000 in previous years and we budget for the average over those years. Commissioner Pickett noted that any decision on health benefits had to balance the benefits to employees, cost to employees, fixed costs to the PUD, and the potential risk of unknown costs. Commissioner Stearns noted that he felt that loyalty to PURMS was important too.

The Board asked the GM to spend limited time looking into costs and benefits of options, but consider it a "medium" priority for action over the next six months. The GM noted that staff would return with more information concerning caps and limits on insurance and would look at options.

Commissioner Stearns asked about letters going out to potential acquisitions of water systems.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Kim Gubbe provided a report in writing. Pictures were shared from Kim's trip to Washington DC. Commissioner Stearns asked if we are on track with the reservoir in Tanglewilde, OM Gubbe said we are moving forward on the project. There was a discussion on funding of improvements.

Chief Financial Officer's Report: Financial Variance Report (every 4th week's meeting) Julie Parker, Chief Financial Officer provided a written variance report for January, attached to that were written notes that were note worthy. She thanked the Commissioners for the extra time to prepare financial statements and Commissioner Pickett stated his appreciation of the variance report with notes.

Commissioner Stearns asked if the payment costs have been sent into the Thurston County Auditor's Office. CFO Parker explained the first half was sent in last year and the second half will be mailed in later this year. The Auditor's Office authorized two payments.

Information Discussion of Operations/Policy Issues:

Officer Duties and Authorities

Commissioner Corwin opened discussion regarding the duties of the Commissioner Board. The Board reviewed the roles of the Commissioners on the Board and ground rules for how they communicate, both at meetings and to the outside world between meetings.

Legal Report: Tom McDonald

They will have an executive session regarding the legal items, nothing else to report. There was a brief discussion of pending legislation.

Commissioner Reports:

Commissioner Corwin reported a vote at the last WPUA Board meeting. The GM and Board discussed some of the dynamics emerging with the vote in light of the recent WPUA reorganization.

Commissioner Corwin reported on the Telecom Committee. There has been some activity in legislation but nothing is likely to pass. He also attended the Government Relations Committee meeting, which did not go so well, and attended the Education Committee, which went very well. They have a plan for events in April, May and March.

Commissioner Pickett reported he attended the Washington Hydrologic Society meeting, and thanks to the presentation by Department of Health staff, he understands the municipal water law much better. Commissioner Stearns attended and noted they were able to add a lot because they were actually the only operation utility represented.

Commissioner Stearns reported the Deschutes is not meeting this month. He will be attending the Chehalis Partnership later this month. He has attended the WPUA meetings. Her plans to contact Michael Cade at Thurston EDC to discuss solar financing and other issues regarding new lines of business.

Summary of Assignments:

1. Contact our energy providers to find out if they have any incentives and also confirm they do not have any concerns with us using KVAR products.
2. Staff will research PURMS and return to Commission with more information concerning caps and limits on insurance and would look at options.
3. Staff will report back on that status of funding for Tanglewilde well and reservoir projects.

At 6:48 Commissioner Pickett moved to adjourn the General Meeting and go into Executive Session from 6:50 to 7:10 to discuss potential litigation. The Commissioners were allowed a two minute recess from 6:48 to 6:50.

Executive Session broke at 7:10 to extend discussions regarding potential litigation until 7:20.


Executive Session broke at 7:20 to announce that discussions regarding potential litigation will be extended until 7:35. The Commissioners came out of Executive Session at 7:32.

Adjournment:

Commissioner Pickett moved to adjourn the General meeting at 7:33, Commissioner Corwin seconded, all approved.



President

Attest: 

Secretary