

**MINUTES OF THE REGULAR MEETING OF MAY 10, 2011
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for May 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday May 10, 2011, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, Alan Corwin, and Paul Pickett 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 Operations Manager (OM), and Cathy Skiles, Clerk to the Board. Tom McDonald, the District's Attorney arrived at 5:20 p.m.

Commissioner Stearns called the general meeting to order at 5:00 p.m.

Approval of Agenda

Commissioner Corwin moved adoption of Agenda, Commissioner Pickett seconded, all in favor.

Consent Calendar:

- Approval of Minutes: April 26, 2011
- Prequalification of Contractors – Small Works Roster
- SMA Contracts
- Correspondence:
- Travel Approvals:
- Other –
- Voucher Approval
 - Accounts Payable 4/27/11, 5/4/11
 - Payroll 5/5/11
 - Emergency Leak Repair Invoice Black Hills Excavating, \$5,348.04
- Resolutions:

Commissioner Pickett moved to approve the Consent Calendar, Commissioner Corwin seconded, all in favor.

Public Comment: NONE

Public Hearing:

Commissioner Stearns opened the Public Hearing regarding the Pederson Place Surcharge at 5:02 p.m.

GM Weidenfeller stated there have been not letters or phone calls regarding the proposed surcharge. No customers or members of the public were present at the hearing to comment on the surcharge. GM Weidenfeller provided a brief summary of the notices sent to customers and the history of the treatment, costs and proposed surcharge.

Commissioner Pickett commended staff for the way they handled the project well below original estimated cost. Having no public present to comment is a sign of a successful job done.

A Resolution will be presented at the April 24th meeting for Commissioner Approval.

Commissioner Stearns closed the Public hearing at 5:05 p.m.

GM Weidenfeller introduced Nancy Neraas, Bond Counsel for Thurston PUD. Ms. Neraas provided draft copies of Bond Resolution 11-17. She provided a very informative presentation explaining each step to complete the sale of Thurston PUD Bonds.

Staff Presentations:

GM Weidenfeller provided a report in writing. Commissioner Corwin asked GM Weidenfeller to note in his report that he also attended the conference call regarding the Bond sale with John and Julie. GM Weidenfeller noted a change to item 2 to include Commissioner Corwin.

GM Weidenfeller has requested Friday May 13th off and also vacation time from May 25th – 31st.

American Pump and Electric has been awarded the bid as low bidder on the Tanglewilde project. Discussion continued regarding the bidding process.

An investor meeting for the sale of Bonds will be held on Tuesday, May 17th at 2:00 p.m. The meeting has been advertised so the Commissioners are welcome to attend. John Weidenfeller also invited Tom McDonald to attend if he would like.

May 11th GM Weidenfeller will attend the Chamber of Commerce meeting.

OM Gubbe provided a report in writing, she added that the Contract has been awarded on the Tanglewilde project and construction will begin May 24th.

Commissioner Stearns asked OM Gubbe to update them on the acquisition in the works. She has not had time to review it. He asked about the Prairie Ridge comments, Doug Eklund has written up a response to the Department of Health, she will review them and they will be submitted soon.

Commissioner Stearns added comments regarding the energy savings project. He would like to see some results during the summer months rather than waiting until winter. Tolmie Park and Nisqually Vista are the test sites, and they will be evaluated for the KVAR equipment on May 19th.

Commissioner Corwin asked if we ever entered into an agreement between our Nisqually Vista water system and the neighboring water system called Meridian Heights for back up fire flow. OM Gubbe said there is no fire flow on the system. The fire department comes prepared with pumper trucks to fight a fire. Most of the class A water systems are not required to have fire flow. The fire department will use any water available to fight a fire. The Crescent Park and Terry Lane water systems have back-up interties with other water companies.

Chief Financial Officer's Report:

CFO Parker provided the Commissioners a copy of the draft "Preliminary Official Statement" for our bond issue, commonly referred to as a "red herring". This provides investors information regarding the PUD to help them decide whether they want to invest.

Information or Discussion of Operations/Policy Issues:

Discussion – Review 2011 Priorities in Preparation for the 2012 Budget. Commissioner Corwin would like to add the implementation of the low income program. He asked if the Goal 4. Implement the Plan to Complete Part B's (small system management program plans) was complete; GM Weidenfeller said 'yes', so he asked to have that removed from the list.

Goal 1b, *Stabilize debt and financial needs for next 5 – 10 years* will be struck from the list of goals. This goal has been completed with the Bond financing.

Commissioner Pickett suggested the Commissioners provide GM Weidenfeller with their ideas and he can bring back a list to review. Discussion continued regarding each item on the list.

Discussion - WCIA "Liability and You!" - A representative from Washington Cities Insurance Authority came on May 5, 2011 and gave a presentation to staff and Commissioners Stearns and Pickett. Copies of the power point presentation were provided to the Commissioners in their packet. There was a brief discussion amongst the Commissioners about the presentation.

Action Items:

Motion to Excuse Commissioner Stearns from the 5/24/11 Commission

Commissioner Corwin made a motion to excuse Commissioner Stearns from the 5/24/11 Commission meeting, Commissioner Pickett seconded, all in favor.

Resolutions:

Resolution 11-18 Shared Leave Policy (SG 3a.) Commissioner Corwin said he thinks this is a great policy. Commissioner Pickett agreed, he asked if the policy includes maternity and paternity leave. GM Weidenfeller said it does. Commissioner Corwin suggested adding time off for adoptions. GM Weidenfeller will bring back to a future meeting an amended policy that specifically includes all three items.

Commissioner Pickett moved to approve Resolution 11-18 Shared Leave Policy (SG 3a), Commissioner Corwin seconded, all in favor.

Resolution 11-20 Authorization of Proxy Votes (SG 3a.) Commissioner Corwin does not like the precedent this resolution could set because it could be abused at a future date. Commissioner Pickett posed the question to other PUD's and all who replied said they do not have a resolution which authorizes proxy votes. Commissioner Stearns added that he attended a meeting recently where two of the Commissioners were not present. Commissioner Pickett expressed his concern that this can put the attending Commissioners in an awkward position, trying to interpret what the proxy vote means if its intent is unclear or when discussions could change the vote. Tom McDonald added that he and John discussed the concerns and addressed some of them in the last paragraph. Commissioner Stearns reassessed his request for this resolution to authorize proxy votes and suggested the Board move on to the next subject since they all agreed to not approve Resolution 11-20.

Res. 11-21 Relinquishment of Water Connections (SG 1 & 3) Commissioner Stearns asked for background on the relinquishment that was allowed in 2005. It was explained that a homeowner drilled their own well and they requested and were allowed to relinquish their connection to the water system at Garden Acres. Commissioner Stearns asked if a precedent was set in the past. Commissioner Corwin asked if adopting the proposed policy on relinquishments could expose us to litigation at some time in the future; Chief Counsel McDonald stated that that it could. Commissioner Corwin then asked if we were to

bring on a new system, would we have an obligation to inform the customers. GM Weidenfeller explained they would fall under the rules and regulations of the PUD and we would not be required to inform the customers. We could state our rules and regulations are available upon request. Tom McDonald said the best is to work with the new users and inform them. Staff has done a good job by holding meetings with the customers prior to purchasing a new water system. Discussion continued regarding future extensions and purchases and our responsibility for notify customers of our rules and regulations. Commissioner Stearns noted that when John came to the PUD if a customers' water was shut off for seasonal purposes, vacancy etc. there was no monthly charge. Now we have a policy in place where all connections are charged a monthly fee.

Chief Counsel McDonald reported that some counties tell property owners that if water is available from a public water system they can not drill their own well. It was noted that by granting a relinquishment, the PUD should make sure that the financial integrity of the water system is not jeopardized. Commissioner Pickett asked that we clarify our description of relinquishment; Chief Counsel McDonald will work on it and have it available for the next Commission meeting. Commissioner Pickett and John revised the "Resolved" section to clarify that the Board is delegating to GM Weidenfeller the authorization to relinquish services. Commissioner Stearns said there are two sides to the issue, one is to relinquish rights to hook up to the system and the other is those who were hooked up to the water system, paid a GFC and then they drilled their own well and quit using the water.

Legal Report: - Tom McDonald, he has been working with staff on issues that have already been discussed.

Commissioner Corwin asked the GM if the PUD has anything in place authorizing Julie or Kim to make decisions in his absence. Tom McDonald suggested letters of delegation and authority to make decisions and sign documents in his absence.

Commissioner Pickett made a motion to authorize the GM to provide a temporary delegation of authority of signature and decision-making to appropriate staff (normally the CFO or OM) if the GM is absent from the office for an extended period., Commissioner Stearns seconded, all approved.

Commissioner Reports:
Commissioner Corwin reported on his trip to Washington D.C.

Commissioner Stearns attended the TRPC meeting. They talked about the federal funding awards for transportation. They are talking about a retreat in July or September.

Commissioner Pickett said he and Commissioner Corwin were interviewed for the WRIA 11 planning unit by a representative of the Nisqually Foundation. Commissioner Corwin suggested that the Foundation take over the WRIA 11 groups functions. Commissioner Pickett reported he received a diagram showing the Nisqually River Council, the Foundation, the WRIA 11 group, and the new consortium of Olympia, Lacey, Yelm and the Nisqually Tribe. The diagram showed several alternatives of who would report to whom. He suggested there is a niche for the WRIA planning group but it needs to be well defined. He also stressed that anything that can be done to consolidate and make the organizations more efficient should be done. Discussion continued regarding the organizations.

Commissioner Pickett would like to see a briefing paper about exempt wells. He would like to know the County's policies on exempt wells, and any recommendations for improvements that could benefit the PUD.

Commissioner Pickett met with County Commissioner Valenzuela and he said there were two issues that came up that the PUD might want to track. One is the County's Critical Areas Ordinance process, which includes Aquifer Protection. These ordinances will go into hearings during the summer and the PUD may

want to provide their views and support for areas of the ordinance that benefit us. Commissioner Valenzuela also mentioned a meeting organized by LOTT about reclaimed water that she hoped we would attend. Information on the LOTT meeting was distributed to the Commissioners.

Commissioner Pickett will be meeting with Kim Wyman regarding redistricting.

Executive Session: None

Summary of Assignments:

Commissioners: Send ideas for 2012 goals to the GM, who will provide a list at a future meeting for discussion.

GM: Provide an amended shared leave policy to include time off for maternity, paternity and leave for adoptions.

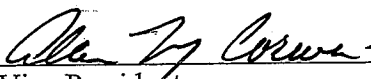
GM: develop a document assigning authority in GM's absence.

GM and Chief Counsel: Provide a briefing paper regarding Thurston County's policy regarding exempt wells.

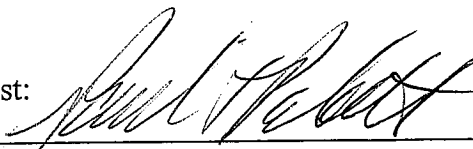
Chief Counsel: review the relinquishment resolution to ensure language is specific enough and bring back to the next Commission meeting.

Adjournment:

Commissioner Pickett moved to adjourn the meeting at 8:00 p.m. Commissioner Stearns seconded, all approved.



Vice President

Attest: 

Secretary