

**MINUTES OF THE REGULAR MEETING OF MAY 24, 2011
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for May 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday May 24, 2011, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Alan Corwin and Paul Pickett were present. Commissioner Stearns was in attendance via conference call. 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 (OM), and Cathy Skiles, Clerk to the Board.

Commissioner Corwin called the general meeting to order at 5:03 p.m.

Approval of agenda:

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

Consent Calendar:

Approval of Minutes: May 10, 2011

Prequalification of Contractors – Small Works Roster

SMA Contracts

Correspondence:

Travel Approvals:

Other –

Voucher Approval

Accounts Payable 5/11/2011, 5/18/2011

Payroll 5/20/2011

Approval for expenses of up to \$10,423.14 to Black Hills Excavating for Evergreen Vista leak repairs.

Resolutions: Res. 11-22 Shared Leave Policy (Revised)

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

Public Comment: None

Presentation:

Alan Dashen, the PUD's Financial Advisor on 2011 Bond Issue, provided a presentation. Commissioner Corwin thanked Alan Dashen for the services he provided to the PUD. He also thanked the GM John Weidenfeller and CFO Julie Parker for all of their hard work to make this a successful Bond sale.

Alan Dashen explained the PUD's bond sale for \$2.99 million. He discussed interest rates and noted that we were very pleased with the AA- rating from Standard and Poors. He described the structure of the bond sale and provided a handout with pertinent information. The bond issue paid off all the outstanding loans with Cashmere Valley Bank, saving the PUD over \$158,000, and provided approximately \$900,000 for new projects. Another benefit of the bond financing is that the debt will go down significantly in ten years, providing capacity for the PUD to acquire more financing at that time, if desired.

Two documents were presented that need to be signed at the meeting. The first is the Bond Resolution; the second is the Bond Purchase agreement. CFO Parker has reviewed the Bond Purchase agreement.

The Bond Purchase agreement is an agreement between the PUD and DA Davidson stating they will purchase the Bonds on June 8, 2011. The agreement spells out the rates, fees and all the parameters. The PUD has made some declarations regarding the financial stability of the organization.

Action Item:

Resolution 11-17 Bond Resolution – **Commissioner Pickett moved adoption of the Bond Resolution, Commissioner Corwin seconded, all in favor.**

The meeting was paused for the Commissioners to sign the Bond Resolution. The Bond Purchase Agreement was approved and signed at 5:20 p.m. The Commissioners noted that the District is very pleased with this bond issue and thanked Alan Dashen and the financing team for a great job and great rates.

Alan Dashen said the money will be wired on June 8, 2011. CFO Parker has assigned someone at the County to confirm when the money has been received.

Presentation:

Staff Presentations:

General Manager's Report - GM John Weidenfeller provided a report in writing.

Commissioner Pickett noted that the Board has authorized the General Manager to approve purchases up to \$5,000. Since the the PUD is finding that this limit is often exceeded by a small amount, and recognizing the increased stability of the PUD and established track record of the GM, he wondered if the Board should consider raising that limit to \$10,000. Commissioner Corwin suggested that GM Weidenfeller should review his purchasing limit needs and bring it back to the Board with a request to increase his purchasing authority and the amount to which he recommends it be increased. Commissioner Stearns supported the concept if it could be shown to be useful based on past practice. GM Weidenfeller stated he will consult with his managers and bring something back to the Board.

GM Weidenfeller stated that Phase 1 of the Tanglewilde source integration project has started and there have been some minor change orders. The Documents will be provided to the Commissioners.

Commissioner Stearns asked about the upcoming Audit Entrance In-brief which Commissioner Pickett offered to attend. GM Weidenfeller explained that they have not been able to schedule the meeting with the auditors yet. CFO Parker explained she will know more about when the meeting can be scheduled tomorrow. Commissioner Pickett confirmed he will attend the meeting.

GM Weidenfeller said Commissioner Stearns is scheduled to attend the All Staff meeting on Thursday but is not able to attend. Commissioner Corwin will attend.

Operations Manager's Report – OM Kim Gubbe provided a report in writing.

OM Gubbe stated that the samples for the Garden Acres water system came back good; they shock-chlorinated the system.

In response to question on the KAVR capacitor systems, OM Gubbe noted the systems should be installed but she needed to confirm it. She noted that Tolmie Park would not work as a site, because it has variable speed pumps. The Nisqually Vista system was too small to use. They used Nisqually Highlands and Prairie Ridge as sample sites. This means the KVAR system will not work on the Group B systems or Group A systems with variable speed pumps.

Commissioner Pickett asked about recent personnel actions. GM Weidenfeller reported that Dave Doern has decided to retire; June 1, 2011 will be his last day. In response to Dave Doern's retirement, the Field Tech II position was opened internally and Jacob Larson interviewed for the position and accepted an offer to take this promotional opportunity. Jacob's Field Tech I position will not be filled with a regular employee at this time, but may be filled with an interim employee. Ron Funderback, was moved into the Field Tech III position on an interim basis. The temporary-seasonal position should be filled soon. In addition, the customer service and clerical series job classifications have been opened to hire temporary assistance to fill-in during vacations and busy times.

Commissioner Stearns asked CFO Parker what her next project will be now that the bond sale has been completed. She explained she has financial reports due to the State Auditor's Office next Tuesday. On June 1, 2011 the Audit is scheduled to begin, and also in June she will begin pulling figures for the 2012 budget process.

Information or Discussion of Operations/Policy Issues:

Discussion of Public Hearing Comments – Pederson Place Surcharges

Commissioner Corwin confirmed there was no correspondence from the customers regarding the surcharge; no one appeared at the Public Hearing so there are no comments to discuss. OM Kim Gubbe added she talked to Mr. Workland, a customer of the Pederson Place water system and he stated he is very pleased with the results.

Action Items:

Resolutions:

Resolution 11-21 Relinquishment of Water Connections

Commissioner Corwin stated this Resolution was discussed at length at a prior meeting, Commissioner Pickett added that he went over the language and suggested some edits for clarity. GM Weidenfeller confirmed there were not structural changes made in Commissioner Pickett's revisions.

Commissioner Stearns moved adoption of Resolution 11-21, Commissioner Pickett seconded, all in favor.

Resolution 11-19 Pederson Place Surcharge

Commissioner Pickett moved adoption of Resolution 11-19, Commissioner Stearns seconded, all in favor.

Legal Report:

Chief Counsel Tom McDonald was excused from the meeting.

Information or Discussion of Operations/Policy Issues:

(6:25)

Discussion – Commissioner Priorities – Updated List

The GM noted that all three Commissioners have made edits to the Commissioner's Priorities matrix. Commissioner Pickett asked if they could table the discussion until the next meeting. GM Weidenfeller will provide edited copies of the Commissioner Priorities to all three Commissioners prior to the next meeting.

Commissioner Reports:

Commissioner Pickett will attend the TRPC meeting and the special water infrastructure meeting if Commissioner Stearns is not able to attend.

Commissioner Corwin reported he attended the WRIA 11 meeting; they want to make a final decision on the sustainability study at the June meeting. Commissioner Corwin and Pickett discussed potential reorganization of the group.

Commissioner Corwin attended a training session in SeaTac put on by WPUDA. It was very interesting. The first part of the meeting was a presentation by Don Cowan, an attorney from Seattle who handles certain legal matters for WPUDA. He is the one who negotiated with the Public Disclosure Commission in 2008 regarding the election. The rest of the training addressed values clarification. He also attended the Strategic Planning meeting on Friday, but did not attend the afternoon session.

Commissioner Stearns added that he also attended the Strategic Planning session.

Commissioner Pickett attended the Tempo Lake Homeowners Association meeting on May 21, 2011 and he thought it went well. His impression was that people there are quite happy; we have fixed a lot of problems. The Commissioners and staff discussed the status of the system and wells in the area.

Summary of Assignments:

GM Weidenfeller will provide the Tanglewilde Phase 1 Well Integration project contract and change order documents to the Commissioners.

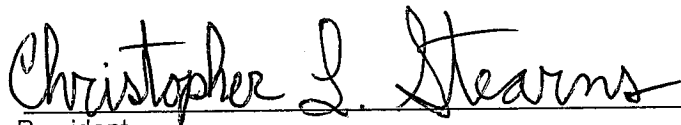
GM Weidenfeller will provide edited copies of the Commissioner's Priorities matrix to all three Commissioners prior to the next meeting.

GM Weidenfeller will provide a new recommended limit for the GM's approval level to replace the old \$5,000 limit.

Executive Session: None

Adjournment:

Commissioner Pickett moved to adjourn the meeting at 6:06 p.m., Commissioner Corwin seconded, all approved.



President

Attest:



Secretary

