

**MINUTES OF THE REGULAR MEETING OF JANUARY 13, 2009
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for January 2009, of the Commissioners of Public Utility District No. 1 was called to order on Tuesday January 13, 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 John Weidenfeller the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), Don Taylor, the District's Attorney, and Cathy Skiles, Clerk to the Board

No members of the Public were present.

Commissioner Corwin called the general meeting to order at 5:00 p.m. He welcomed Commissioner Stearns to the Board.

Approval of agenda:

Commissioner Corwin moved the adoption of the agenda for the January 13, 2009 general meeting; Commissioner Pickett seconded and all approved

Consent Calendar:

- Improvement Authorizations - None
- Prequalification of Contractors – Small Works Roster
- Travel Approvals – None
- Minutes of the December 23
- Other – GM authorization to purchase replacement vehicle up to \$12,000 for Van.
- Voucher Approval
- 1) Accounts Payable 12/24/08, 12/31/08, and 1/7/09
- 2) Payroll 1/5/09

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

Presentations

Legal Report: Don Taylor, PUD Attorney

Counsel Taylor reported he reviewed both Resolutions 09-01 and 09-02 they are fine with him. Counselor Taylor indicated that he also reviewed the Resolutions that were passed at the last meeting in December.

General Manager's Report – John Weidenfeller, General Manager – provided a report in writing. GM Weidenfeller reported that the City of Vader did not approve the transfer of Enchanted Valley Country Club's (EVCC) wholesale water contract to the PUD. He clarified that the citizens of the Enchanted Valley water system voted almost unanimously (104 to 7) to become a part of the PUD. The only thing keeping us from receiving the water system from them is the approval of Vader to transfer the wholesale water contract. He will not pursue the

EVCC contract further unless instructed to do so by the PUD Board of Commissioners. Commissioner Corwin added that we should not invest any more resources in the acquisition of EVCC. The Board directed the GM to take no further action until EVCC and Vader resolve their issues or Vader approaches the PUD. Commissioner Pickett said he would like to see a workshop in the near future regarding the PUD activity outside Thurston County and now that we have a new Commissioner, revisit the PUD's out-of-county policy.

The Tanglewilde "Gaudio" well was put on-line January 6, 2009 and is integrated and providing water in the Tanglewilde-Thompson Place water distribution system. GM Weidenfeller has followed up with the City of Olympia telling them that the well is on line. He also contacted the City of Lacey and they asked if there was a timeline to transition the Tanglewilde water system to the City of Lacey. Lacey's official mentioned that they understood there was a timeline of 7 – 10 years; GM Weidenfeller told them that the specific timeline transition had not been discussed since he started as GM and he would need to check on it. Commissioner Pickett confirmed there has not been a timeline defined at any time.

Commissioner Pickett asked about the next newsletter, GM Weidenfeller said we are scheduled to send a newsletter out by the end of the month. GM Weidenfeller would like Commissioner Stearns to write an article, Commissioner Pickett would like to see an article about the Tanglewilde achievements and OM Gubbe would like to add some information to the newsletter.

GM Weidenfeller handed out copies of the letterhead with Commissioner Stearns name on it.

GM Weidenfeller will be taking Monday as a Holiday day off, Tuesday off and one half day off Wednesday.

OM Gubbe has found a replacement van in Seattle; the insurance covered the cost of this van as a replacement for the vehicle that was totaled. The color is the same as the existing vehicles. They hope to pick it up tomorrow.

GM Weidenfeller met with Department of Ecology Southwest Region TMDL section, Commissioner Pickett said he had looked at the Deschutes River, Capital Lake, Budd Inlet total daily maximum load study, which is mostly about Deschutes River right now. ~~The~~ is may will trigger an implementation plan in the basin, ~~and that~~ we could might play a role in it. GM Weidenfeller is hoping one of the Commissioners will attend the meetings. Commissioner Stearns said he will sit in on the meetings.

GM Weidenfeller said the Tanglewilde WSP is coming along; we will have a public comment period at the next meeting. There is a legal SEPA notice with required wording and he estimates the cost will be over \$1,000.

~~Friends of the Artesian are~~ There is a meeting on Saturday regarding the downtown Olympia Artesian well. Commissioner Pickett has written an article about the artesian well situation, ~~#~~ which has been published in the South Sound Green ~~p~~ Pages.

Commissioner Corwin said Commissioner Cooper asked to not have his stipend paid in December; Commissioner Corwin said his instinct is to pay it to make sure we are not discriminating. GM Weidenfeller explained their decision to honor Commissioner Cooper's request that he not be paid was based on his written request as referenced RCW 54.12.080.

Counsel Taylor recommended we pay Commissioner Cooper anyway. The Board directed the GM ~~to said we would~~ issue the check, which he said he would do.

Commissioner Pickett asked if the other Commissioners want to have a workshop in the next month or so to discuss policies. He suggested GM Weidenfeller set the date and put together a list of policies he would like clarification on, one being the policy regarding out-of-~~C~~county acquisitions. Commissioner Corwin suggested they invite someone from the Olympian to sit in on the workshop because they ask about our out-of-~~c~~County policy. Commissioner Corwin would also like to make it clear that we have had discussions with Pierce-Mason PUD and Grays Harbor County about taking over the water systems we have in their counties and so far neither of them are interested.

Operations Manager's Report – Kim Gubbe, Operations Manager – provided a report in writing. She was not present due to illness.

Chief Financial Officer's Report – Julie Parker, Chief Financial Officer

We have received an insurance payment on the vehicle that was totaled.

Commissioner Corwin asked about how we came out in 2008. CFO Parker explained since the revenue in December was off because the December bills in Tanglewilde were based on winter averaging rather than a prior period actual since we could not read the meters due to heavy snowfall. The revenue was down approximately \$10,000 in December. We will be able to true-up after the January bills are completed.

Commissioner Pickett asked about the year end closing and the timeline. CFO Parker explained that the bills need to come in; we have kept a list of vendors who typically bill slow so we can contact them. GM Weidenfeller explained that final figures may not be available until May, but the CFO will try to finalize them by April.-

The PUD received 180 applicants for our CSR 1 position, and are in the process of interviewing 6 finalists, ~~for our CSR 1 position~~. One of the applicants was brought ~~-in~~ to help out during inclement weather and to help relieve some of the pressure. We will have second interviews on Friday and should be ready to make a hire offer by Monday. ~~Commissioner Corwin added that the hiring of staff is not under the Commissioners jurisdiction and is entirely within staff's authority so they do not need to be involved in the process. Commissioner Stearns shared his concern about government and nepotism, he clarified later that he does not have a problem with the existing marriage within the staff but our appearance to the public is very important. GM Weidenfeller explained CFO Parker developed a list of criteria to screen applicants and we had a staff member score them. The applicants with the top 30 scores were reviewed by the CFO and six applicants were selected, tested, and interviewed. The top three candidates will receive a final interview. GM Weidenfeller explained A discussion followed about the Board's role in~~

setting hiring policies and the GM's designated authority over hiring staff. The Board reiterated their desire for competitive hiring for all positions, and the GM confirmed that we have developed a very competitive hiring process and will continue to do so in the future.

Commissioner Pickett said that once we get closer to wrapping up the 2008 year-end he would like to see a summary report, newsletter/annual report prepared for the customers. Commissioner Corwin added to put in an executive summary. Commissioner Pickett added he would like to get out a summary of how we weathered the winter storms.

Information Discussion of Operations/Policy Issues

Discussion of E-mail Protocol

Commissioner Corwin has been concerned about e-mails that a Commissioner sends that cc's the other Commissioners ~~have sent amongst themselves~~. There have been other jurisdictions who have been fined \$105 per page for illegal e-mails. ~~The second issue is that~~ Also, improper e-mail usage from a Commissioner's privately owned computer can result in a person's his or her personal computers being downloaded. ~~There are~~ He shared some guidelines to follow and ways to avoid the appearance of inappropriate communications. He suggested the Commissioners minimize communication by e-mail as much as possible. Commissioner Corwin mentioned that he wrote up a summary of a meeting he attended and had it put in the Commissioner's agenda packets rather than sending the e-mail direct to the Commissioners. ~~Commissioner Pickett added that this is a good subject to review and be reminded of periodically. Commissioner Stearns added that the basis of this discussion is the appearance to the public. The basic guideline is the Commissioners will not cc: the other Commissioners. Information for sharing will be sent to GM Weidenfeller for his decision on the best method of sharing it.~~

Discussion of Commissioner Cell Phones

Commissioner Corwin said it is his personal opinion that the Commissioner's stipends and expenses are covered by law. He does not feel that other benefits should be covered by the PUD. After some discussion the Board agreed that providing the PUD's corporate discounts, for cell phones or any other vendor, to private purchases by Commissioners or staff would not be appropriate.

Discussion of Commissioner Benefits

~~Commissioner Corwin said this discussion of Commissioner~~ The Board discussed participation in voluntary flexible spending (IRS Section 125 plans) and deferred compensation programs (IRS Section 457 plans) ~~is different from other benefits because there is no cost to the PUD. Commissioner Stearns asked if the deferred medical rolls over from year to year. CFO Parker explained that the flexible spending plan does not roll over; the employee estimates how much they will differ and it has to be used by the end of the year. She explained the VEBA plan account (mandatory participation by class of employee) that the employees currently participate in and the differences between the accounts.~~

Commissioner Pickett brought up the retirement benefit being proposed and asked CFO Parker for a summary. She explained the Commissioners are eligible to participate. The Commissioners will contribute a set amount and the District will contribute its set amount.

There is also an option for the Commissioners to buy-in for prior years of service. ~~Currently the PUD has an 8% contribution rate and the employee has around a 5%+ contribution rate; prior years have been approximately 3%. Commissioner buy in for prior years is optional.~~ The potential budget impact is \$2,384 for their current salary, excluding the calculation for Commissioner Pickett. The contribution cost if the Commissioners decide to buy in prior years will be in addition to that.

Discussion of Organizational Membership Representation

GM Weidenfeller provided of chart listing organizations we participate in. The Board discussed the various assignments.

~~Commissioner Corwin will continue to participate in WPUDA meetings that do not incur high expenses to the PUD. He will not attend overnight meetings unless there is something of great importance to the PUD. Commissioner Pickett asked if it might be a good idea for Commissioner Stearns to be the lead representative.~~

~~TRPC~~ Commissioner Pickett ~~would like will to~~ continue being the primary representative ~~at~~ the TRPC meetings since he has given a presentation, and put out some initiatives.

Commissioner Corwin asked Counsel Taylor for clarification about the attendance of two Commissioners in one meeting. Counsel Taylor stated, as long as they are sharing information and not discussing specific Thurston PUD decisions it is fine for two or more Commissioners to be in attendance. ~~Commissioner Corwin suggested Commissioner Pickett continue as Primary for the TRPC.~~

Nisqually WRIA - GM Weidenfeller will be primary for the and Commissioner Corwin will be the alternate

Chehalis WRIA – Commissioner Stearns will be the primary representative.

WPUDA- Commissioner Corwin will be primary; Commissioner Stearns will be the alternative. Both can attend.

All other assignments will remain the same.

WWUC is a subcommittee of the NW Section of AWWA. They have been very active in the Municipal water law. They are asking for a contribution of \$750 but it is voluntary. The Board, it was decided we would make a contribution of \$250.

EDC - Commissioner Stearns asked about a membership, Commissioner Pickett explained we were a member in the past. The cost is \$500 to be a member, and it was decided that we did not receive enough of a benefit to ~~continue~~ join at this time.

OMB – The GM suggested we continue with Olympia Master Builders for another year and weigh the benefit. Then we will reconsider the group in which we would like to participate.

Commissioner Stearns asked about the Evergreen Rural Association. Commissioner Corwin explained this membership gives us access to training for our water operators. They also have a

rate making seminar that he suggests Commissioner Stearns attend. CFO Parker explained other benefits we receive as members.

Discussion of Commissioner Roles

GM Weidenfeller provided a handout showing what the other PUD's have as their governance policies for Commissioner roles. Commissioner Corwin said that as President he has been real careful to confirm a consensus regarding the Board's policy before he makes a decision takes actions. Commissioner Pickett said that is right on the money for why the discussion has been he brought up the issue because. -As we grow, we need clarification for the duties and process between the Board meetings. Commissioner Pickett added that he is not sure how the communications with the Public (outside world) should take place. He would like to see and review communications prior to them being published. However, decisions on routine correspondence can be similar to the process for vouchers – emails are sent to Commissioners, and they will be sent out unless a Commissioner requests that the letters be held back.

Commissioner Pickett added-noted that as far as financial decisions, GM Weidenfeller is authorized to spend up to \$5,000; this gives him discretion whether to make a decision or turn to the Commissioners for their decision. The president of the Board has authorization to approved expenditures of the General Manager, sign letters or documents authorized by the Board, and to set the proposed agenda prior to a Board meeting.

Action Items: None

Election of Officers

~~Commissioner Corwin said since Commissioner Pickett and Commissioner Cooper served as president for two years he would like to serve as President for a second year. Commissioner Stearns stated that he supports it. Commissioner Pickett added that he appreciates Commissioner Corwin, his strengths as a spokesman for the PUD. He requested that as far as meeting management Commissioner Pickett would like him to be very aware that he is the facilitator of the meeting and if he needs to hand the gavel over to someone during a meeting to keep order he should. Commissioner Pickett supports Commissioner Corwin serving as President for another year. Commissioner Stearns added that he has worked with Commissioner Corwin on internal party projects. He sees that Commissioner Corwin allows everyone speak and be heard even when their opinions are different. He would like to add that the Commissioners are equally elected officials and should serve that way~~There was some additional discussion among the Board about the roles of the officers and the needs for the coming year. **Commissioner Pickett nominated Commissioner Corwin to serve as President of the Thurston PUD Board of Commissioner for 2009, Commissioner Stearns as Vice President, and Commissioner Pickett as Secretary, Commissioner Stearns seconded, all approved.**

Resolutions:

Resolution 09-01 Commissioner Voluntary Contribution Benefits

Commissioner Pickett made a motion to approve Resolution 09-01 Commissioner Voluntary Contribution Benefits, Commissioner Corwin seconded, all approved.

Resolution 09-02 Commissioner Retirement Benefits

Commissioner Pickett made a motion to approve Resolution 09-02 Commissioner Retirement Benefits, Commissioner Stearns seconded, all approved.

Commission Reports

Commissioner Corwin's Report

Commissioner Corwin provided a written report on the meeting he attended with the City of Olympia regarding the artesian well issue. ~~The Commissioners took a few minutes to review the report.~~ He added that we were sent a copy of an e-mail sent by Rich Hoey, and the GM and he will be meeting on January 23, 2009 with DOH and a representative from Diamond Parking regarding the maintenance of the well. We have also been sent a copy of an e-mail from a citizen who announced a public meeting being held on Saturday at the Olympia library. GM Weidenfeller asked if he has authorization to offer that Thurston PUD will take samples from the well. **Commissioner Pickett made a motion to authorize GM Weidenfeller to enter into an agreement with the City of Olympia to sample the well, Commissioner Commissioner Stearns seconded, all approved.**

Commissioner Pickett's Report

Commissioner Pickett ~~provided~~ a packet that Jim Ingersoll dropped off with documentation from the Friends of Artesian, ~~it~~ which will be held in our office.

At the TRPC meeting there was discussion regarding economic stimulus packages. The PUD would benefit to having a line of "ready to go" projects that can be submitted for these funds. GM Weidenfeller said the pipeline in Tanglewilde replacement is a project that he would like to submit. CFO Parker reported that Doug Ecklund has been looking at the pipeline and improvements that need to be done.

When TRPC discussed legislative priorities, Commissioner Pickett asked that they add water infrastructure funding and they all agreed.

Commissioner Pickett added that there is a meeting about investing in power for climate change. He would like to add that to the strategic retreat discussion. Our model might be Kitsap PUD, who is installing solar panelowers to offset ~~our~~ their power costs ~~to pump water~~.

Commissioner Stearns' Report

He has attended a couple of retirement receptions recently, he met a few people. One was Holly Gadbaugh; she said the PUD should stay out of the sewer business; her personal opinion is when PUD's get into the business they get into trouble. Dean Foster stated he is a strong advocate of the artesian well.

GM Weidenfeller announced that the Kiwanis is having a Casino night as a fund raiser in February. There are a limited number of tickets. It is not gambling, money does not change hands, the attendees learn how to play the games and there are prizes at the end of the evening.

Commissioner Pickett ~~ran met into~~ Cathy Wolfe and Sandra Romero at the swearing-in ceremony. ~~He told them he~~ would like to meet with each of them her and Sandra Romero ~~casually~~ individually and also Board to Board. ~~They were receptive to that idea.~~ He suggested that revisiting our strategy for working with the County be another item for the strategic retreat.

Assignments

- Newsletter end of month
 - —Commissioner Stearns article
 - —Article about Tanglewilde successes
 - —GM Gubbe would like to add additional information
- Counsel Taylor will review RCW 42.30.080 for clarification on the required legal notice to call a special meeting.
- Commissioner Stearns will be TPUD's representative for the Deschutes River TMDL watershed advisory group.
- When the 2008 books are closed, a summary (2-page) Annual Report will be developed for customers.
- GM will schedule a meeting to discuss PUD's Strategic Vision to include: (1) Out of County business presence; (2) Other lines of business; (3) Relations with Thurston County government.

Make Commissioner Corwin summary of his meeting an addendum to the minutes.

There being no further business, Commissioner Corwin moved to adjourn the general meeting at 8:00 p.m.

President

Attest: _____
Secretary