

**MINUTES OF THE REGULAR MEETING OF MARCH 10, 2009
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for March 2009, of the Commissioners of Public Utility District No. 1 was called to order on Tuesday March 10, 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), Kim Gubbe, the District's Operations Manager (OM), Julie Parker, the District's Chief Financial Officer (CFO), Don Taylor, the District's Attorney, 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 the adoption of the agenda, as amended, for the March 10, 2009 general meeting; Commissioner Pickett seconded and all approved.

Public Hearing: Budget Amendment Hearing.

Commissioner Corwin called the Fee Hearing to order at 5:08 p.m.

Members of the Public Present:

Tom Schrader, TriWay Enterprises
Brian Ferris, Central Services, Thurston County
Mark Neary, Director of Central Services, Thurston County
Jeff Pantier, Hatton, Godat & Pantier, and TriWay Enterprises
Vince Schwent, Ph.D., President, Spectrum Energy

The CFO gave an overview of the Budget Amendment. The revised budget updates budgeted expenditures for the unpaid 2008 election costs and capital projects for carryover projects from 2008 that have funding to support them. Election costs will be paid from reserves. If revenues permit this year, these monies will be transferred back to reserve.

Commissioner Pickett asked for clarification about the Waters System Management credits. The CFO explained the credits and other adjustments that appear on the 1st Revised 2009 Capital Budget Worksheet and 2009 Budget Worksheet.

Commissioner Corwin asked for any members of the public who wish to address the board.

There being no further comments the Public Hearing was adjourned at 5:23 p.m.

Commissioner Corwin called for Public Comment

Vince Schwent from Spectrum Energy Development addressed the board. His company does solar electric projects. He expressed interest in opportunities to provide cellular electricity to the PUD water systems. The Commissioners expressed an interest in learning more about what the PUD can do to recover some of its energy costs and directed the GM to schedule Mr. Schwent's company and others in the same line of business to make presentations regarding solar energy generation potential, at a future board meeting.

Jeff Pantier, from Hatton, Godat & Pantier addressed the Board on behalf of Tri-Way Enterprises. He requested the Board take action regarding an agreement between Tri-Way and the PUD. The GM explained that the issue would be discussed during Executive Session. . Don Taylor noted the importance of addressing this issue as soon as possible as there is a sale pending to close on March 12, 2009. The GM clarified the action being requested by Tri-Way is 1)to allow the City of Lacey to provide fire flow and, 2) that the \$250,000 loan credit be waived or stand on it's own.-

There was no further public comment.

Consent Calendar:

- Improvement Authorizations – None
- Minutes of the February 24, 2009 meeting
- Prequalification of Contractors – Small Works Roster
 - John Lupo Construction, Inc.
 - Holocene Drilling
- Travel Approvals - None
- Other – None
- Voucher Approval
 - 1) Accounts Payable 2/25/2009, 3/4/2009
 - 2) Payroll 3/5/2009

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

Presentations

Thurston County Information Systems Manager – Brian Ferris Ref.

Subject: PUD Services

Proposal

Brian Ferris, Thurston County, Central Service IT Manager and Mark Neary, Thurston County Director of Central Services addressed the proposal. Mr. Ferris explained the IT service the County is proposing to provide to the PUD. The Commissioners asked several technical and operational questions which were addressed by Mr. Ferris and Mr. Neary.

Mr. Ferris explained that before they are allowed to administer systems, County IT employees go through FBI equivalent background checks. They are also required to sign

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non-disclosure statements and attend security training every year. The same stringent standards that apply to County systems would apply to the PUD system.

Mr. Neary stated that the PUD would have the autonomy to create its² own set of rules regarding how an employee utilizes the infrastructure, much as the other offices of County elected officials operate their offices autonomously. As the Administrator, the County can monitor employee use and provide information about it, when requested.

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Commissioner Corwin asked the CFO about sources of revenue to pay for County IT support. The CFO provided her thoughts on where a portion of the cost would come from; she is still searching for additional funds. Commissioner Pickett asked about the timing required to get the PUD on this program. Mr. Ferris noted that transition planning would need to occur before the PUD could be live with this service; the service would likely be phased in. PUD employees would have to abide by County IT policies. An inter-local agreement or service level agreement could be used to clarify the responsibilities between the County and PUD.

The Board directed the GM and CFO to continue to look into this.

Legal Report: Don Taylor, PUD Attorney

Mr. Taylor provided a memo regarding Commissioner compensation. Commissioner Corwin requested the GM share the memo with other PUD²s and ask their opinion of Mr. Taylor's analysis.

Mr. Taylor also reported back to the Commissioners regarding the issues of shutting off water and placing liens on property for non-payment of water bills. He is satisfied that the statutes allow the PUD to shut the water off noting that we must act in order to protect our bonds. However, it is his opinion the PUD does not have lien powers.

Commissioner Corwin asked the Commissioners if they have any interest in pursuing the lien issue with the WPUDA Water Committee. Commissioner Pickett suggested looking into this with other PUD²s to see what can be learned about the issue.

General Manager's Report: John Weidenfeller, General Manager

The GM provided a written report.

Commissioner Stearns questioned how the PUD will be affected if the City of Lacey separates itself from the Lacey Fire Department. The GM responded that to the best of his knowledge there will not be any impact on the PUD.

Two meetings have been scheduled to address fire flow issues at Terry Lane and Crescent Park to let them know about the issue and what their options are. Commissioner Pickett will attend the meeting on March 31 and Commissioner Corwin will attend the meeting

on March 26. Both meetings will be held at the Spanaway/Parkland Library from 6:00 p.m. to 8:00 p.m.

Commissioner Pickett expressed concern about our liability knowing that the fire hydrants are not adequate and believes we should do something immediately to mark the hydrants. The OM responded that she has already spoken with the Fire Marshall's Office and has sent her maps indicating the location of the fire hydrants. The Fire Marshall's Office indicated that it is not necessary to bag the hydrants because she does not show them as ever having been fully capable fire suppression systems. The Fire Marshall has already verified that Terry Lane is not fire capable but has not yet found the records concerning Crescent Park and is still working on that.

The GM presented a Training Plan to the Commissioners.

Commissioner Pickett made a motion to approve the training plan with the understanding that ~~management~~ the General Manager has the discretion to substitute other training of equivalent cost, Commissioner Corwin seconded, all approved.

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

Commissioner Corwin inquired if our involvement with the City Bucoda is completely ———finished. The OM replied that the contract is done but there may be a few small tasks in the future. For example, she was asked to submit an estimate to do a well field ———delineation but has not received approval for that yet. Commissioner Pickett noted that he spoke with the Bucoda Mayor at the TRPC meeting and she expressed her appreciation for the PUD's help under the contract.

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Financial Report: Julie Parker, Chief Financial Officer
The CFO's report is the presentation of the remaining budget issues with discussion about Resolution 09-18.

Commissioner Corwin adjourned to an Executive Session at 6:29 p.m. to discuss potential litigation. Tom McDonald, Attorney, was invited to attend. Commissioner Corwin adjourned the Executive Session and reopened the Regular meeting at 7:30 p.m.

Commissioner Corwin addressed the representatives from Tri-Way. He stated that it is the consensus of this Board that it is not in the PUD's interest to sign the letter as presented by Tri-Way's representatives and that the PUD's attorneys and GM have been directed to continue discussions with Tri-Way's attorney, Mr. Laing, in an effort to resolve the differences.

Information Discussion of Operations/Policy Issues:

Action Items:

Discussion of Public Comments on Non-Compliant Customers and Budget Amendment.

There were no public comments.

Resolutions:

Resolution 09-06 Monthly Fee for Non-Compliant Customers

The CFO provided an explanation about the proposed fees and noted they are intended to encourage customers to comply with PUD policies.

Commissioner Pickett made a motion to approve Resolution 09-06, Monthly Fee for Non-Compliant Customers, Commissioner Corwin seconded, all approved.

Resolution 09-17 Budget Amendment

Commissioner Pickett made a motion to approve Resolution 09-17 Budget Amendment, Commissioner Stearns seconded, all approved.

Resolution 09-16 to Purchase Storage Container for Tanglewilde Park and Recreation Center

Commissioner Pickett asked Mr. Taylor about the PUD's risk in the appearance of "giving something" to Tanglewilde. Mr. Taylor explained that this is an oral contract; providing the storage shed is in exchange for Tanglewilde allowing the PUD to use the existing storage shed as the pump house.

Commissioner Stearns made a motion to approve 09-16 to Purchase Storage Container for Tanglewilde Park and Recreation Center, Commissioner Pickett seconded, all approved.

Resolution 09-18 to Revised Financial Policies

The CFO made changes to the financial policies to bring the PUD into compliance and also to give us something to work towards. She provided written information and answered questions from the Commissioners. The CFO explained the list of Future Budget Amendments in 2009 that was provided to the Commissioners. Commissioner Pickett asked to have this included as a regular update in the financial report at the second meeting of the month.

The CFO, GM and OM will be meeting with Doug Eklund to discuss how to proceed with Tanglewilde and whether we require the extra grant money or if we can use the DWSRF loans in conjunction with the grant money we currently qualify for; the goal being to do the job for the least cost to both the PUD and the customers. They will come back to the Commissioners with a recommendation of how to proceed. Commissioner Stearns stated that because Tanglewilde is our primary water system and what we are known in the county as owning, that we do the highest quality work possible.

The Commissioners requested amendments to the policy as presented. The GM expressed his desire to make some other small changes. This matter was tabled to the March 24, 2009 meeting.

**Commissioner Reports:
Commissioner Corwin**

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Commissioner Corwin is going to the Nisqually WRIA meeting on March 11. He will also be attending the WPUDA board meeting on March 20th and possibly to the ~~round-table~~ Water Committee the day before.

Commissioner Pickett

Commissioner Pickett met with County Commissioner Sandra Romero on March 9. She was very enthusiastic about the two Boards meeting and suggested some time in May. He also talked briefly met with County Commissioner Cathy Wolfe at TRPC; a meeting will be set with Commissioner Ms. Wolfe, and one is planned later in the week with Commissioner Karen Karen Valenzuela.

Commissioner Stearns

Commissioner Stearns attended his final WPUDA orientation. He also spoke with Sandra Romero regarding the transfer of water systems. As far as the County's interests lie, she believes the transfer would have to include sewer. The GM noted that we could manage sewer under the County Health Board's direction. ~~Commissioner Pickett added this could also be managed as an SMA under contract until a county-wide vote was successful.~~ Commissioner Stearns is planning on attending the meetings for the Deschutes TMDL group and Chehalis WRIA.

Summary of Assignments

1. CFO: Make the Budget Amendments Summary Sheet a regular part of the financial report at the second meeting of each month.
2. GM : Get feedback from other PUD's about Don Taylor's memo regarding Commissioner compensation.
3. Commissioner Pickett: Attend the Terry Lane meeting on 3/31.
4. Commissioner Corwin: Attend the Crescent Park meeting on 3/26
5. All Commissioners: All Commissioners: Attend the photo signing on March 17 at noon at the Artesian Well
6. GM: Follow up with alternative energy representatives and schedule them for a future board meeting.
7. GM and CFO: continue to work on a potential IT agreement with Thurston County
- ~~8.~~ GM and Counsel: meet with TriWay Enterprises to negotiate amendments to their service agreement.
- ~~9.~~ GM: Schedule a meeting between the PUD Commissioners and the Thurston County Commissioners.
- ~~10.~~ GM: Determine if PUD can, or should, participate in the Nisqually Wildlife Refuge festival.

There being no further business, Commissioner Corwin moved to adjourn-recess to an Executive Session at 8:10 p.m., seconded by Commissioner Pickett, all approved. ~~The meeting was adjourned.~~

Executive Session

Commissioner Corwin opened an Executive Session at 8:11 p.m. to discuss potential litigation and real estate acquisitions (RCW 42.31.110). The Board closed the Executive Session at 8:45 and returned to the Regular meeting at 8:46. Commissioner Pickett moved to recess the meeting and continue to hold the regular session open until further notice with the option to reconvene the

meeting for the Artesian Well signing ceremony on March 17th at noon, and to reconvene at any other time necessary to complete time-critical business regarding the TriWay service agreement negotiations.

Continued Meeting – reconvened Tuesday March 17, 2009, 12 noon.

The Board met in the parking lot owned by Diamond Parking in downtown Olympia to participate in a signing ceremony with officials from the City of Olympia and Diamond Parking. No business was conducted other than some congratulatory comments and acknowledgements regarding the Artesian well agreements to the public in attendance and the signing of the agreements. The event was videotaped by City of Olympia staff. **The meeting went back into recess at about 12:30 pm.**

President

Attest: _____
Secretary