

**MINUTES OF THE REGULAR MEETING OF APRIL 12, 2011
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for April 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday April 12, 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 5:10 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: March 22, 2011

Prequalification of Contractors – Small Works Roster

Rob's Excavating

Calvert Technical

SMA Contracts

Correspondence: Letter from Washington State Redistricting Commission

Travel Approvals:

Other –

Voucher Approval

Accounts Payable 3/23/11, 3/30/11, 4/6/11

Payroll 4/5/11

Resolutions:

Res. 11-10 TRPC MOU - Sustainable Development Consortium (SG 7)

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

Public Comment: None Present

Presentation: Alan Dashen, Financial Advisor, 2011 Proposed Bond (SG 1)

Alan Dashen provided two handouts: a bond financing update and timeline for the funding of the bond. The PUD is refinancing the 2005 debt, and providing another \$1.4 million for financing for future projects. A bond was selected for the refinancing rather than going through a bank because in bonding the interest will be lower. A long term bond issue is the best solution.

Commissioner Stearns added that we are eligible for a bond issue now that we have completed five years of operation. The PUD will receive their rating on May 10, 2011 followed by an

investor meeting here at the District office. The meeting will be held for local investment firms and investors who may be interested in purchasing these bonds. On May 16, 2011 a Pre-pricing call is scheduled for 1:00 p.m. On May 17, 2011 the price will be set and brought to the Commissioners at their Board meeting to adopt the bond resolution and approve the bond sale. Discussion continued regarding the details of funding the bonds.

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager
GM Weidenfeller provided a report in writing. Commissioner Pickett noted that GM Weidenfeller, Doug Eklund and himself will pre-meet the week prior to their public meeting on May 21, 2011.

Operations Manager's Report: Kim Gubbe, Operations Manager
OM Kim Gubbe reported the 5 h.p. pumps have been installed at Prairie Ridge, as well as new pressure tanks. Now paper work needs to go to Department of Health to get their approval for the solution of the problems. Staff found a leak on the Hebert water system; recently they had to chlorinate this system and the leak may have been the cause. The Nisqually Highlands media has been changed-out. Jacob repaired a leak at Tanglewilde and another leak is scheduled to be repaired next week.

Commissioner Stearns added that he had spent a day touring some systems with Dave Doern. Two questions came up. The first concerns a system that only Dave handles due to the caustic chemicals. Can a different treatment be used? The second concerns a system we are chlorinating. Commissioner Stearns indicated that the well is located next to a horse farm, and asked if this could be contributing to the contamination of the well. OM Gubbe explained the first thing to look at is the nitrates in the well. Staff will follow-up on Commissioner Stearns concerns.

Commissioner Pickett inquired about the improvements on the Prairie Ridge water system. Will a surcharge be implemented? The GM noted that the costs of the improvements are much lower than expected and once the costs are all in, staff will make a recommendation to the Commission regarding a surcharge or new general facilities charges.

Commissioner Corwin has re-read the correspondence to our customers regarding the rate hearings. One of the comments that came up was a recommendation for employee furloughs. Commissioner Corwin noted that being the type of operation we are, no furloughs could be allowed since we must have staff available at all times. This brings up the question of hiring a new field technician. Commissioner Corwin asked for a paragraph to be written explaining the reason we are adding a new position. This was not necessary when we hired the accountant because we were merely replacing a different position.

Chief Financial Officer's Report: Financial Variance Report (every 4th week's meeting)
Commissioner Pickett asked about the pre audit briefing - he would like to participate in that. The audit is scheduled to start June 1, 2011. Commissioner Stearns will not be available, in the

past the auditors have briefed everyone on what they will be covering, and there is a follow up meeting after the audit.

Information Discussion of Operations/Policy Issues:

WPUDA Meetings – April 13-15 (SG 3)

Commissioner Corwin reported the key meeting is the Strategic Planning meeting on Thursday from 2:00 – 6:00. Anyone can attend and he plans to go. Commissioner Pickett will not be able to attend the meeting. Government Relations Committee meetings will be attended by Commissioners Corwin and Stearns. The Water Committee meeting will be attended by Commissioner Stearns and GM Weidenfeller. The dinner will be attended by Commissioners Corwin and Stearns. Commissioner Corwin will attend the Commissioner Roundtable meeting.

Resolutions: Res. 11-13 Amendment of Financial Policies (SG 1)

Commissioner Pickett moved to approve Resolution 11-13 Amendment of Financial Policies, Commissioner Corwin seconded, all in favor.

Legal Report: Tom McDonald

Tom McDonald reported that he has been working with GM Weidenfeller and the Washington Department of Ecology on the PCHB Stipulation and Agreed Order of Dismissal. He strongly recommends the Commissioners approve Resolution 11-14. He made it very clear that the PUD will use all three water rights on the Bob Cocker and Don Taylor wells.

Res. 11-14 PCHB Stipulation and Agreed Order of Dismissal (SG 1)

Commissioner Corwin moved to approve Resolution 11-14 PCHB Stipulation and Agreed Order of Dismissal. Commissioner Pickett noted he would abstain from voting to avoid any appearance of a conflict of interest due to his outside employment. Commissioner Stearns seconded. The Resolution passed 2-0, Commissioner Stearns and Corwin in favor, Commissioner Pickett abstaining.

Commissioner Stearns asked when the Tanglewilde wells will be on-line. GM Weidenfeller will report a firmer date once the bids come in. It will be done as quickly as possible. Commissioner Pickett suggested they contact the City of Lacey regarding the reclaimed water line that runs adjacent to Tanglewilde.

Commissioner Reports:

Commissioner Pickett reported he saw the Redistricting Commission discs the GM received regarding the boundaries. Historically, it was noted that the PUD Commission has delegated responsibility to the County for establishing District boundaries. The PUD has final authority to determine the PUD Boundaries and adopts the boundaries determined by the Auditor's office. Commissioner Pickett asked if someone should participate in redistricting discussions. Commissioner Stearns suggested Commissioner Pickett take the lead to track this issue with the Auditor's office.

Commissioner Pickett said in the spirit of following our strategic planning to work on the PUD procedures, Stew Henderson was recommended by several people as a facilitator. Commissioner

Pickett talked to him and he would be happy to work with the Board on their procedures if asked to do so. He said he would do an initial review pro bono and then recommend further action. Commissioner Corwin cautioned using Mr. Henderson him because of his political position. Commissioners Stearns and Corwin said the idea was worthy of consideration.

Commissioner Stearns reported he sat in on the conference call conversation with Mr. Loranger, John Weidenfeller and Tom McDonald regarding the proposed PCHB Stipulation and Agreed Order of Dismissal.

Commissioner Corwin said the WPUA meeting will be held in Okanagan in July, he will not be able to attend.

Commissioner Pickett is writing an article for Olympia Power and Light about Capital Lake. Commissioner Stearns will be attending the Deschutes TMDL Advisory Committee meeting, which will include presentations regarding the Lake.

Summary of Assignments:

1. Develop answer for why we are hiring a new field technician if customers ask.
2. Prepare a letter to sponsors of ESHB 1572 Low Income program and Karen Frasier for all three Commissioners to sign.
3. Respond to Commissioner Stearns' questions as to why we were using caustic treatment at Brockway water system and if the horse arena near the Covington System was causing any water quality issues.
4. Check on the future availability of purple pipe reclaimed water availability for PUD use.
5. Follow-up to ensure PUD receives a copy of signed stipulation and agreed order of dismissal will be provided to PUD once DOE signs by our Chief Legal Counsel.
6. Request audit in-brief. Notify Commissioner Pickett so he may attend.
7. Let Commissioners know when the Bob Coker Tanglewilde wells will be brought on-line.
8. Commissioner Pickett will contact the Auditor's office and ask to be the point of contact for the PUD regarding redistricting.

Adjournment:

Commissioner Stearns moved to adjourn the meeting at 7:05 Commissioner Pickett seconded, all approved.


Christopher Stearns, Commissioner and President

Attest:


Paul Pickett, Commissioner and Secretary