

MINUTES OF MEETING OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO. 3
OF MASON COUNTY, WASHINGTON

The Commissioners of Public Utility District No. 3 of Mason County, Washington conducted a regular business meeting in the PUD 3 auditorium at 307 W. Cota Street in Shelton, Washington on Tuesday, November 3, 2009.

President Linda Gott called the meeting to order at 10:00 a.m. District officers present were Commissioners Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson; Manager Wyla Wood; Finance Manager/Auditor Annette Creekpaum; Treasurer Sherry Speaks; and Attorney Rob Johnson.

PUD 3 employees in attendance were: Power Supply Analyst Diane Archer; IS Manager John Bennett; Administrative Assistant Lynn Harvey; Power Supply Manager Jay Himlie; Maintenance Inspector Lenny Knudson; Public Information Officer Joel Myer; Service Engineering Technician Stan Olsen; Engineering Manager Terry Peterson; Senior Power Supply Analyst Matt Samuelson; Operations Manager Bob Smith; Service Engineering Supervisor Brad Smotherman; Human Resources Manager Michelle Wicks; and Assistant to the Manager Nancy Bolender (recorded minutes).

There were no members of the public in attendance.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was accepted with the addition of item 9.b., Intergovernmental Meeting of the Port of Shelton, City of Shelton and Mason County.

CONSENT AGENDA

Ms. Gott reviewed the items listed on the consent agenda.

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY.

By adopting the consent agenda, the following items were approved:

- A. Minutes of the October 27, 2009, regular commission meeting.
- B.* Voucher Nos. 103973 through 104047 — \$ 417,623.25
(Includes electronic funds transfer payment numbers 283-284)
- C. Void accounts payable checks for the week ending October 30, 2009, in the total amount of \$36.35.
- D. Write-off of uncollectible merchandise accounts in the total amount of \$20,090.46. These accounts will be forwarded to a collection agency for further collection efforts.

* Vouchers audited and certified by the district auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been made available to the board.

COMMENTS FROM THE PUBLIC

While no members of the public were in attendance at this time, Ms. Gott stated comments would be accepted throughout the meeting.

ACTION ITEMS

Resolution No. 1494 was brought before the commissioners for their consideration. It is "A Resolution Establishing Fringe Benefits for Non-Union, Non-Exempt and Exempt Management Employees" and supersedes Resolution No. 1216. It was explained that this brings the noted employees' benefits in line with the recently executed union contract.

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to adopt Resolution No. 1494, "A Resolution Establishing Fringe Benefits for Non-Union, Non-Exempt and Exempt Management Employees." MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mr. Himlie told the commissioners that the appliance recycling program changes are a bit slow in getting implemented due to a delay in getting the signed agreement back from JACO Environmental. However, the modifications are moving forward.

Mrs. Creekpaum informed the commissioners that PUD 3 was awarded Clean Renewable Energy Bonds (CREB) for the proposed Mustang Ridge wind project. The PUD was not awarded the zero interest CREBs for the Radar Ridge wind project, but the remaining participants in that project were. Mrs. Creekpaum has been talking to an

Internal Revenue Service representative, who told her that the PUD could transfer CREBS from the Mustang Ridge project to Radar Ridge. Staff at Energy Northwest, who submitted the CREB applications for project participants, is still investigating why PUD 3 was not awarded the bonds for Radar Ridge.

Mr. Samuelson noted that the CREBs would save about \$10 per megawatt on the projects' output.

Mr. Johnson reported on the outcome of mediation concerning a lawsuit filed by Joy McDonald of Wingert Road, Harstine Island. The mediation was set up at the request of the PUD's insurance carrier, PURMS, and took place in Olympia on November 2nd. Agreement was reached in the case involving tree trimming and removal and was settled with Ms. McDonald receiving approximately \$12,000 and the agreeing to the removal of a danger tree and some old poles off her property. Procedures on tree trimming and removal notification were changed in 2006.

COMMISSIONERS' REPORT

Mr. Farmer reported on his attendance at the Allyn Community Association's business meeting and the North Mason Chamber luncheon on Wednesday October 28th.

Mr. Jorgenson and Ms. Gott stated they had attended the Western Public Agencies Group meeting on October 27th.

DISCUSSION ITEMS

The commissioners then discussed the proposed voting reform changes to the Washington PUD Association's bylaws. Mr. Jorgenson reviewed the matrix of proposed changes provided by the Association and outlined his concerns with a couple of the items including the proposed change from simple majority to two-thirds majority for votes to pass. He said this is still a work in progress and likely will be discussed at the November Association meetings.

The commissioners then discussed the intergovernmental meeting of the city, Port of Shelton and Mason County commissioners that was held on October 29th. Items discussed included the water extension to the Johns Prairie area. PUD 3 commissioners weren't invited to the meeting, but Ms. Gott and Mr. Myer attended for PUD 3, as did Mr. Johnson, who went for Mason Transit Authority.

Ms. Gott noted that while the Port of Shelton commission was feeling left out of the City of Shelton and PUD 3 process to extend city water to the area, previous efforts of the three commissions to extend it had fallen apart. After significant discussion by the group, the commissions agreed that public entities should work together to achieve the lower possible cost even if one entity has to give up a bit to maximize the benefits to the public each serves.

GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the regular meeting adjourned at 10:35 a.m.

Linda R. Gott, President

ATTEST:

Bruce E. Jorgenson, Vice President

Thomas J. Farmer, Secretary