

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, July 13, 2010.

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 Robert Johnson.

PUD 3 employees in attendance were: IS Manager John Bennett; Distribution Engineer/Metering Supervisor Koral Buck; Maintenance Engineering Supervisor Nick Earsley; E&O Assistant/Environmental Technician Season Eddings; Administrative Services Assistant Lynn Harvey; Energy Services & Power Supply Manager Jay Himlie; Maintenance Engineering Technician Chris Jorgensen; Maintenance Inspector Lenny Knudson (PUD 3 commission candidate); Public Information & Government Relations Manager Joel Myer (arrived at 10:15 a.m.); Acting Human Resources Manager Ilene Olson; Shelton Line Superintendent Scott Peterson; Engineering Manager Terry Peterson; Operations Manager Bob Smith; Service Engineering Supervisor Brad Smotherman; Human Resources Manager Michelle Wicks; and Assistant to the Manager Nancy Bolender (recorded minutes).

Members of the public in attendance were: John Komen of Grapeview; Natalie Johnson of *The Shelton-Mason County Journal*; and Bill Fisher, Steve Barrish, Eileen Ocello, Lynn & Beverly Young, Dave Doring, Michele Bredice and Rhoda Pykonen, all of the Rustlewood development in Grapeview.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented.

CONSENT AGENDA

Ms. Gott reviewed the items listed on the consent agenda as amended. 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 July 6, 2010, regular commission meeting.
- B.* Voucher Nos. 107602 through 107707 — \$ 585,555.73
(Includes electronic funds transfer payment Nos. 349-351.)

* 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

Ms. Pykonen, as a representative from the Rustlewood development, provided a letter to the commissioners requesting they reconsider replacing underground lines along Krabbenhoft Road to the development with overhead power lines. The group is concerned about the aesthetics of the area following tree trimming and removal, and the installation of power poles.

At Ms. Gott's request, Mr. Peterson explained the practice of placing utility lines overhead along main county roads, while keeping underground lines in developments that were initially designed with underground service. He clarified that the Rustlewood development would continue to have underground lines when they are replaced in the next few years.

Following a question, Mr. Earsley explained that the contractor who does the underground replacement work in Rustlewood will be responsible for restoration efforts to as found conditions.

Mr. Smith pointed out URD lines, which stands for underground residential development, do not work well as high capacity lines which are now necessary to serve the area due to increased growth.

Mr. Komen expressed his concurrence with the Rustlewood residents' sentiments that overhead lines are ugly. He also reiterated his opposition to the construction of the Johns Prairie operations center; the extension of a water line to serve the PUD's property on Johns Prairie which he contended would enable construction of a wood-fired power plant in the area; and a pending PUD bond sale.

ACTION ITEMS

A recommendation was made to declare HD Supply Utilities Corporation a sole-source provider for Cooper Power Systems voltage regulators. HD Supply Utilities is Cooper's sole agent in the area for this type of equipment. It was also recommended that the commissioners approve the purchase of four (4) Cooper type VR-32 regulators for a per unit price of \$10,931 plus taxes for a total price of \$43,724 plus taxes.

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to declare HD Supply Utilities Corporation as a sole-source provider for Cooper Power Systems voltage regulators, and authorize the purchase of four (4) Cooper type VR-32 regulators for a total price of \$43,724 plus taxes. MOTION PASSED UNANIMOUSLY.

Recommendation was made to approve Addenda Nos. 1, 2 and 3 on bid L2-2010 Johns Prairie Operations Center. The summary of each addendum is as follows:

Addendum No. 1 -

- The Bid Form was re-issued to correct paragraph numbering issues, and to add an additional subcontractor to be listed by the bidders.
- The Thermal Conductivity Report was added as "Information Available to Bidders."
- The Bid Bond Form was added.
- Sign-in list from pre-bid meeting included.
- Various revisions and clarifications were made to the specifications for each discipline (architectural, structural, landscape [hardscape elements only], mechanical, electrical, plumbing, civil) incorporating additional quality control reviews and to provide responses to specific questions asked by bidders.
- Specifications included a new section for the Vehicle Radio Frequency Identification (RFID) system.
- Various revisions and clarifications were made to the drawings for each discipline (architectural, structural, landscape [hardscape elements only] mechanical, electrical, plumbing, civil) incorporating additional quality control reviews and to provide responses to specific questions asked by bidders. With the exception of several re-issued full size drawing sheets, drawing revisions and clarifications were made in the form of 8-1/2x11 and 11x17 sheets.

Addendum No. 2 –

- Time of Completion clarified to provide actual calendar days in lieu of specific completion day.
- Minor language clarifications in Instructions to Bidders regarding subcontractor bonds, and in the A-201 regarding as-built/record documents.
- Substitution requests for products that were found to be in compliance with the specifications were approved and identified in the addendum.
- Additional clarifications in response to bidders' questions were incorporated in the form of specification narratives and drawings in small document format.

Addendum No. 3 –

- In response to a few additional bidder calls/questions this addendum provides clarifications to several architectural products and details.

Mrs. Wood explained that many parts of the addenda are clarifications that are asked for by the contractors. By issuing the addenda and making the bid documents clearer, it is hoped that the number of potential change orders for the project will be reduced.

Ms. Gott moved, motion seconded by Mr. Farmer, to approve Addenda Nos. 1, 2 and 3 on bid L2-2010 Johns Prairie Operations Center. MOTION PASSED with Mr. Jorgenson voting no.

It was recommended the commissioners pre-qualify Potelco, Inc. of Sumner, Washington, and Robinson Brothers Construction, Inc. of Vancouver, Washington, for the PUD's public works roster. Both companies have met the financial and insurance requirements in order to be considered pre-qualified.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, to pre-qualify Potelco, Inc. of Sumner, Washington, and Robinson Brothers Construction, Inc. of Vancouver, Washington, for the PUD's public works roster. MOTION PASSED UNANIMOUSLY.

A recommendation was made to approve a contract with OAC Services for site grading and operations center construction oversight and assistance for the 20-month period of May 2010 through December 2011, and authorize the manager to sign the contract on behalf of the PUD. The total amount of the contract is not to exceed \$623,500 and includes website set-up and hosting for the project participants' use (i.e., contractor's

and architect's communications on the project, daily reports, etc.).

Mr. Farmer moved, motion seconded by Ms. Gott, to approve a contract with OAC Services for site grading and operations center construction oversight and assistance for the 20-month period of May 2010 through December 2011, and authorize the manager to sign the contract on behalf of the PUD, the total amount of the contract not to exceed \$623,500. MOTION PASSED with Mr. Jorgenson voting no.

Recommendation was made to approve a contract with Engineering Economics, Inc. for commissioning agent services on the Johns Prairie operations center and authorize the manager to sign the contract on behalf of the PUD. The commissioning agent will ensure that the building and its systems perform properly. The firm will also include documentation to achieve Leadership in Engineering and Environmental Design (LEED) certification. The contract has a not-to-exceed amount of \$135,700.

Ms. Gott moved, motion seconded by Mr. Farmer, to approve a contract with Engineering Economics, Inc. for commissioning agent services on the Johns Prairie operations center and authorize the manager to sign the contract on behalf of the PUD for a not-to-exceed amount of \$135,700. MOTION PASSED with Mr. Jorgenson voting no.

STAFF REPORTS

Mrs. Creekpau reviewed the status of the budget report as of June 30th with the commissioners. With 50 percent of the year elapsed, total expenditures are at 50 percent (\$27.9 million) and total receipts are at 53 percent (\$29.8 million) of budget forecast.

Mrs. Speaks gave the treasurer's report for June 2010 to the commissioners. She reported on the total cash and investments and pointed out that fiscal agent payments had been made at the beginning of June. In response to a question, she stated that fiscal agent payments are made two times each year, except for the term loan on the Olympic View Generating Station for which fiscal agent payments are made four times a year.

Mr. Himlie reported that the Bonneville Power Administration's (BPA) post-2011 conservation programs are beginning to ramp up, with several meetings held recently that staff has attended.

Mrs. Wood reported that Standard & Poor's this week announced a two-level upgrade from A- to A+ in the bond rating of the PUD. The upgraded credit rating, along with a previous improvement in bond ratings from Moody's Investor Service, is expected to save PUD 3 nearly \$1 million in finance costs over the 30-year term of a bond sale this summer. In April, Moody's announced an upgrade in PUD 3's rating from A2 to AA3.

Mrs. Wood stated that site preparation for the Johns Prairie operations center is nearly complete. The project was awarded to Zephyrs, Inc. of Allyn. The original bid amount was \$243,000 plus taxes, or approximately 45 percent of the engineer's estimate for the job.

Mrs. Wood and Mrs. Creekpau reported on the American Public Power Association (APPA) annual meeting which they attended in June.

Mrs. Wood informed the commissioners that the bid opening for construction of the Johns Prairie operations center (L2-2010) is scheduled for Wednesday, July 14 at 3:00 p.m. in the PUD 3 auditorium.

A recommendation was made to reschedule the July 20 regular commission meeting to 1:00 p.m. on Wednesday July 21 in the PUD 3 auditorium. The change will coincide with an anticipated sale of bonds to fund several capital projects, including the Johns Prairie operations center; Mason substation rebuild; refinancing of previous bond sales at lower interest rates; potential relocation of PUD facilities related to the 1.5 mile Belfair SR 3 improvement project; and related finance charges. The sale is expected to be less than \$70 million for a 30-year term.

Mr. Farmer moved, motion seconded by Ms. Gott, to cancel the July 20 regular commission meeting and schedule a special commission meeting on Wednesday, July 21 at 1:00 p.m. in the PUD 3 auditorium. MOTION PASSED UNANIMOUSLY.

COMMISSIONERS' REPORTS

Mr. Farmer reported on his attendance at a recent Twanoh Grange meeting in Grapeview and also noted for the record that Allyn Days is this coming weekend.

Mr. Jorgenson reported that he had attended the 100th anniversary celebration of the Pomona Grange on July 10th. The event was held in the PUD 3 auditorium.

Ms. Gott also attended the APPA annual meeting in June and reported on two sessions she attended having to do with Environmental Protection Agency (EPA) requirements and power production. Much of the discussion was geared toward coal burning plants of the Mid-West; however, biomass was mentioned. She noted that the EPA appears to be making firms more accountable in regard to air quality.

Ms. Gott reported that she, Mrs. Creekpau and Mrs. Wood went to San Francisco, California, July 7th to meet with Standard & Poor's and Moody's representatives.

GOOD OF THE ORDER

Following a calendar review and good of the order, and with no further business appearing, the regular meeting adjourned at 11:04 a.m.

Linda R. Gott, President

ATTEST:

Bruce E. Jorgenson, Vice President

Thomas J. Farmer, Secretary