

**MINUTES OF THE REGULAR MEETING OF MAY 14, 2013
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for May 2013 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, May 14, 2013, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, Linda Oosterman and Russell Olsen 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), Joseph Rehberger, Chief Legal Counsel, and Cathy Skiles, Clerk to the Board.

Commissioner Stearns called the general meeting to order at 5:03 p.m.

Commissioner Stearns turned the meeting over to Commissioner Olsen to run.

Approval of Agenda:

GM Weidenfeller asked to have the Public Comment agenda item moved before the Consent Calendar. Commissioner Oosterman made a motion to approve the agenda as amended, Commissioner Stearns seconded, all in favor.

Public Comments:

Amy Tousley from Puget Sound Energy introduced Brian McConaughy. He has been hired as the Government Relations Liaison for Puget Sound Energy. He will be attending the PUD meetings in the future.

Consent Calendar:

Approval of Minutes: April 23, 2013 Meeting
May 7, 2013 Workshop

Prequalification of Contractors – Small Works Roster:

SMA Contracts:

Correspondence:

Travel Approvals:

Other:

Voucher Approval:

Accounts Payable 4/24/13, 5/1/13, 5/8/13

Payroll 5/6/13

Resolutions:

Resolution 13-11, Contract for Installation of Pressure Reducing Valves for the Tanglewilde Water System

Resolution 13-13, Water Policy Manual Changes, 2.3.10, Pressure Reducing Valves and 2.4.13 Credit Notice Suppression Indicator

Resolution 13-14, Pressure Reducing Valves (PRV) Installation at Tanglewilde

Schedule Public Hearing on June 11, 2013 - Covington Arsenic Removal Project Surcharge

Notice of Termination of Tempo Lake Contract – 6/30/13

Commissioner Oosterman made a motion to approve the Consent Calendar, Commissioner Stearns seconded, all in favor.

Executive Session: RCW 42.30.110 (1)(b) Potential Real Property Acquisition
Commissioner Olsen adjourned the Regular meeting at 5:15 p.m. to go into Executive Session for ten minutes. At 5:25 the Executive Session was extended for another 5 minutes to 5:30 p.m.; the public was notified. Commissioner Olsen adjourned the Executive Session a 5:30 p.m.

Commissioner Olsen called the Regular meeting back to order at 5:31 p.m.

Information or Discussion of Operations/Policy Issues:

Discussion – DWSRF Loans for Tanglewilde-Thompson Place Water System

Improvements:

GM Weidenfeller reported the PUD has qualified for low interest loans to make improvements to the Tanglewilde-Thompson Place water system. He recommended holding a public meeting with the customers. At the meeting, he recommends having a presentation for the public outlining what it would cost now to do the improvements with the low interest money and the estimated costs in 5 years, 10 years and then 15 years. The purpose would be to brief the community and get feedback from them. The Commissioners would then decide whether to take the loans or not. The Commissioners agreed that a public meeting should be scheduled on June 12th at Lydia Hawk Elementary School. Commissioner Olsen will be the elected official at this meeting.

Update on Olympia-TPUD Wholesale Water Rate Study:

CFO Parker reported the original draft study was provided in the Commissioners packet. She provided a brief summary of the report. The report proposes immediate reduction in charges to the PUD in 2013 but significantly raises them in 2014 and future years. The City of Olympia is investing heavily in the McAllister Springs production and a large portion of that investment has been allocated to the cost of providing water to Thurston PUD. Staff has some concerns about the methodology and will discuss it with the City and FCS. GM Weidenfeller noted this is an update to the Commissioners and staff does not want a decision from the Commissioners. There was some discussion.

Resolution 13-12 General Manager Authority

GM Weidenfeller provided a copy of Resolution 13-12 to the Commissioners last Friday. He handed out a document with some red-lined changes. The Commission asked to add a stipulation that the General Manager report back to the Commissioners in his Manager's report whenever expenditures exceed \$15,000.

Strategic Plan

Commissioner Olsen asked to remove this item. It will be discussed at the next meeting.

Staff Presentations:

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided a report in writing. There was a short discussion. Commissioner Olsen asked about the Great Floors Project. OM Gubbe reported that a service line and three meter setters were installed. The City of Lacey is providing fire flow to the site. It was explained to the Board that the PUD agreed to serve this area when the City of Lacey did not have the water rights to do so, and that this is the City of Lacey's service area, and they have the right to take over this service with 90 days notice.

Chief Financial Officer's Report: Financial Variance Report (every 4th week's meeting)
CFO Parker reported her financial report will be provided at the next meeting.

The Commissioners received their I-PADS today.

Action Items: None

Commissioner Topics, Discussion and Reports:

Commissioner Oosterman updated the Commissioners on what she has been doing in the area of emergency management and disaster planning.

Commissioner Olsen requested authorization to serve as the PUD's Delegate to the Thurston County Economic Development Council (EDC). The Commissioners agreed. The GM will follow-up.

Commissioner Stearns attended a meeting where the future of Capital Lake was discussed and funding to dredge the Lake will be pursued.

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a report in writing. He stated he provided the Commissioners a response to a letter the Board received from Virgil Fox stating he is not required to pay the Ready to Serve rate. Mr. Fox stated he has a contractual agreement with the PUD that states he is not required to pay monthly fees. Staff will respond after review by legal Counsel.

GM Weidenfeller would like to attend a HAM radio class held on a Saturday and a Sunday. The Commissioners agreed this would be a good thing.

Legal Report: Joe Rehberger, Chief Legal Counsel

Joe Rehberger, Chief Legal Counsel reported he has been working on requesting water right certificates, to include the Tanglewilde-Thompson Place water system.

Summary of Assignments:

1. The GM will look into joining the Thurston County EDC; Commissioner Olsen will be the Delegate.
2. The GM will schedule a public meeting on June 12th for the Tanglewilde-Thompson Place communities to discuss the opportunity for DWSRF funding for water main replacement.
3. Revise draft Resolution 13-12 to reflect GM reporting of expenditures over \$15 million in the GM report.
4. Provide an update to the Commissioners at the next meeting on the Webster Hill acquisition.

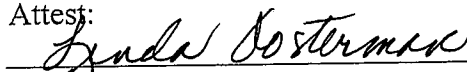
Adjournment:

Commissioner Oosterman made a motion to adjourn the meeting, Commissioner Stearns seconded, all in favor.



Chris Stearns, President

Attest:



Linda Oosterman, Secretary