

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
July 20, 2010

The regular meeting of the Board of Commissioners was called to order by President Nathan Davis at 9:03 a.m. Present were Commissioners Davis, Chris Kroupa and Doug Aubertin, Manager John Friederichs, Auditor Sue Nush, Interim Auditor Rory Miller, Attorney Steve Graham, and Secretary/Treasurer Jayne Jurgensen.

All stood for the Flag Salute which was led by Commissioner Davis.

Visitors: Brian Dandel, Alex Wirt and Ben Wyckoff

The minutes of the previous meeting were corrected and approved by a motion made by Commissioner Davis seconded by Commissioner Kroupa and unanimously carried.

The visitors were given the floor. Mr. Dandel introduced himself to those present and spoke briefly about his County Commissioner candidacy. The Board was thanked for their time. Mr. Wirt spoke with the Board regarding the expenses associated with the survey of the property recently deeded to the Republic EMS District. Mr. Wirt explained that the total cost of the survey work was \$2200 and that the EMS has paid their portion or \$1100. At an earlier Board meeting, the Commissioners had voted to pay a maximum of \$600 which has been paid and there now remains an unpaid balance of \$500 plus \$128 in County recording costs. A motion to pay the additional costs was made by Commissioner Kroupa. A lengthy discussion followed. The motion was then seconded by Commissioner Davis and unanimously approved. Mr. Wirt questioned whether the power pole, which could be removed, has been scheduled for removal. Manager Friederichs advised that Engineer VanSlyke was aware of the matter and would see to the removal. Mr. Wirt thanked the Board for their time and exited the meeting at 9:35 a.m. Mr. Wyckoff stated that he was attending the meeting to learn and listen as he is a candidate for the District 1 P.U.D. Commissioner position. Messrs. Dandel and Wyckoff exited the meeting at 9:37 a.m.

A brief recess was declared at 9:37 a.m. with the meeting reconvening at 9:44 a.m.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph at 9:45 a.m. for one-half hour for the purpose of discussing potential litigation. The Board returned to regular session at 10:15 a.m. to return to Executive Session for an additional ten minutes. The Board returned to regular session at 10:25 a.m. to return to Executive Session for an additional ten minutes. The Board returned to regular session at 10:35 a.m. Attorney Graham was directed to develop a Memorandum of Understanding.

A brief recess was called at 10:36 a.m. with the meeting reconvening at 10:49 a.m.

Reports:

The General Foreman's Report was presented by Manager Friederichs:

1. The crew continues to work on pole replacements. Several line extensions have been completed. Contract tree trimming work will cease the end of the week. The contractor will return in the fall after fire season to complete work in the northern and eastern portions of the District.

The Conservation report was presented by Manager Friederichs:

1. The Kinross Buckhorn Mine Compressor project has been approved with a target completion date in September.
2. The Republic School District commercial upgrade project has been approved by B.P.A. and work has begun.
3. B.P.A. has transferred \$225,000 to the District's ECA account to cover the Republic School and Kinross projects.
4. The District's Conservation budget from B.P.A. is \$49,000 per year for two years. To date \$58,000 has been expended. Additional funds will be available if needed.
5. Several low-income window replacement projects are in the construction phase.
6. More air source and ductless heat pumps are being installed with rebates ranging from \$780 to \$1500 per unit.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. The Republic School District has provided a letter of interest in the surplus pick-up. Attorney Graham advised that an intergovernmental transaction does not require a formal bid or auction process. The Utility would determine a fair market price for the vehicle. The

meeting moved outside for the inspection of the vehicle to be surplused. The meeting returned to the Board Room for the continuation of the meeting. A brief discussion of an acceptable sale price was held. The Board concurred that Manager Friederichs was to ask not less than \$2,000 for the pick-up. The replacement vehicle was recently delivered.

2. A thank you has been received from the coordinators of the Wauconda Hall Sock Hop for the light bulbs provided again.
3. A note of appreciation has been received from another of the High Energy Cost Line Extension customers who were anticipating refinancing their mortgage.

Meetings:

1. An NRU meeting has been scheduled for August 4. Commissioner Kroupa will attend.
2. A Northwest Innovations Conference will be held in Spokane September 19 through 22. There will be no attendance from the District.

General Business:

1. The installation of the new Pine Grove Water System required a portion of the fence and gate at the P.U.D. shop to be relocated. Unfortunately the relocation resulted in the fire hydrant becoming inaccessible from outside the fence. The fence will be repaired and returned to the original location.
2. General Foreman Randy Sage will retire from the Utility in September of this year. His duties will be reassigned to Steve VanSlyke and Rick Kincaid. Mr. VanSlyke will be responsible for the managerial and lay-out with Mr. Kincaid responsible for the field work and crew assignments. A new position description and pay scale will be developed for Mr. VanSlyke. It was questioned whether it would be appropriate to allow Mr. VanSlyke a period of time to perform the duties and prove that the additional responsibilities can be handled rather than granting a salary increase immediately. Manager Friederichs explained that Mr. VanSlyke has been performing the duties already for several months. Mr. Friederichs further advised that a resolution would be presented at the August Board Meeting to establish the position and wage range. The Board was in agreement that they would not be interested in continuing the current position that was created for Mr. Sage.

The Interim Auditor position was discussed. Manager Friederichs advised that Auditor Nush is performing the duties of the position quite well and that it would not be necessary to have Auditor Miller in full-time status through April of 2011. Mr. Miller advised that he was in agreement and stated that he would develop and exit timeline. He added that he would be available for consulting. Commissioner Davis reported that a Lewis County P.U.D. Commissioner had inquired into his availability as they may be in need of his services.

3. The B.P.A./P.U.D. picnic was a success. There is no actual count as to the number of people who attended except for the food that was served and it is estimated that there were slightly more than 1,000 people. B.P.A. had a very informational display and quite a number of volunteers who helped with their booth and kids events. B.P.A. was able to replace ten structures during the outage. At this time, B.P.A. anticipates the need for such an outage for the next five years. At that point the rebuild will be complete. The 2011 outage has tentatively been scheduled for the third Sunday in July.
4. The financial status of the Utility was briefly discussed. Anticipated savings will be in the form of salaries of the General Foreman and Interim Auditor, approximately \$70,000 in health insurance premiums by changing to a lower plan. A portion of these savings will be added to each employees VEBA account in 2010 only.

The Attorney's Report was presented by Attorney Steve Graham:

1. An update of the railway right-of-way billing matter was given. A resolution has not been reached although it has been explained that there are no longer rails in place. He will continue to research the ownership of the property.
2. An update of the Kennard matter was presented. It is anticipated that the District will receive a judgement for foreclosure by the end of August.
3. Has reviewed the subordination form provided by Key Bank for the Carpenter transaction. It will be necessary to modify the form to fit the Utility. Manager Friederichs reported that he has yet to develop a policy to cover the subordination process. He will develop one when the Carpenter transaction has been completed. Commissioner Kroupa asked that the minutes reflect that the Board will revisit the policy for the subordination of high cost loans at the August Board meeting.

Commissioners:

Commissioner Aubertin:

1. Attended no meetings during the month of June.

Commissioner Davis:

1. Attended the WPUA meeting. Twenty-two changes have been made and implemented at the WPUA. It is no longer the organization that it was.

The meeting recessed at 12:02 p.m. for lunch reconvening at 1:10 p.m. Commissioner Aubertin and Mr. Wyckoff did not return to the meeting.

Commissioner Davis continued his report:

The June WPUA meeting was very beneficial. The facilitator was very beneficial and was able to help identify problems and helped develop resolutions. Twenty-two motions on structural changes were adopted. These changes were presented.

Commissioner Kroupa:

1. Attended no meetings during the month.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of July 9, 2010 were \$975,725.54 with restricted funds of \$1,711,997.03. There were seven outages in the month of June for a year-to-date total of ninety-five compared to sixty-one for the same period in 2009. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. Work Order Inventory Number 359 in the amount of \$132,159.18 was approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.
3. Resolution 10-05 "A Resolution Declaring Property Surplus and Disposition of Same" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously approved.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 6019 and 6020, 6105 through 6123, 6127 through 6175 and 6177 through 6188; direct payroll deposits numbers 9900894 through 9900925 and Electronic Fund Transfer number 122 through 125 and void warrant number 6176 in the total amount of \$394,326.21 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board.
3. The 2011 Budget Workshop for the Board will be held in conjunction with the August Board meeting

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 2:48 p.m.

BOARD OF COMMISSIONERS
PUBLIC UTILITY DISTRICT NO. ONE
FERRY COUNTY, WASHINGTON

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager