

Mason County PUD 1
Board of Commissioners Regular Meeting
July 9, 2013

The regular meeting of the Board of Commissioners Meeting of Public Utility District No. 1 of Mason County was called to order at 1:00 p.m. on July 9, 2013 at the District Office Board Room in Potlatch.

Present

Ron Gold- President
Karl Denison- Vice President
Jack Janda- Board Secretary
Steve Taylor- General Manager
Greg Kester- District Auditor & Dir. of Finance/Customer Svc.
Kristin Masteller- Dir. of Employee & Public Relations
Jocelyne Gray- Director of Ops-Water
Rob Johnson- District Legal Counsel
Cindi Carow- Network Administrator

Visitors

Neil Jones, John Oblizalo, Rich Buechel, & Mike Oblizalo from Hood Canal Communications

Excused

Tracy Colard- Director of Ops- Electric

CONSENT AGENDA

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

The minutes of the June 25, 2013 special meeting.

Payroll warrants #106458-106468 in the amount of \$84,376.15; Accounts Payable warrants #106454-106457 \$24,289.13 and #106469-106520 \$551,175.79 for a total vouchers amount of \$659,841.07.

Karl made a motion to approve the consent agenda as presented; Jack seconded the motion. It passed unanimously.

BUSINESS AGENDA

Hood Canal Communications Presentation

Karl was speaking with HCC regarding PUD 3's intentions to bring fiber to the Union area as well as some of the issues we've been having with email management and apple accessories. HCC agreed to meet with the board and staff to discuss these further.

Rick gave an overview of some new upgrades to internet speed, phone capabilities and back up for the District when power is out. John went over some proposals for upgrading the phone system and to make it compatible with NISC and the outage management functions that the District wants to start using. Neil gave an overview of what HCC can offer as far as network support and email management.

Rick asked a question about PUD 3's poles that they were coming in Union. Steve and the commissioners gave him an update on the status of that project with AT&T from what they had heard from PUD 3. Mike gave an overview of available hot spots for digital service order capability.

HCC was thanked for their time to come out and meet with the group.

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RPA No. 103- Hood Canal Intertie Project- Dalby Rd.

Jocelyne presented the RPA to award the Dalby Rd. portion of the project to Pape & Sons.

Jack made a motion to approve RPA No. 103 for the Hood Canal Intertie Project in the amount of \$193,705.05; Karl seconded the motion. It passed unanimously.

CleanHydro Campaign

Karl made a motion to contribute to NWRP's CleanHydro campaign in the amount of \$1,140 for 2014; Jack seconded the motion. It passed unanimously.

Line of Credit Discussion

Greg finally received final RPA submissions for line of credit proposals for \$7,000,000. Cashmere Bank and Key Bank are the two submissions. Key Bank eventually had the best proposal of five years for a maturity date. The rate will be a variable LIBOR rate + 2.37% * 65.01%. As of today this would equate to 1.67%. The original proposal had a .25% annual fee on the unpaid portion of the debt but Greg negotiated a one-time set up fee of .25%. It also lets the PUD prepay the loan at any time before maturity without penalty if it is done on the LIBOR reset date. This is very beneficial to our customers as it will –

1. Let the PUD borrow money as needed and not pay twice the interest rate for 5 years @ \$7,000,000
2. Lessen the rate impacts to our customers of debt payments for the next 5 years
3. Avoid arbitrage payments if not all funds are spent in 5 years
4. Avoid 1 year of debt service reserve for another 4 years

The commission asked Greg to bring forward a bond resolution for approval at the next meeting.

Karl made a motion to approve the bond financing at the terms listed above; Jack seconded the motion. It passed unanimously.

CORRESPONDENCE:

No correspondence.

GENERAL MANAGER'S REPORT- Steve Taylor

Steve attended the water law seminar with Rob a couple weeks ago. There was a big push to lean on local governments to regulate exempt wells. Steve asked the commission to get more involved in the water politics through WPUDA. Steve went over the May & June strategic plan highlights.

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STAFF REPORTS

Tracy Colard:

Tracy was excused from the meeting. Steve gave an update on the substation progress, which is moving along quickly and is going well. Tree trimming crew has been making a lot of progress. Jack received great feedback on the trimming crew from customers in Canal Mutual.

Jocelyne Gray:

Jocelyne gave an update on the progress of the Intertie project. The preconstruction meeting for Dalby Rd. and Canal Mutual will occur this month. Kamin Excavating will start at Canal Mutual later this month once they finish at the Hood Canal Intertie. Pape & Sons will start on Dalby Rd. in early August. Both projects will then occur simultaneously. Jack asked Jocelyne to address ingress/egress issues at the preconstruction meeting for Canal Mutual.

Greg Kester:

Greg had no additional report.

Kristin Masteller:

Kristin will attend Northwest Wage & Hour this week.

Rob Johnson:

Rob had no additional report.

BOARD REPORTS/COMMENTS

Karl: At WPUDA energy committee, there was a presentation regarding renewables.

Ron: No report.

Jack: No report.

Meeting adjourned at 3:45 p.m.

Ron Gold, President

Karl Denison, Vice President

Jack Janda, Secretary