



**Mason County Public Utility District No. 1**  
Board of Commissioners Regular Meeting Minutes  
March 13, 2018 Potlatch, Washington

**Present:**

Jack Janda, President  
Ron Gold, Vice President  
Mike Sheetz, Board Secretary  
Steven Taylor, General Manager  
Darin Hall, Director of Operations  
Kristin Masteller, Director of Business Services  
Rob Johnson, Legal Counsel  
Katie Arnold, District Accountant  
Mike Wittenberg, District Auditor

The meeting of the Board of Commissioners of Public Utility District No. 1 of Mason County was called to order at 1:00 p.m. followed by the Flag Salute.

**APPROVAL OF CONSENT AGENDA:**

<b>Minutes:</b>	February 13, 2018 Regular Meeting		
<b>Warrants:</b>	Accounts Payable	114984-114985	\$ 1,766.01
		114991-115017	\$ 417,633.32
	Payroll	114986-114990	\$ 103,350.50
<b>Total:</b>			<b>\$ 522,749.83</b>

Ron made a motion to approve the consent agenda as presented; Mike S. seconded the motion. It passed unanimously.

**PUBLIC COMMENT:**

No visitors.

**BUSINESS AGENDA:**

**2017 Year End Financial Report**

Katie and Mike W. presented the financial report for year-end 2017. The long-term debt is much lower than the beginning of the year and the PUD is in a stronger position financially. There was a strong net operating margin for electric going into 2018.

**January 2018 Financial Report**

Two new financial control policies were passed through policy committee this month and are on the board agenda. The 2017 annual report for the State Auditor's Office will be submitted prior to the May 30<sup>th</sup> deadline. Katie has amended the Form 7 Filings for 2015 & 2016 and will submit the 2017 Privilege Tax Return this month, as well as the 2017 Form 7. Katie is going to work with NISC on budget planning and training for 2018. The 2016 state audit was completed and that report will be given this meeting. Gross Revenue was \$1,102,938.84 for the month of January 2018, as compared with forecasted gross revenue of \$1,032,298.28. Gross expenditures were \$876,536.92 as compared with forecasted total expenditures of \$793,045.03.



**Signature to Appoint FEMA Applicant Agent & Delegate**

Two former employees were listed on the FEMA paperwork. Kristin asked the board to authorize she and Steve to be the agent and delegate for all FEMA projects moving forward and for Jack to sign the authorization as the board president.

Ron made a motion to authorize the board president to sign the letter authorizing Kristin Masteller and Steve Taylor as the FEMA Agent and Delegate for the District; Mike S. seconded the motion. It passed unanimously.

**Resolution No. 1097- Waive Competitive Bidding for Emergency Pump Replacement**

Darin had to make an emergency purchase for a well pump that failed at the Lakewood Heights Water System.

Mike S. made a motion to adopt Resolution No. 1097 as presented; Ron seconded the motion. It passed unanimously.

**Approval of Financial Policy No. 2001- Small & Attractive Assets Policy**

Kristin stated this is the first of several upcoming financial policies being developed to strengthen internal financial controls and accountability. She noted this process is already being followed and inventoried but has not been formally adopted in policy.

Mike S. made a motion to adopt Financial Policy No. 2001 as presented; Ron seconded the motion. It passed unanimously.

**Approval of Finance Policy No. 2002- Procurement Card Acceptable Use**

Kristin stated all employees and commissioners that use PUD-issued credit cards will be required to sign an acceptable use agreement form prior to being allowed to use the cards. It helps outline what are appropriate business purchases and which are not.

Ron made a motion to adopt Financial Policy No. 2002 as presented; Mike S. seconded the motion. It passed unanimously.

**Discussion on Treasurer Functions**

Kristin stated that due to the budget counts at the County, the Mason County Treasurer's Office is understaffed and has placed multiple restrictions on the PUD's ability to issue warrants. In addition, the warrant process is cumbersome for the District. Kristin and Katie met with auditor Lisa Frasier about steps to move the treasurer functions in-house and have Katie train to invest and do the treasurer duties. Kristin stated they were starting the investigation of how the transfer would work and to also do a request for proposals for banking services.

**Discussion on May Board Meeting Dates**

The board decided to change the board meeting dates in May & September. The May meeting dates will be the 1<sup>st</sup> and 29<sup>th</sup>. The September dates will be the 4<sup>th</sup> and 25<sup>th</sup>.



**STAFF REPORTS:**

**General Manager Report:**

Steve gave an update on the Union Regional Water System plan stating the District and Karl from Gray & Osborne are replying to the DOH comments. We are sending out an RFP for a \$3 million water loan to be able to purchase the water systems from Thurston County PUD and have funds to do capital projects. Steve attended the NWPPA board meeting in Anchorage last week.

**Operations Report- Darin Hall:**

The refurbished transformer was delivered to Duckabush substation. The second phase of the Dosewallips rebuild has begun. We are doing a metering audit on high users to ensure the meters are functioning correctly. The water crew is doing well house maintenance and replacing a water main at Highland Park while the electric crew has a ditch open. We've had no safety report violations. The reservoirs in Union are painted and curing so we can take samples.

**Business Services Report- Kristin Masteller:**

Had a good trip to Washington, D.C. with the WPUDA lobbying group. Were impactful on several of the bills that we were supporting and working to stop. HR 3144 regarding the biological opinion was the contentious issue and WPUDA has follow up calls and messaging to our delegation to get them to support the resolution and end the litigation. Kristin asked Jack to give a report on the state auditor's exit meeting. Jack reviewed the document and noted that the auditors were pleased with the level of assistance from the PUD staff. They noted that the District seemed to be making good progress on the recommendations from the fraud audit and encouraged the PUD to continue working on policies and procedures.

**Legal Report- Rob Johnson:**

Rob gave an update that there continues to be a lack of progress on the criminal prosecution matter of the former employee. Jack asked if the board should call the prosecuting attorney's office to ask why there is a delay. Rob agreed it might be helpful.

**Correspondence:**

None.

**Board Reports:**

**Mike Sheetz:** Discussed the carbon reduction topic from the PPC meeting.

**Jack Janda:** Gave an update on the Energy Northwest CEO hiring process.

**Ron Gold:** No report.

**Adjournment:** 3:35 p.m.

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**Jack Janda, President**

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**Ron Gold, Vice President**

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**Mike Sheetz, Secretary**