



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
July 23, 2019 Potlatch, Washington

Present:

- Ron Gold, President
- Mike Sheetz, Vice President
- Jack Janda, Board Secretary
- Kristin Masteller, General Manager
- Darin Hall, Director of Operations
- Katie Arnold, District Treasurer
- Julie Gray, Executive Assistant
- Rob Johnson, Legal Counsel
- 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:

Minutes:	July 23, 2019 Regular Meeting	
Disbursements:	<u>Accounts Payable Check Register</u>	
	Accounts Payable Wire	\$ 52,794.59
	Check Nos. 117168 - 117251	\$ 626,629.12
	A/P Sub-Total	\$ 679,423.71
	<u>Payroll Expense</u>	
	Payroll Wire	\$ 55,753.78
	Total	\$ 735,177.49

Jack made a motion to approve the consent agenda as presented; Mike Sheetz seconded the motion. Motion carried.

BUSINESS AGENDA:

Bay East Customers – Kristin presented the board with the e-mail correspondence she provided to the two Bay East Customers that are concerned about their water service. They decided not to attend the board meeting and to communicate with staff directly.

2nd Quarter and June Financials – Katie presented the 2nd Quarter and June Financials to the board. She reported the gross revenue was \$840,710 for the month of June 2019 and gross expenditures were \$723,475 for the month of June 2019. The District’s revenue and expenditures are within 5% +/- of the budget for the first half of the year.



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Financial Metrics as Compared with Prior Year:	June 2019	June 2018
Total General Cash and Investments	\$757,895	\$812,022
Current Ratio (Current Assets/Current Liabilities)	3.42 to 1	3.82 to 1
Debt Service Coverage (O&M/ Debt Service)	3.07	3.26
Long-Term Debt to Net Plant	45%	41%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	63%	54%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	58%	52%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	4.70	6.16
Cash on Hand (Total Available Cash/Average Daily Costs)	27 Days (General) 146 Days (All Funds)	32 Days (General) 170 Days (All Funds)

Katie also reported that the PUD had passed the initial review with FEMA, regarding the December 2018 storm. Katie will set up a meeting for the Finance Committee after she has heard back regarding the Water Rate Design from the FCS Group. Also, will be working on the Procurement Policy and a mid-year investment report. Mike Wittenberg asked the commissioners if historical comparisons for the progress of investments funds would be helpful. This topic can be discussed further at the finance committee, along with appropriate benchmarks and comparisons. After the financial report, Mike Wittenberg was excused from the meeting.

Authorize the Manager to Sign Power Purchase Agreement for Duckabush Rd - Jack made a motion to Authorize the Manager to Sign Power Purchase Agreement for the Service at Duckabush Rd.; Mike Sheetz seconded the motion. Motion carried.

2019 2nd Quarter Strategic Plan Report – Kristin presented the 2019 2nd Quarter Strategic Plan to the Commissioners and staff. Staff and Employees have done an awesome job of staying within the budget guidelines and getting the necessary tasks completed.

Approval of the Growth and Consolidation Statement – Jack made a motion to Sign the Approval of the Growth and Consolidation Statement as presented; Mike Sheetz seconded the motion. Motion carried.

General Manager – Kristin shared a letter that she sent to Dept. of Ecology asking them to take the second step in their compliance process for Union Regional and set up a meeting to discuss water rights and legal framework. Bill Clarke from WPUA has offered to attend with her. Kristin also shared another letter she received from Squaxin Island tribe regarding the Union Regional plan and Kristin will reply to them about meeting later in the year when some dates open up. Kristin will attend the WWUC meeting on Friday, July 26 in Everett. She is on their agenda to discuss Union Regional’s water system plan. Kristin



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contacted Terry Mundorf to review Rocky Brook Hydro's contract. BPA could end their contract with Rocky Brook if Rocky Brook wanted to take the RECs back. Currently BPA keeps the RECs, which don't amount to much money. If the owners of Rocky Brook decide to do this, it could trigger an end the PUD's contract with BPA for Rocky Brook also. Kristin sent a letter to the owner explaining the consequences of them keeping the RECs to try to offset the cost of making improvements. Kristin reported that the MOU with Mason County for water system management had expired in 2013. We are working on a new plan for better tracking of expiration dates for these things that outlive the tenure of individual employees.

Director of Operations – Darin reported the Electric crew is still working on URD replacements. The Water crew completed the cut over of new lines on Dalby Rd. and is working on replacing lines on Alderney St. in Union. Darin and James met with a representative from Kitsap PUD to look at the pre-selected sites for in-stream monitoring. One of the sites is at Mason Lake, so he is waiting for approval from Green Diamond to set up a station there. The safety meeting this month was pole top rescue.

Treasurer Report – No report, other than financials.

Legal Counsel – Rob reported that Centurylink had contacted him regarding the PUD's notice to terminate the existing Pole Contact Agreement.

Board Reports:

Mike Sheetz: Mike reported that he had attended the WPUDA meeting.

Jack Janda: Jack reported that he attended the WPUDA meeting.

Ron Gold: Ron reported that he had attended three meetings. The WIRA 14 Meeting, Hood Canal Coordinating Counsel, and the SWAT meeting.

Adjournment: 3:05 p.m.

Ron Gold, President

Mike Sheetz, Vice President

Jack Janda, Secretary