

MINUTES OF THE REGULAR MEETING OF THE COMMISSION PUBLIC
UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON
February 9, 2010

The regular meeting of the Commission of Public Utility District No. 1 was held in the Aqua Room of the utility located at 1415 Freeway Drive, Mount Vernon, Washington, on February 9, 2010.

The meeting was called to order at 4:34 PM. Those Commissioners in attendance were: Jim Cook, President; Robbie Robertson, Vice President; and Al Littlefield, Secretary. Also in attendance were: Dave Johnson, General Manager; Mark Fredlund, Treasurer; Christine Blake, Auditor; Kevin Tate, Community Relations Manager; Jamie Klunder, Human Resources Generalist; Doug McConnell, Contract Administrator; Guy Shepherd, Inspector; Peter Gilbert, Attorney; George Campeau, former PUD Inspector; and Kim Carpenter, Recording Secretary.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for February 9, 2010:

- a. Approval of Minutes – February 2, 2010
- b. Approval of Vouchers – No. 2323 – Voucher Nos. 81224-81284 (\$61,225.69) 02/09/10
- c. Project Approval - Goldenrod Road, I-5 Burlington LLC Phase 1

The motion passed.

At this time, invited guest Dennis Dashiell, Health Promotion Northwest, presented information regarding an employee assistance program (EAP) that his company provides. Mr. Dashiell provided an overview of the services provided through Health Promotion Northwest under the umbrella of Peace Hospital. Discussion ensued regarding various options under their program, costs, staff model vs. network model, references, team building, coaching and organizational development, insurance and liability. Commissioner Robertson requested specific information regarding liability insurance; Manager Johnson requested that Mr. Dashiell provide additional information to Human Resources Generalist Klunder. Manager Johnson stated that the presentation was for information purposes and he is not requesting action from the Commission at this time. The Commission thanked Mr. Dashiell for his time.

Under Old Business, Manager Johnson presented the Manager's Report which included the following items:

Capital Improvement Work

Engineering and Operations continue to collaborate in development of a work plan for execution of capital improvement projects designated in the 2010 Budget.

Under New Business, Manager Johnson presented revisions to Appendix A, Table A-6 and Section 4.2.3 of the Water Policy Manual regarding System Development Fee increases. He stated that at the meeting of February 2, the Commission moved to implement a three-year incremental adjustment with the option of review each year. Manager Johnson reviewed the proposed revisions and recommended approval. Commissioner Robertson commented on errors in the final study document from HDR and questioned the calculations; Treasurer Fredlund replied that he indicated the errors to HDR, but the corrections did not come through in the final document. He stated that corrected documents should be forthcoming from HDR. Commissioner Littlefield moved to approve revisions to Appendix A, Table A-6 and Section 4.2.3 of the Water Policy Manual regarding System Development Fee increases. The motion passed.

Under New Business, Manager Johnson presented Policy #1020, Post-Issuance Compliance Policies and Procedures for Tax-Exempt Bonds. Treasurer Fredlund stated that a written policy was recommended by Foster Pepper, the District's bond counsel, due to the District's issuance of Build America Bonds (BAB). Discussion ensued regarding various aspects of the proposed policy. Commissioner Robertson moved to adopt Policy #1020, Post-Issuance Compliance Policies and Procedures for Tax-Exempt Bonds. The motion passed.

Under New Business, Manager Johnson presented information regarding the District's STAG grant funding for the Similk Beach sewer project. Contract Administrator McConnell stated that the District was notified two weeks ago that the funds can be re-appropriated and used by others. He stated that the original grant funds were not used for the Similk Beach project as it was not financially feasible. He stated that the District can request a congressional revision and change the purpose of the grant. Discussion ensued regarding the Similk Beach LAMIRD, STAG grant requirements, potential projects that might qualify under a change of purpose, and political issues regarding a change of purpose. Manager Johnson stated that EPA was encouraging a change of purpose, and needs to know whether the District will forego the grant or request a change of purpose. Commissioner Robertson stated he did not hold out much hope that Senator Murray would support a change of purpose, but will be meeting with her in Washington DC later this month and will bring the issue up. Commissioner Robertson requested a white paper list of shovel ready projects to take with him and stated that he would also discuss the matter with Senator Cantwell.

Under Commissioner Comments, Commissioner Littlefield commented on a practice used by Grays Harbor commissioners wherein one hour prior to Commission meetings they hold a "war room" discussion of agenda items, and suggested this District may want to look at a similar practice.

Under Commissioner Comments, Commissioner Robertson stated he believes this Commission, as a policy making board, does not need to meet weekly and should reduce the schedule to two meetings a month and hold work sessions as needed. Commissioner Robertson cited better use of staff time, not giving the best value to ratepayers by meeting on a weekly basis and potential cost savings to be derived from a reduction of meetings. Commissioner Cook stated he was not in favor of reducing the number of meetings to two per month and proposed scheduling three meetings a month and discussing which meeting of four to cancel. Commissioner Littlefield stated he was in favor of reducing the number of meetings and also suggested looking at the calendar and cancelling any Commission meetings that follow a Monday holiday. Commissioner Littlefield stated he receives a lot of value from work sessions. Discussion ensued regarding various options for reducing meetings and the pros and cons of each, what other utilities do. Manager Johnson stated that the issue of reducing the number of meetings per month was brought before the Commission last year and he would like to follow up this discussion in the future.

Having no further business to come before the Board, Commissioner Littlefield moved for adjournment. The motion passed and the meeting of February 9, 2010 was adjourned at 5:35 PM.

ATTEST

Jim Cook, President

Al Littlefield, Secretary

Robbie Robertson, Vice President