

MINUTES OF THE REGULAR MEETING OF THE COMMISSION PUBLIC  
UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON  
April 27, 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 April 27, 2010.

The meeting was called to order at 4:32 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; Larry Saunders, Engineering Supervisor; David Ostergaard, Operations Manager; Kevin Tate, Community Relations Manager; Pete Gilbert, Attorney; and Kim Carpenter, Recording Secretary.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for April 27, 2010:

- a. Approval of Minutes - Commission Meeting 4/20/10
- b. Approval of Vouchers  
No. 2334 – Voucher No. 81769 (\$3,275.75) 4/21/10  
No. 2335 – Voucher Nos. 81770-81804, Payroll Warrant Nos. 24877-24890 (\$693,824.25) 4/27/10
- c. Project Acceptance – East College Way, Scott Short Plat (Mount Vernon)

The motion passed.

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

**Judy Reservoir to Mount Vernon Transmission Pipeline Project**

The wetlands monitoring inspection will be handled by HDR Engineering. The District, City of Mount Vernon, HDR and West Coast Landscaping conducted a walk through inspection April 20 and found excellent plant growth but vandalism (approximately 100 pulled plants) behind Bakerview Park. The next landscape maintenance is scheduled for the first week of May.

**Moody's Investors Service**

Moody's Investors Service is implementing overhauls of the methodology they use to rate many kinds of state and local government debt. Moody's says the rating recalibrations are an adjustment to align ratings to a comparable level of credit risk as those in other sectors on a global scale. Most issuers of fixed rate municipal bonds have continuing disclosure obligations under Securities and Exchange Commission (SEC) Rule 15c2-12. Absent any contrary future guidance from the SEC, a rating change that results from the recalibration would constitute a material event and should be disclosed. Moody's has issued recalibrated ratings for Illinois and Washington local governments. Skagit PUD's rating did not change and remains at Aa2.

Under New Business, Manager Johnson presented an Interlocal Cooperative Agreement with the Town of Lyman for Emergency Infrastructure Repairs. Commissioner Littlefield moved to approve the Interlocal Cooperative Agreement with the Town of Lyman and to authorize the General Manager to sign said agreement on behalf of the District. The motion passed.

Under New Business, Manager Johnson presented Resolution No. 2172-10, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, ACCEPTING THE WORK PERFORMED BY HAWK MECHANICAL CONTRACTORS, INC., FOR CONSTRUCTION OF THE WATER TREATMENT PLANT EXPANSION PROJECT ENTERED INTO JULY 10, 2007. Manager Johnson reviewed the proposed resolution and recommended adoption. Commissioner Littlefield moved to adopt Resolution No. 2172-10 as presented. The motion passed.

Under New Business, Manager Johnson presented Resolution No. 2173-10, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, GRANTING THE GENERAL MANAGER

CONTRACTING AUTHORITY TO AWARD AND ADMINISTER SMALL WORKS CONTRACT NO. 09-03320 (CAPITAL IMPROVEMENTS TO GILLIGAN CREEK INTAKE 2009 WINTER STORM HAZARD MITIGATION PROJECT). Manager Johnson reviewed the proposed resolution and recommended adoption. Commissioner Robertson moved to adopt Resolution No. 2173-10 as presented. The motion passed.

Under New Business, Manager Johnson presented Resolution No. 2174-10, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, DECLARING PORTIONS OF EASEMENTS ACQUIRED BY THE DISTRICT SURPLUS AND RELINQUISHING AND ABANDONING SAID PORTIONS OF EASEMENTS TO THE PROPERTY OWNER. Engineering Supervisor Saunders reviewed the proposed resolution stating that the District installed infrastructure within a Commonwealth Holdings plat on Oak Street and they have granted the District easements to cover that infrastructure. He stated that easements drawn in 1953 include portions that should be relinquished as they are no longer necessary to the District's needs, include language that could be misinterpreted and are an encumbrance to the property. Engineering Supervisor Saunders shared a large map which illustrated the area of discussion. Manager Johnson recommended adoption of Resolution No. 2174-10 as presented. Commissioner Robertson moved to adopt Resolution No. 2174-10 as presented and to execute the Quit Claim Deed to Commonwealth Holdings, LLC. The motion passed.

Under Miscellaneous, Manager Johnson stated that the Commission has copies of Final Bill Report E2SSB 6267 regarding water right processing improvements, which was distributed at the Washington Water Utilities Council (WWUC) meeting last week. Manager Johnson gave a brief summary of his attendance at the WWUC meeting. He stated that proposed changes to the "dig law" by the Washington Utilities and Transportation Commission (WUTC) were also discussed. He stated that this issue will be an agenda item for the May 4 meeting. He stated that information packet from the meeting will be scanned and sent to the Commission.

Under Commissioner Comments, Commissioner Littlefield stated he and Auditor Blake will be attending a Public Utility Risk Management Services (PURMS) meeting in Seattle on Thursday.

Under Commissioner Comments, Commissioner Cook asked how the new health care coverage requirements will affect the District with respect to coverage for 26 year olds; Auditor Blake replied that she has posed that question to Dick Rodruck, Pacific Underwriters, who will look into the issue and brief the District. Commissioner Cook stated that he had received an invitation from the Skagit County Fire Commissioners Association to attend a meeting to discuss maintenance issues of PUD systems in rural Skagit County at the Burlington Fire Hall on May 20 at 7:00 PM. Manager Johnson and Attorney Gilbert both offered to attend the meeting with Commissioner Cook. Discussion ensued regarding fire hydrant maintenance issues including emergency needs, maintenance costs, responsibilities, and calculating the costs of fire protection. Commissioner Cook asked about the pipeline work on Minkler Road; Engineering Supervisor Saunders replied that installation of new water pipe over the gas pipeline crossings has been completed.

Having no further business to come before the Board, Commissioner Littlefield moved for adjournment. The motion passed and the meeting of April 27, 2010 was adjourned at 5:18 PM.

ATTEST

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Jim Cook, President

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Al Littlefield, Secretary

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Robbie Robertson, Vice President