

**Minutes of the Regular Commission Meeting of  
Public Utility District No. 1 of Okanogan County  
Okanogan PUD Auditorium  
1331 2<sup>nd</sup> Avenue North, Okanogan, WA  
December 1, 2009  
12:30 PM**

**Present:** Board: Trish Butler, Ernest Bolz, David Womack  
Staff: John Grubich, Doug Adams, Don Coppock,  
Ron Gadeberg, Janet Crossland, Tina DeLap  
Legal: Michael Howe  
Public: Sheila Corson - The Chronicle

**Summary Agenda**

- I. 2010 Proposed Budget Workshop - 12:30
- II. Call to Order
- III. Business Meeting – 1:30 p.m.
  - 1. Approval of Agenda
  - 2. Approval of Consent Agenda
    - a) Minutes of 11-10-09
    - b) Vouchers
    - c) Transfer of Accounts
  - 3. Public Comment
  - 4. Unfinished Business
    - a) 2010 Draft Budget Hearing
  - 5. New Business
    - a) Resolution No. 1494 - Adoption of 2010 Budget
    - b) Resolution No. 1495 - CWPU Interlocal Agreement
    - c) Resolution No. 1496 - PURMS Resolutions
  - 6. Manager's Report
  - 7. Treasurer's Report
  - 8. Other Business
  - 9. Future Planning
  - 10. Meetings
- IV. Executive Session
- V. Adjournment

**I. 2010 Proposed Budget Workshop - 12:30**

Director of Finance / Auditor Don Coppock outlined amendments to the proposed 2010 Budget. Updated expenditures and previous budget cuts were discussed.

**II. Call to Order**

Commission President Trish Butler called the regular meeting to order at 1:35 p.m. and the Pledge of Allegiance was recited.

**III. Business Meeting – 1:30 p.m.**

**1. Approval of Agenda**

Commissioner Butler requested that **Election of WPUA Officers** be added to the agenda as New Business item d) and **Cancellation of Regular Meetings** be added as item a) under Future Planning. Butler also noted a 30 minute Executive Session would be held for the purpose of discussing potential litigation, with no action anticipated.

Commissioner Bolz moved to approve the Agenda as amended. Commissioner Womack offered a second to the motion, which carried with unanimous approval.

**2. Approval of Consent Agenda**

**a) Minutes of 11-10-09**

Minutes of the November 10, 2009 regular meeting were submitted for approval.

**b) Vouchers**

Vouchers in the amount of \$4,668,629.53 were submitted for approval.

**c) Transfer of Accounts**

A delinquent invoice in the amount of \$1,749.45 was submitted for transfer.

Commissioner Womack moved to approve the consent agenda as presented. Commissioner Bolz offered a second to the motion, which carried with unanimous approval.

**3. Public Comment**

No public comments were offered.

**4. Unfinished Business**

**a) 2010 Draft Budget Hearing**

Discussion of the draft 2010 budget resumed from the Workshop period. Staff and Commissioners deliberated over potential ways to decrease expenses and increase revenue during periods of slow load growth. Commissioners Womack and Bolz expressed concern that anticipated expenditures in 2010 exceed revenue. General Manager John Grubich noted that 85% of the District's costs are fixed and increased software licensing fees, inflation and higher supply costs have all negatively impacted the budget. He also noted that the shortfall between anticipated revenues and budgeted expenditures would come from the Rate Stabilization Reserve fund.

Grubich reiterated that the R.W. Beck Equity Management Plan and Cost of Service Study will provide useful tools to establish an equitable cost allocation rate schedule. Commissioner Butler moved to close the 2010 Draft Budget Hearings.

**5. New Business**

**a) Resolution 1494 - Adoption of 2010 Budget**

Commissioner Womack moved to table Resolution 1494 to allow the Board additional time for review of materials presented today. Commissioners Womack and Bolz voted to table adoption of the 2010 budget until the December 15, 2009 Board Meeting. Commissioner Butler opposed the motion. Upon the vote the motion carried 2-1 and Resolution No. 1494 was tabled until the December 15, 2009 Board Meeting.

**b) Resolution 1495 - CWPU Interlocal Agreement**

Manager John Grubich noted the Central Washington Public Utilities Interlocal Agreement has been updated to address procedural processes favored by member utilities. Commissioner Bolz moved to support approval of Resolution 1495 amending the CWPU Interlocal Agreement. Commissioner Womack offered a second to the motion, which carried unanimously.

**c) Resolution 1496 - PURMS Resolutions**

Commissioner Butler reported that participants at the PURMS Annual Meeting were presented with multiple resolutions to address changes in Washington Administrative Codes (WAC's) and laws governing insurance pools. Five resolutions were passed by the PURMS Board of Directors approving these changes. District Resolution 1496 authorizes the District's approval of those PURMS resolutions. Legal Counsel Michael Howe noted all documents appeared to be in order.

Commissioner Bolz entered a motion to approve Resolution 1496 adopting PURMS Resolutions 11-12-09-1, 11-12-09-2, 11-12-09-3, 11-12-09-4 and 11-12-09-5. Commissioner Butler seconded the motion. Upon the vote, the motion carried with unanimous approval.

**d) Election of WPUA Officers**

Nominees for the position of WPUA Secretary were discussed, and positive attributes of both candidates were noted. Commissioner Butler will be entering the District's vote at the WPUA Annual Meeting this week.

**6. Manager's Report**

Manager of Operations Doug Adams reported on construction of the new headquarters building. Roofing installation is underway. Insulating moisture barrier panels are in place and metal studs for inside walls are being installed. Contractors have requested an extension for construction. This issue is currently under review by District and USKH staff. Commissioners expressed an interest in touring the new headquarters building. Adams will coordinate a tour

with Commissioners once installation of the roof is complete.

General Manager John Grubich reported Moss Adams auditors are onsite this week gathering preliminary audit information. Commissioners were invited to contact Audit Supervisor Olga Darlington if they had any questions or issues regarding the audit.

Grubich noted that an eminent domain action was filed in Okanogan County Superior Court on November 30, 2009. The action includes parcels owned by private landowners and the Washington State Department of Natural Resources (DNR) which are necessary for construction of the Methow Transmission Project.

**7. Treasurer's Report**

Treasurer Janet Crossland presented the October, 2009 month-end Treasurer's Report. The District started October with \$28 million of cash and investments on hand. Deposits totaled \$2.8 million and \$2 million worth of investments matured. After paying \$4 million in warrants, the District ended October with \$27 million in cash and investments on hand. Crossland noted cash on hand has been depleting at an average of \$1 million per month during 2009.

Manager John Grubich reported he is working with Co-Bank to establish an unsecured line of credit for interim financing prior to bonding.

**8. Other Business**

No other business items were presented for discussion.

**9. Future Planning**

The December 8, 2009 and December 29, 2009 Board Meetings were canceled. There was not a meeting scheduled for December 22, 2009. The next regularly scheduled Board Meeting will take place on Tuesday, December 15, 2009, at which time future meetings will be scheduled.

**10. Meetings**

Commissioner Butler traveled to Olympia on November 17, 2009 to attend WPUDA meetings on November 18 - 19, 2009. Butler traveled home on November 20, 2009.

Commissioner Womack traveled to Olympia on November 17, 2009 to attend WPUDA meetings on November 18 - 19, 2009. Womack traveled home on November 20, 2009.

Commissioner Bolz traveled to Seattle on November 11, 2009, attended a NoaNet meeting on November 12, 2009 and returned on November 13, 2009.

**IV. Executive Session**

The regular meeting was recessed at 3:05 p.m. and reconvened into executive session at 3:10

p.m. to discuss with legal counsel representing the District litigation or potential litigation to which the District, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the District, pursuant to RCW 42.30.110(1)(i). It was expected the executive session would last approximately thirty minutes, with no action anticipated.

At 3:40 p.m. the executive session was recessed and the regular session resumed with no action taken.

**V. Adjournment**

There being no further business to discuss, the meeting was adjourned at 3:40 p.m.

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Trish Butler, President

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David A. Womack, Vice-President

ATTEST:

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Ernest J. Bolz, Secretary