

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
November 22, 2011

President Don Nuxoll presiding, the Public Utility District No. 1 of Asotin County Meeting was called to order at 5:30 p.m. at the PUD Office at 1500 Scenic Way.

ROLL CALL: PRESENT Commissioners: Don Nuxoll, Judy Ridge and Gary Hicks.

PUD Staff: General Manager Tim Simpson, Treasurer Bob Sischo and Counsel Scott Broyles.

Members of the public were present.

MINUTES OF MEETING AND VOUCHER APPROVAL:

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge to approve the consent agenda approving the minutes of the November 7, 2011 Regular Meeting and Regular payment of the Transaction Vouchers covering vouchers #1725 through #1727 and vouchers #2191EFT through #2204EFT in the amount of \$31,894.63 and Blanket Transaction Voucher Approval Document covering vouchers #29656 through #29703, and Electronic Transaction Vouchers #11110201, #11110202, #11111801, #11112101, #11112301 and #11113001 in the amount of \$710,433.67. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

Water Rights Change Application – Ecology Decision

The manager reported that the water right change application final decision by the Department of Ecology which was posted on October 4, 2011 made it through the process without any appeals. The manager stated that our groundwater rights now stand at a maximum quantity of 10,202 acre feet per year with an instantaneous quantity of 30,250 gallon per minute. He stated that the change application decision also adds the city of Asotin's two wells as points of diversion on our wells and Atlas Sand and Rock's well off of Evans Road as a point of diversion on our wells. This decision will allow both entities to pump beyond their allotted annual acre feet of water right utilizing our water rights. The manager stated that an agreement with both entities will need to be developed prior to their use. The manager stated that Ecology's final decision regarding our water rights is the culmination of approximately 14 years of work which took us from a point where Ecology was seeking relinquishment, a moratorium and reduction of our groundwater rights to the point of approval of our change application and a settlement. The manager stated that the remaining surface water rights will be voluntarily relinquished as part of our agreement with Ecology.

PURMS Self Insurance Agreement Amendments

The manager stated that the Public Utility Risk Management System (PURMS) met on November 10th and approved resolutions providing for changes to the Self Insurance Fund Agreement (SIA). The manager stated that these changes were driven by changes in federal and state laws. He said that each PURMS member will be presented with a resolution that will ratify the PURMS Board of Directors decision. The PURMS resolutions and SIA are currently being reviewed by the state insurance commission. The manager stated that it will likely be the end of the year or early next year before PURMS members are presented with a resolution ratifying the decisions.

Property Sale – 2700 Block of Highline Drive

The manager stated that the closing date for the sale of PUD property located on the 2700 Block of Highline drive is Monday, December 5th.

NEW BUSINESS

Legal Services Agreement with Scott Broyles

The manager presented a Legal Services Contract between Scott Broyles and the PUD. Mr. Broyles' current Legal Services Contract will expire on December 31, 2011. He stated that the proposed contract for legal services is for a two year and two month period with an effective date of November 1, 2011 and an expiration date of December 31, 2013.

He stated that although the current contract doesn't expire until the end of this year, Mr. Broyles is requesting that the current contract be superseded by the new contract with an effective date of November 1, 2011. The purpose of the effective date is to allow our counsel to utilize the newly created Computer and Computer Technology Service Reimbursement Policy. In the contract under Section 3 – Compensation of Counsel, item E was added to address counsels' use of this policy and computer technology to communicate and share documents with PUD staff and commissioners in a secure environment and providing for record retention. Mr. Broyles has reviewed the contract and has not requested an increase in his monthly retainer of \$1,000.00 or his hourly rate of \$150.00 for additional legal services.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks approving the Legal Services Contract with Attorney Scott Broyles. The question was called for on the motion. The motion passed 3-0.

City of Clarkston Wastewater Treatment and Disposal Agreement

The manager presented an Agreement with the city of Clarkston providing for wastewater treatment and disposal services. He stated that the current agreement had an effective

date of July 1, 2010 and end date of June 30, 2011 and was not renewed before June 30, 2011. Through a provision in the Agreement we have been operating on a month-to-month basis.

The manager stated that he spoke with Jim Martin, Public Works Director regarding extending the Agreement to a period of five (5) years. Mr. Martin and the City have requested a term of thirty years (30) and one month. The proposed Agreement would be for a period effective December 1, 2011 and terminating December 31, 2041. The manager stated that the primary reason for the long-term agreement request is that in the process of funding the \$12 million upgrade to the Wastewater Treatment Plant (WWTP) the City has to go out into the bond market for \$2 million of the funds. The Public Works Board is providing a low interest \$10 million loan for the WWTP upgrade.

The manager stated that in order to receive a favorable rating the rating agency and their bond counsel requested a long-term contract for the life of the upgrades which is 30 years. A favorable bond rating will benefit the PUD because the City would receive a better interest rate translating to lower cost for the PUD through bond repayment which we will share as part of the operations budget. With no other alternative the manager stated that a long-term agreement is not an issue. Counsel has reviewed the Agreement.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge approving the Wastewater Treatment and Disposal Agreement with the City of Clarkston and authorizing the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

Change the Tuesday December 13, 2011 Meeting Date to Monday December 12, 2011

The manager stated that due to commissioner travel to meetings he is requesting that the meeting scheduled for Tuesday, December 13, 2011 be changed to Monday, December 12, 2011 beginning at 11:00 am.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to change the Board of Commissioner meeting date from Tuesday, December 13, 2011 to Monday, December 12, 2011 beginning at 11:00 am. The question was called for on the motion. The motion passed 3-0.

Set Public Hearing Date for Commissioner Redistricting

The manager reported the Asotin County Commission has held a hearing and adopted their new commissioner district boundaries. He stated that in July the PUD Board had put on hold their commissioner redistricting in order to allow the County to complete theirs to ensure that our boundary setting does not impact a high number of precincts. The manager stated that in order to complete our process a hearing date for redistricting will need to be set. The hearing can be held before our next regular meeting.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to set the date of the Commissioner Redistricting Hearing for Monday, December 12, 2011 at 11:00 am. The question was called for on the motion. The motion passed 3-0.

MANAGER'S REPORT

Water Revenue Bond Final Payment – the manager reported that in the approved accounts payable is a voucher for the final payment on the water revenue bond that purchased the system after the PUD was formed in 1984. He stated that the payment is due on December 1, 2011 but will be transferred a couple of days earlier.

Port of Wilma Water System – the manager reported he contacted Joe Poire, the Executive Director for Port of Whitman County, stating that the PUD has fulfilled its verbal commitment to spend six months training their new staff member in water operations on the Port of Wilma water system. The purpose of the training was to provide enough time for the staff member to be able to sit for the water operator certification exam. The manager told Mr. Poire that if the Port wishes the PUD to continue the system will either need to be transferred to the PUD or an operations and maintenance agreement will need to be executed between both parties.

Stormwater Management Meeting – the manager reported that he was summoned to the Asotin County Stormwater Management meeting to discuss discharge at PUD wells and best management practices our PUD utilizes in ensuring stormwater compliance. The manager stated that after discussion with the management team they were satisfied by our operation of our wells and that they did not pose a problem for discharge.

COMMISSIONER'S REPORT

Commissioner Nuxoll attended the PURMS Board of Directors meetings on November 9-10, 2011. He reported that Treasurer Bob Sischo had retained his spot on the Operations Committee and that he was appointed as Chairman of the full board. Commissioner Nuxoll reported that the PURMS board approved the hiring of a lobbyist for the group. He stated that due to the state's reduction of committee's administrator Dick Rodruck was unable to connect with the state insurance commissioner and other important officials which resulted in the need to hire a firm to track legislation.

Commissioner Ridge attended the Washington PUD Association meetings in Olympia on November 16-18, 2011. She stated that the board adopted the strategic plan and discussed commissioner roles at their entity. She stated that the group did not discuss issue regarding membership and voting protocol. Commissioner Ridge reported that these issues would be discussed at the April PUD Association meetings. She reported that the Government Relations committee met. The legislative session will be a short one but will be focused on budget issues.

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Commissioner Ridge and Commissioner Hicks will be attending the Annual PUD Association meetings in Pasco, Washington on November 30-December 2, 2011.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:25 pm.