

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
June 18, 2018

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 8:59 a.m. Present were Commissioners Dan Fagerlie, Chris Kroupa and Doug Aubertin, Attorney Steve Graham, Interim Manager Steve VanSlyke, Superintendent Mike Brown, Auditor Sue Nush, and Treasurer Pam Allen.

All stood for the Flag Salute which was led by Commissioner Fagerlie.

Visitors: Jerred Burbank

The minutes of the May meeting were approved by a motion made by Commissioner Aubertin, seconded by Commissioner Fagerlie and unanimously carried.

Commissioner Fagerlie was contacted by a customer who purchased a vehicle that was sold as surplus by the Utility. The customer found a gas card in the vehicle and returned it to Commissioner Fagerlie.

Reports:

The Superintendent's Report was presented by Mike Brown:

1. Work is being planned for the crew during the scheduled BPA outage on July 28th.
2. The new tree trimmer has been enrolled in the apprenticeship program.
3. Superintendent Brown is looking into adding doors to open offices to provide customer privacy and employee security.
4. Options are being investigated for repairing some deteriorating concrete pads at the Windsor Substation. They are structurally sound but need to be sealed to prevent further surface deterioration.
5. Damage has been identified from the Kettle River flooding and repairs will start soon. The Utility was fortunate to not have a lot of equipment damage.

The Attorney's Report was presented by Steve Graham:

1. The six lots in Republic that are surplus to the District's needs were discussed. Am-Pac Appraisal Service from Colville has been retained to determine their value. After discussion, the Board agreed to use a realtor to sell them.
2. The decision received on the Petition for Redress filed with the Washington State Department of Retirement Services last year was discussed. Attorney Graham has completed the appeal to be filed challenging the State's decision. Commissioner Kroupa made a motion to have Attorney Graham further appeal the decision. Commissioner Aubertin seconded the motion and it unanimously carried.

A recess was called at 9:50 a.m. for 20 minutes. The meeting reconvened at 10:11 a.m.

Attorney's Report continued:

3. Attorney Graham updated the Board on the pending case by Rumburg. The case against the District was dismissed due to the plaintiff missing the statute of limitations, but the Court of Appeals overturned that, and the State Supreme Court recently decided not to hear the case. Attorney Graham explained that this meant the case would then proceed. Auditor Nush advised that she is completing paperwork for the discovery process. The District is being represented by attorney Scott Cifrese out of Spokane.

The Manager's Report was presented by Steve VanSlyke:

1. The phone system was hacked and some expensive international calls were made. Auditor Nush has been working with Tel-West to secure the system and is seeking reimbursement from Frontier.
2. Resolution 10-14 that established the creation of a reserve fund for the purchase of transportation/power operating equipment was discussed. Since the Utility typically uses equipment until there is little value left, the proceeds placed into the fund were of such a small amount that it became little more than a bookkeeping entry. Commissioner Fagerlie made a motion to rescind Resolution 10-14. Commissioner Aubertin seconded the motion and it unanimously carried.
3. Staff at the District office would like to change the time that the office opens to the public from eight o'clock to nine o'clock in the morning. They believe that staff and safety meetings will be more easily held with an uninterrupted hour at the beginning of the day, and that they will be more productive with morning duties. After discussion on how this will work and how it will be communicated to customers, Commissioner Kroupa made a motion to change the public hours starting on September 1st to nine to five. Commissioner Aubertin seconded the motion and it unanimously carried. Commissioner Fagerlie asked that the minutes reflect that his approval is contingent on the change being monitored.

Attorney Graham and Superintendent Brown exited the meeting at 10:56 a.m. Attorney Graham returned to the meeting at 11:34 a.m.

4. One of the items discussed in the state auditors' exit meeting was the need to have a District policy to address unusual items, such as food provided to crews on extended outages and the annual employee appreciation dinner. Interim Manager VanSlyke would also like to review the District travel meal policy and he provided the Board with proposals to review in both

areas to discuss at next month's meeting.

The commissioners presented information from meetings they attended since the last Board Meeting.

1. Commissioner Aubertin attended the annual NWPPA conference in Boise. There were a few good speakers but Commissioner Aubertin felt that the overall quality of the conference has declined.
2. A Ferry County Broadband Action Team has been formed and Commissioner Fagerlie has been attending the meetings. They are looking into possible state funding. There may be a \$50,000 grant available to study the need for broadband in the county.

The Board recessed for lunch at 12:05 p.m. and reconvened at 01:00 p.m.

Commissioner Fagerlie continued his report about meeting with the Ferry County Broadband Action Team. They have requested a letter of support from the District. After discussion, the Board directed Commissioner Fagerlie to work with Interim Manager VanSlyke to put together a letter.

The Treasurer's Report was presented by Pam Allen:

1. Operating Funds available as of May 10, 2018 were \$2,858,680.43 with restricted funds of \$3,139,439.34. There were 15 outages in the month of May, for a year-to-date total of 108 compared to 56 for the same period in 2017. The Large Power Summary, Revolving Loan and Line Extension Loan reports were presented.

Attorney Graham exited the meeting at 1:26 p.m. and rejoined the meeting at 1:38 p.m.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was presented to the Board. Cost and usage graphs were presented.
2. Warrants number 16827 through 16906, Direct Payroll Deposits number 904244 through 904279 and Electronic Fund Transfers number 526 through 528 and 530, in the total amount of \$729,060.76 were approved by a motion made by Commissioner Aubertin, seconded by Commissioner Fagerlie and unanimously carried. Included in the listing was warrant number 14606 in the amount of \$3.44 that was voided and applied back to a customer's reconnected account.
3. Auditor Nush discussed the exit report from the State Auditors. The State issued a Finding because District financial statements for 2015 and 2016 were not completed and available for audit. Options were discussed for obtaining assistance to get caught up and for auditing the financials. There was some discussion about whether or not all the commissioners had been fully informed about the situation. It was agreed that in the future, all three commissioners will attend audit exit meetings, even if a special meeting must be called. The Board supported Auditor Nush's preference to contract with a CPA firm to obtain assistance in getting caught up and to have the State audit the financials when they are complete.
4. As of July 1st, the state mandated compensation for commissioners will increase.

With no other business before the Board, the meeting adjourned at 2:25 p.m.

BOARD OF COMMISSIONERS
Public Utility District Number One
Ferry County, Washington

President

Vice-President

ATTEST:

Secretary

APPROVED:

Manager