PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approval of Agenda 1/14/20
2. Approval of Minutes: 12/10/19 Commission Meeting
3. Ratification of Vouchers 12/17/19, 12/24/19, 12/31/19 and 1/7/20
4. Voucher Approval 1/14/20
5. Safety Practice & Procedure #3007

6. Project Acceptance:
   - Alma Investments, LLC (Mount Vernon)
   - Deol Subdivision, Francis Road (Mount Vernon)
   - Five Friends, LLC (Mount Vernon)

TREASURER’S REPORT – NOVEMBER 2019

AUDIENCE COMMENTS

OLD BUSINESS

7. Manager’s Report
8. HR Department Report

NEW BUSINESS

9. Resolution 2270-20 – Appointment of Brian Henshaw as District Treasurer – Action
10. Resolution 2271-20 – Authorizing Investment in Local Government Investment Pool – Action
11. Mountain View Project Award – Action
12. City of Anacortes Interlocal Cooperative Agreement – Action
13. Campus Feasibility Update – Action
14. Resolution 2272-20 – Issuing Bonds – Action
15. Foster Garvey Engagement Letter – Action

INFORMATION

   Per Governance Policy Section 7.2.2; Commission obligation to disclose any conflicts of interest as defined in Chapter 42.23 RCW
17. Judy Reservoir Data Report
18. Recent News Articles
19. Letter to Customers re Agriculture Rate

COMMISSIONER COMMENTS

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

December 10, 2019

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.

Commissioners Present: Eron Berg, President; Al Littlefield, Vice President; and Joe Lindquist, Secretary.

Staff Present: Kevin Tate, Brian Henshaw, Mark Handzlik, Bill Trueman, Mark Semrau, Sally Saxton, Sam Shipp, Luis Gonzalez, Mike Fox, Jay Sedivy, Kathy White, District Auditor Doug Streeter, District Attorney Peter Gilbert, and Deana Dean.

Other Parties Present: Judy Littlefield, Rick Pitt, and Andrew Entrikin. Others may have been present but were not identified.

Commissioner Berg called the meeting to order at 4:30 p.m. and the Pledge of Allegiance followed.

CONSENT AGENDA
Commissioner Lindquist moved to approve the Consent Agenda for December 10, 2019 which was passed unanimously.

1. Approval of Agenda 12/10/19
2. Approval of Minutes: 11/12/19 Commission Meeting and 11/19/19 Work Session
3. Ratification of Vouchers:
   11/19/19 - No. 2894: Accounts Payable Voucher No. 16984 – 17042 ($377,098.63), Electronic Funds Transfer ($234,640.84)
   11/19/19 - No. 2895: Accounts Payable Voucher No. 17043 ($123.63)
   11/26/19 – No. 2896: Accounts Payable Voucher No. 17044 – 17107 ($254,619.24), Electronic Funds Transfer ($71,706.00), and Payroll Electronic Funds Transfers and checks No. 028712 – 028795 ($182,303.99).
   12/3/19 – No. 2897: Accounts Payable Voucher No. 17108 – 17145 ($64,703.10), Electronic Funds Transfer ($1,691.40).
4. Voucher Approval:
   12/10/19 – No. 2898: Accounts Payable Voucher No. 17146-17205 ($547,459.35), Electronic Funds Transfer ($71,122.64), Payroll Electronic Funds Transfers and checks No. 028880-028963 ($182,885.36).
5. Project Acceptance –
   Pacific Woodtech DCDA Relocation (Burlington)
   North Cascade Plaza, SR 20 (Sedro Woolley)
6. Surplus Property – HP Design Jet Printer Plotter
SKAGITNET UPDATE
Andrew Entrikin, Broadband Manager/SkagitNet Manager, from Port of Skagit reviewed the highlights of the 2020 plan of operations and budget. Commissioner Lindquist moved to approve the SkagitNET 2020 Plan of Operations and Budget which was unanimously approved.

TREASURER’S REPORT – OCTOBER 2019
Finance Manager Brian Henshaw spoke to revenue and expenditures as of October 2019. Commissioner questions and comments followed.

AUDIENCE COMMENTS
Rick Pitt commented on the Fidalgo Island Water System MOU and full value in the context of transferring assets between government agencies.

OLD BUSINESS
7. Manager’s Report
   Acting General Manager Kevin Tate provided an update which included:
   - Pre-application meeting with City of Mt Vernon
   - Letters mailed and public outreach being performed to property owners along Little Mountain Road
   - Staff training day is on Friday December 20, 2019.

8. Operations Quarterly Report
   Operations Manager Mike Fox provided an update which included:
   - Installation of new floors at the water treatment plant
   - Enclosed bay to store the Thirst Buster
   - New DOH securities installed
   - Water treatment plant septic tanks
   - HVAC

9. Fidalgo Island Water System Memorandum of Understanding
   Commissioner Berg opened this agenda item which was modified to be consistent with commission suggestions from a previous meeting. Commissioner Littlefield moved to authorize the General Manager to execute the Memorandum of Understanding with the City of Anacortes regarding the transfer and improvement of the Fidalgo Island Water System which passed unanimously.

10. Funding Options for Capital Improvement Projects
    Brian Henshaw provided a handout and quick update on sources and uses of funds. Commissioner questions followed.
NEW BUSINESS

11. Resolution No. 2268-19: Establishing Positions and Salary Ranges for Non-Union Staff and Supervising Employees

Commissioner Berg introduced this agenda item and HR Manager Kathy White briefly spoke to the Resolution and salary ranges.

Commissioner Lindquist moved to approve Resolution No. 2268-19, a Resolution of the Commission of the Public Utility District No. 1 of Skagit County, Washington, establishing positions and salary ranges for non-union staff and supervising employees which was unanimously approved.

12. Paid Family Medical Leave Plan Revisions

HR Manager Kathy White discussed the voluntary plan and the proposed changes to the District’s Short Term Disability Policy.

Commissioner Littlefield moved to approve and authorize the General Manager to sign Policy #1002 Short Term Disability Benefit which was unanimously approved. In addition, Commissioner Lindquist moved to authorize the General Manager to negotiate and execute a Memorandum of Understanding with the labor group to implement Policy #1002 which was unanimously approved.

13. Resolution 2269-19 Creating a New Water Rate for Agriculture Uses

Finance Manager Brian Henshaw spoke to the proposed Resolution, the RCW which defines agricultural land, and the cross-connection control program. Commissioner questions and comments followed.

Commissioner Littlefield moved to approve Resolution No. 2269-19, creating a new water rate for Agriculture uses and establishing eligibility criteria which was unanimously approved.

14. Frontier Communications – Judy Reservoir to Mount Vernon Transmission Pipeline, Phase II Project

Engineering Manager Mark Handzlik spoke to the installation of the bridge as part of the pipeline project and the costs related to the temporary relocation of Frontier Communication lines. Commissioner Berg inquired whether the County would be an alternative option due to their interest in the trail. Brief discussion followed.

Commissioner Lindquist moved to authorize the General Manager to enter into a construction contract with Frontier Communications in the amount of $72,407.03 including Washington State Sales Tax (WSST) for aerial fiber relocation work to accommodate the Judy Reservoir to Mount Vernon Transmission Pipeline, Phase II Project which passed unanimously.
15. **HDR Contract Design Modification – Judy Reservoir to Mount Vernon Transmission Pipeline Phase II Project**
   Engineering Manager Mark Handzlik discussed the proposed contract design modifications to the transmission line. Commissioner questions followed.

   Commissioner Lindquist moved to authorize the General Manager to execute Modification No. 5 to Task Order #016 with HDR, Inc. in the amount of $473,638.00 for engineering design services related to Judy Reservoir to Mount Vernon Transmission Pipeline Phase 2 Final Design and transfer the same amount from the 2019 McLean Road Phase II budget to the Judy Reservoir to Mount Vernon Transmission Pipeline Phase 2 budget which passed unanimously.

16. **2020 Proposed Commission Meeting Dates**
   Commissioner Berg introduced this agenda item, the proposed 2020 meeting schedule. Commissioner comments followed. No objections to the schedule were made.

**INFORMATION**
17. Letter of Intent to Participate in Skagit County Hazard Mitigation Plan
18. Safety Practice & Procedure #3007
19. Little Mountain Road Funding Request Letter
20. Judy Reservoir Data Report
21. Meter Statistics
22. Recent News Articles

**COMMISSIONER COMMENTS**
Commissioner Berg noted his and Commissioner Littlefield’s attendance at the WPUDA Annual Conference and indicated it was a good session. Commissioners Littlefield and Lindquist had nothing to report at this time.

**ADJOURNMENT**
With no further business to come before the Board, the meeting was adjourned at 5:37 p.m.

Respectfully submitted:

__________________________
Deana Dean
Clerk of the Board
As of DECEMBER 17, 2019

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and/or services hereinafter specified have been received and are hereby approved for payment in the amount of $506,460.58 this 17th day of December, 2019.

The total is comprised of the following:

Accounts Payable voucher No. from 17206 through 17268 in the amount of $338,302.85, Electronic Funds Transfer in the amount of $168,157.73. Payroll Electronic Funds Transfers and checks No. through in the amount of $0.00.

Attest:

President

Vice - President

Secretary

Date: 12/13/2019

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506,460.58
Agenda Item #3

As of DECEMBER 17, 2019

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and/or services hereinafter specified have been received and are hereby approved for payment in the amount of $25,159.99 this 17th day of December, 2019.

The total is comprised of the following:

Accounts Payable voucher No. from 17269 through 17269 in the amount of $25,159.99, Electronic Funds Transfer in the amount of $0.00. Payroll Electronic Funds Transfers and checks No. through in the amount of $0.00.

Attest:

President
Vice - President
Secretary

Date: 12/13/2019

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Agenda Item #3

As of DECEMBER 24, 2019

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and/or services hereinafter specified have been received and are hereby approved for payment in the amount of $657,148.51 this 24th day of December, 2019.

The total is comprised of the following:

Accounts Payable voucher No. from 17270 through 17336 in the amount of $224,199.04, Electronic Funds Transfer in the amount of $249,788.75. Payroll Electronic Funds Transfers and checks No. 029132 through 029215 in the amount of $183,160.72.

Attest:

[Signatures]

President

Vice - President

Secretary

Date: 12/23/2019

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473,987.79
Agenda Item #3

As of DECEMBER 31, 2019

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and /or services hereinafter specified have been received and are hereby approved for payment in the amount of $116,211.16 this 31st day of December, 2019.

The total is comprised of the following:

Accounts Payable voucher No. from 17337 through 17388 in the amount of $114,599.66, Electronic Funds Transfer in the amount of $1,611.50.
Payroll Electronic Funds Transfers and checks No. through in the amount of $0.00.

Attest:  

President  

Vice - President  

Secretary  

Date: 12/30/2019

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Agenda Item #3

As of JANUARY 07, 2020

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and/or services hereinafter specified have been received and are hereby approved for payment in the amount of $644,227.79 this 7th day of January, 2020.

The total is comprised of the following:

Accounts Payable voucher No. from 17389 through 17422 in the amount of $260,237.28, Electronic Funds Transfer in the amount of $198,149.01, Payroll Electronic Funds Transfers and checks No. 029216 through 029320 in the amount of $185,841.50.

Attest:

[Signatures]

President
Vice-President
Secretary

Date: 01/06/2020

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458,386.29
Work Zone Traffic Control  
Safety Practice & Procedure #3007

Discussion
Between 2007 and 2017 there were 1,313 American workers killed in roadside work zones, with most of those fatalities caused by moving vehicles and heavy equipment (2019, American Road & Transportation Builders Association). In 2017, over 37,000 workers were injured in roadside accidents – a 68% increase over the first year the statistic began being tracked in 2007. Several studies suggest that increasing motorist inattention and urban densification have contributed to the marked increases in total injuries at these types of work areas. The District recognizes the hazards of working in and near roads as a clear and present danger to its employees.

Purpose
This Safety Practice and Procedure (SP&P) ensures compliance with WAC 296-155-305 and Part 6 of the Manual on Uniform Traffic Control Devices (MUTCD) in its current state-adopted form. This policy helps District employees and supervisors formulate consistent plans that comply with regulation, keep all road users safe, and reduce conflicts between District operations and road users to the greatest reasonable extent possible. To that end, this SP&P attempts to limit the number of District personnel on the active roadway at every phase of the work being done in an effort to reduce exposure to motorized traffic.

Scope
The information provided in this SP&P does not address all possible work zone operations. Modifications to the plans to fit specific work operations and locations are encouraged. If these requirements cannot be physically implemented, then MUTCD standards shall apply as the minimum. The traffic control plans in this manual are to be used along with sound judgment, proper planning, a safety conscious attitude and full participation from the persons involved in the work zone. Aspects of the roadway environment such as weather, time of day, traffic volumes, traffic speed, roadway geometry, roadside conditions, and your inventory of traffic control devices should all be considered when implementing the practices in this SP&P.

This SP&P addresses work that occupies a location more than one daylight period up to 3 days, or nighttime work lasting more than 1 hour; and all durations of a shorter period.

This SP&P addresses the minimal expectations for District personnel performing maintenance, operations, and engineering work in the public right of way and in other areas where motorists not under the control of the District may be near their work.

This SP&P does not adequately address the methods of working in roadways for contractors who may be performing construction and other work for the District. Contractors must address and follow the appropriate WAC and MUTCD guidance at a level appropriate to the scope of their
operations. This SP&P does not address long term stationary work that continues through more than 3 daylight periods consecutively; or longer durations; nor does it address working at night for periods longer than 1 hour.

**Affected Policies and Applicable Regulations**
WAC 196-155-305 addresses flagger use, flagger safety, and limited scenarios for traffic control devices. The Manual on Uniform Traffic Control Devices (MUTCD), 2009 edition, Part VI is adopted by L&I and is the major regulation governing traffic control and right of way safety.

Skagit PUD Policy No. 1026, District Safety Requirements and Commitment to Safety clearly defines the responsibilities of District employees to adhere to Washington Administrative Codes (WAC), and other regulations that address worker safety and health at District work sites.

Skagit PUD AP&P No. 3001, Personal Protective Equipment addresses personal protective equipment (PPE) required for work at sites in and around roads and other rights of way.

Skagit PUD AP&P No. 2034, Signaling and Flagging is superseded and cancelled.

**Safety Practice and Procedure**
The District shall provide all means possible to keep its employees safe from the hazards of working in and around roads and rights of way in its area of operation. Employees must adhere to the following policy.

Key concepts:
- A job hazard analysis (JHA) must be performed to determine hazards; and the methods needed to mitigate or eliminate those hazards before work begins – even if the work is emergent in nature or short in duration
- Efforts must be made to plan for traffic control and take steps to deploy the best possible solutions to protect District employees and the public before work begins
- Work duration, traffic volume, and the conditions of the road are major factors that determine traffic control and safety setups – care must be taken to adopt the protective measure that offers the best protection possible
- Flaggers are a good way to help supplement required signage and other devices, but are not to replace such controls

**Hazard analysis**
Most District employees will perform work in and near roads or a right of way in the course of their duties. Below are the positions and relative levels of exposure to the hazards of roadside work.

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Work Duration
For most District work, the duration will be the overarching factor that determines the steps used to protect employees and the public. MUTCD defines five categories of work duration:

1. **Long-term stationary** is work that occupies a location more than 3 days
2. **Intermediate-term stationary** is work that occupies a location more than one daylight period up to 3 days, or nighttime work lasting more than 1 hour
3. **Short-term stationary** is daytime work that occupies a location for more than 1 hour within a single daylight period
4. **Short duration** is work that occupies a location up to 1 hour, regardless of time of day or night. Examples include:
   - Loading and unloading equipment
   - Emergency shutdown of a simple residential service leak
   - Small asphalt patching jobs
   - Opening and accessing an in-road vault access to adjust a device or take a reading

5. **Mobile or Very short duration** is work that moves intermittently or continuously and takes no more than 20 minutes at any one place. Examples include:
   - Taking a quick survey shot
   - Installing or removing a work zone device
   - Removing objects from a roadway
   - Opening an in-road manhole lid to visually inspect vault contents without entry
   - Quickly exercising and performing simple and routine valve maintenance as part of a valving maintenance program

It is expected that District personnel will perform more short-term stationary or short duration work than any other defined duration of work category.

The guidance in this SP&P will focus on short-term stationary and short-duration work.

Traffic Volume
Traffic volume has a considerable impact on work zone traffic control considerations alongside the duration of the work and the prevailing speed limit in the area. Typically, traffic volume is expressed by the words **low, moderate** and **high**.

1. **Low volume** is a condition that includes:
   - Roughly less than 5 vehicles per lane per minute
   - Vehicles approaching the work area randomly
   - Significant gaps in traffic flow
   - Few vehicles visible at any given time
   - Random groupings of vehicles
   - Freely flowing traffic at the posted speed limit
   - Safe crossing conditions at a walking pace

2. **Moderate volume** is a condition that includes:
   - Roughly 12 vehicles per lane per minute
   - Vehicles generally always present
   - Random gaps between vehicles
   - Constant but freely flowing traffic
• Safe crossing conditions at a walking pace, but require waiting for a gap in traffic

3. **High volume** is a condition that includes:
   - Roughly 20 vehicles per lane per minute
   - Constant presence of vehicles
   - Restricted or unstable traffic flow
   - Reduced speeds as volume approaches the road’s capacity
   - Not safe to cross without a controlled intersection and/or crosswalk

**Work Zone Setups**
The following section is intended to assist District employees with conforming to WAC and MUTCD regulations regarding the setup of traffic control devices. It is important to consider the duration of the work, the speed limit of the road, and the volume of traffic in the area when deciding which setup is most appropriate. Employees should always err on the side of a more robust setup when duration and the conditions of the roadway are not certain or if they may change with little or no notice. For example, a daytime job on a non-arterial street that should take less than an hour (short duration) may need to be set up as a short-term stationary site if factors could change.

The traffic control diagrams in this SP&P are included as an appendix. These diagrams are illustrative and are for ideal conditions. The limited number of diagrams can never represent all the possible scenarios present in roadside work. Employees and supervisors are responsible for using proper judgement to decide what the most appropriate setup is for the situation and field conditions at their work site.

**Delineation Devices**
- All delineation devices used by the District will be made of materials that will not easily damage vehicles or add to injuries in cases of an accident
- Ballast used to keep devices in place shall be the minimum needed to withstand forces such as wind and can either be minimal amounts of water (first choice) or sand/dirt (second choice)
- All devices used at night shall be augmented by using lighting devices
- Traffic cones used during the day must be orange and a minimum18 inches tall
- Traffic cones used at night or on a highway at any time must be orange, a minimum of 28 inches tall, and possess a 6-inch strip of retroreflective tape no more than 4 inches below the top of the cone
- Traffic cones must be used to channelize traffic, divide opposing lanes, divide lanes, and delineate short duration and utility maintenance work
- Tubular markers (candlepins) may be used to substitute for, or augment traffic cones
- Tubular markers must be predominately orange, between 28 and 42 inches tall, and have at least two 3-inch bands of retroreflective material
- Plastic drums (road barrels) may be used to substitute for, or augment traffic cones and/or tubular markers
- Plastic drums must be predominately orange, between 36 and 48 inches tall, no less than 18 inches wide, and have a minimum of two 4-inch strips of retroreflective material
Delineation devices used for merging tapers in road work zones must have a length appropriate to the speed zone and lane width of the road. Generally, the wider the lane is and/or the higher the speed limit — the more delineation devices will be needed and the longer the merging taper needs to be. The table below shows the MUTCD minimums for merging taper lengths and delineation patterns for a road with typical 12-foot lanes. This may be used in most situations.

<table>
<thead>
<tr>
<th>MPH</th>
<th>10</th>
<th>15</th>
<th>20</th>
<th>25</th>
<th>30</th>
<th>35</th>
<th>40</th>
<th>45</th>
<th>50</th>
<th>55</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taper Length</td>
<td>20</td>
<td>45</td>
<td>80</td>
<td>125</td>
<td>180</td>
<td>245</td>
<td>320</td>
<td>540</td>
<td>600</td>
<td>660</td>
</tr>
</tbody>
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**Barricades**
- Type 2 and 3 barricades shall be used across roadways to restrict traffic or close the road to all traffic, as needed and shall comply with MUTCD.
- For closing a road to traffic, a minimum of a Type 3 barricade and appropriate signage shall be used.
- For closing a sidewalk to pedestrian traffic, a minimum of a Type 2 barricade and appropriate signage shall be used.

**Traffic Barriers**
District employees should rarely need traffic barriers such as plastic Jersey barriers. If they are needed, they may be used to help separate traffic from work zones and excavations. If temporary traffic barriers are to be used, they must comply with MUTCD Sections 6F.70 and 6F.71, as appropriate. In many cases, District vehicles (with appropriate lighting arrangements), and delineation devices are adequate to substitute traffic barriers at most District roadside work sites.

**Signage**
Typically, a three-sign sequence is required for all flagging on roadways with a posted speed limit of less than 45 MPH. A four-sign sequence is required for all jobs requiring flagging and/or on roadways with a posted speed limit of 45 MPH or higher. It is important to remember that if flaggers are used and a sign needs to be posted, motorists need additional notice and time to digest this information as they approach the work area.

Spacing between signs should be determined first by the posted speed limit in the area. If traffic volumes are particularly high, or other factors may challenge a motorist’s ability to digest signage information, employees should add distance between signs when possible. In general, the following table of MUTCD distances apply and can be used in most situations.

<table>
<thead>
<tr>
<th>Posted Speed &amp; Conditions</th>
<th>Distance Between Signs (in feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1&lt;sup&gt;st&lt;/sup&gt; sign</td>
</tr>
<tr>
<td>&lt;45 MPH</td>
<td>100</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td></td>
</tr>
<tr>
<td>Low-Moderate Traffic Volumes</td>
<td></td>
</tr>
</tbody>
</table>
The following signs are appropriate in most of the work the District does:

- Utility Work Ahead; is interchangeable with Workers Ahead
- Workers Ahead – or a worker symbol sign; is interchangeable with Utility Work Ahead
- Shoulder Work – is interchangeable with Utility Work Ahead or Workers Ahead if the work involves the road shoulder
- Surveyors Ahead; is appropriate only for surveying and locating work
- Flagger Ahead; is appropriate only for flagging operations and should be accompanied by a Be Prepared to Stop sign

### PUD Vehicles in Roadway/Roadside Work Areas

All PUD vehicles that will be present in a roadside work area, near the right-of-way, or otherwise be present where traffic hazards exist shall be equipped with lighting arrangements.

Stock vehicle hazard lights (flashers) can be used to augment high intensity strobe lights, but may never be used alone to try and protect employees in roadway or roadside work areas.

Protective vehicles can be used to help protect workers in short-term stationary, short-duration, and very short duration work scenarios. Such vehicles must use a high intensity strobe light and be strategically placed in advance of a work area. The vehicle must have a proper roll-ahead distance factored into its placement in case the vehicle is impacted by an errant vehicle – with the prevailing speed of traffic being the main consideration in deciding roll-ahead distance.

Protective vehicles used in very short duration (20 minutes or less) must provide advanced warning to motorists. Such vehicles must use a high intensity strobe light and either a portable message sign or arrow board to provide temporary traffic control information to motorists.

### Personal Protective Equipment

District personnel are required to wear and use PPE that protects them at work sites that are in and near roadways. For specific guidance and policy, refer to District Safety Practice and Procedure # 3001, Personal Protective Equipment.

### Flaggers

The District shall, when appropriate, use flaggers to augment other traffic controls at the work site. Situations where flaggers add value to traffic control include:

- Complex traffic control setups where motorists may need help navigating safely
- When a lane is closed and motorists cannot safely self-regulate the use of the remaining roadway for travel
- Roadways that present hazards to employees where flaggers may provide a dedicated spotter
- Any in-road work where employees might have their backs turned to oncoming traffic
Flaggers shall not be used to substitute for required traffic controls such as delineators and signage.

Flaggers may not perform any other duties other than flagging and must remain on station until work ceases and signs and devices are removed from the roadway, and normal traffic is restored.

Supervisors may choose to utilize flagging and traffic control services from a vendor, or they may utilize qualified District personnel for flagging duties.

Flaggers must be currently certified and carry their certification card on their person while performing flagging duties.

Flaggers shall not perform flagging duties in a light-controlled intersection. If flagging control of such an intersection is needed, the traffic engineers for the jurisdiction shall be contacted for assistance in coordinating traffic through such an area.

WAC 468-95-302 prohibits flaggers from being placed at the center of an intersection for traffic control purposes unless that person is a uniformed police officer.

Flagger paddles used by District personnel shall be 24 inches in both daytime and during hours of darkness.

During hours of darkness, flagger stations shall be illuminated so that the flagger is visible and discernable as a flagger from a distance of 1,000 feet whenever possible.

**Training and Certifications**
The District shall train appropriate personnel for flagging duties and will be responsible for maintaining the certification as operational needs dictate.

Supervisors and site leads are responsible for informing those working at and visiting sites under their control of the roadside hazards that may exist and ensuring compliance with all applicable safety and health policies. Such training shall be documented on the appropriate job hazard analysis (JHA) form.

**Road Closures, Detours and Public Information**
Road closures and detours are not usually needed in District operations. However, when closures and detours are needed RCW 47.48.010 requires approval from the appropriate jurisdiction having control of the roadway. Supervisors are responsible for obtaining permission for road closures prior to closing a road, even if local traffic is allowed to pass.

Accurate and timely reporting of work zone information to the public is an important element in temporary traffic control – especially regarding closures. Advance notice of non-emergent closures and restrictions is required. Web page information and the use of media can greatly improve the public’s understanding and acceptance of the necessary impacts caused by the work operation.

Special considerations and individualized notification may be needed in some situations. Examples include:
• Emergency services coordination (911 call centers, individual emergency departments) so they are aware of the operation and can make adjustments to routes if necessary when coordinating and responding to emergencies.
• Transit organizations and school transportation departments require adjustments to bus stop locations within project limits.
• Schools, hospitals and other critical access facilities may require special considerations to maintain access to their sites.

Recordkeeping
Training records shall be maintained for all District employees for the duration of their employment, or for at least three years – whichever period is longer. Training records are not considered protected information and shall be kept in paper format in the employee record, or in electronic format in the District’s shared computer drives.

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<th>Former Title/Policy #:</th>
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<td>Effective Date:</td>
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<td>Revision Date:</td>
<td>February 1, 2019</td>
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<tr>
<td>General Manager Signature:</td>
<td>Date:</td>
</tr>
</tbody>
</table>
Appendix (1)

**TRAFFIC CONTROL DIAGRAM 1**

**Work Beyond the Shoulder**

- Appropriate for all durations, traffic flows, and speed zones
- Signage not required if work is behind a barrier (such as a guardrail), more than 2 feet from a standard raised curb, or 15 feet or more from the edge of the roadway
- For short term stationary, short duration, and very short duration work signage is not required if a vehicle with an activated high intensity strobe light is used to protect the work area
- During hours of darkness, all signage and delineation devices must be accompanied by Type C steady burn lights
- All efforts to maintain safe bicycle and pedestrian access must be made
- Illuminated arrows must not be used on two lane roads to prevent sending motorists into oncoming lanes of traffic regardless of whether the site is being actively flagged.
Appendix (1)

TRAFFIC CONTROL DIAGRAM 2
Work on Shoulders

- Appropriate for all durations
- Not for use in high volume traffic areas or high speed (45 MPH or more) roads where a lane closure is required instead
- Signage on intersecting approach roads not required if drivers will encounter another advanced warning sign before reaching the work area
- For short duration work (60 minutes or less) signage is not required if a vehicle with an activated high intensity strobe light is used to protect the work area
- All lanes must have at least 10’ of width
- During hours of darkness, all signage and delineation devices must be accompanied by Type C steady burn lights
- All efforts to maintain safe bicycle and pedestrian access must be made
- Illuminated arrows must not be used on two lane roads to prevent sending motorists into oncoming lanes of traffic regardless of whether the site is being actively flagged.
TRAFFIC CONTROL DIAGRAM 3
Shoulder Work with Minor Encroachment

- Appropriate for short (60 minutes or less) and very short (20 minutes or less) durations
- Not for use in high volume traffic areas or high speed (45 MPH or more) roads where a lane closure is required instead
- Signs are not required if the work area is protected by a vehicle with an activated high intensity strobe light
- Delineation devices are not needed for very short duration (20 minutes or less) work
- Signs must be placed at least 100’ but not more than 350’ apart
- All lanes must have at least 10’ of width
- During hours of darkness, all signage and delineation devices must be accompanied by Type C steady burn lights
- All efforts to maintain safe bicycle and pedestrian access must be made
- Illuminated arrows must not be used on two lane roads to prevent sending motorists into oncoming lanes of traffic regardless of whether the site is being actively flagged.
Appendix (1)

**TRAFFIC CONTROL DIAGRAM 4**  
Single Lane Non-Arterial Closure with Flaggers

- Appropriate for intermediate-term stationary, short-term (60 minutes or less), and very short term (20 minutes or less) durations
- Not for use in high volume traffic areas or high speed (45 MPH or more) roads
- A single flagger may be used on very low speed (25 MPH or less) roads where the flagger can be seen by drivers approaching the work area from both directions
- All lanes must have at least 10’ of width
- During hours of darkness, all signage and delineation devices must be accompanied by Type C steady burn lights
- All efforts to maintain safe bicycle and pedestrian access must be made
- Illuminated arrows must not be used on two lane roads to prevent sending motorists into oncoming lanes of traffic regardless of whether the site is being actively flagged.
Appendix (1)

TRAFFIC CONTROL DIAGRAM 5
Right Lane Closure, Multiple Lane Road

- Appropriate for intermediate-term stationary, short-term (60 minutes or less), and very short term (20 minutes or less) durations
- All lanes must have at least 10’ of width
- During hours of darkness, all signage and delineation devices must be accompanied by Type C steady burn lights
- All efforts to maintain safe bicycle and pedestrian access must be made
Appendix (1)

TRAFFIC CONTROL DIAGRAM 6
Two Lane Road Center-of-Road Closure

- Appropriate for intermediate-term stationary, short-term (60 minutes or less), and very short term (20 minutes or less) durations
- Not for use in high volume traffic areas or high speed (45 MPH or more) roads where addition of flaggers is needed
- Access around local access barriers must have at least 10’ of width on both sides
- During hours of darkness, all signage and delineation devices must be accompanied by Type C steady burn lights
- All efforts to maintain safe bicycle and pedestrian access must be made
- Illuminated arrows must not be used on two lane roads to prevent sending motorists into oncoming lanes of traffic regardless of whether the site is being actively flagged.
Appendix (1)

TRAFFIC CONTROL DIAGRAM 7
Right Lane Closure at or Near Intersection

- Appropriate for short-term (60 minutes or less), and very short term (20 minutes or less) durations
- Lanes adjacent to work area must have at least 10’ of width
- During hours of darkness, all signage and delineation devices must be accompanied by Type C steady burn lights
- A vehicle with an activated high intensity strobe light and an illuminated arrow sign must be used to protect the work area
- All efforts to maintain safe bicycle and pedestrian access must be made
Appendix (1)

TRAFFIC CONTROL DIAGRAM 8
Inside Lane Closure at or Near Intersection

- Appropriate for short-term (60 minutes or less), and very short term (20 minutes or less) durations
- Lanes adjacent to work area must have at least 10’ of width
- During hours of darkness, all signage and delineation devices must be accompanied by Type C steady burn lights
- A vehicle with an activated high intensity strobe light and an illuminated arrow sign must be used to protect the work area
- All efforts to maintain safe bicycle and pedestrian access must be made
- If work area and protective vehicle are in center lane, the merge taper across the intersection is not required
### TRAFFIC CONTROL DIAGRAM 9
Surveying, Mid-Block Center of Road

- Appropriate for short duration (60 minutes or less) on low speed (under 45 MPH) roads
- Flaggers must be used on high volume, high speed (45 MPH or more) roads to protect employees with their backs to traffic
- During hours of darkness, this plan must be accompanied by Type C steady burn lights to augment channelizing devices and signs
- A vehicle with an activated high intensity strobe light should be used to protect the work area, if space and conditions allow
Appendix (1)

TRAFFIC CONTROL DIAGRAM 10
Surveying, Mid-Block Lane Closure on Arterial Road

- Appropriate for short (60 minutes or less) and very short (20 minutes or less) durations
- Flaggers must be used on high volume, high speed (45 MPH or more) roads to protect employees with their backs to traffic
- During hours of darkness, this plan must be accompanied by Type C steady burn lights to augment channelizing devices and signs
- A vehicle with an activated high intensity strobe light and an illuminated arrow sign should be used to protect the work area, if space and conditions allow
Appendix (1)

<table>
<thead>
<tr>
<th>TRAFFIC CONTROL DIAGRAM 11</th>
<th>Mid-Block Non-Arterial Road Closure</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Appropriate for intermediate-term stationary, short-term (60 minutes or less), and very short term (20 minutes or less) durations</td>
<td></td>
</tr>
<tr>
<td>• Not for use in high volume traffic areas or high speed (45 MPH or more) roads</td>
<td></td>
</tr>
<tr>
<td>• Access around local access barriers must have at least 10’ of width on both sides</td>
<td></td>
</tr>
<tr>
<td>• During hours of darkness, all signage and delineation devices must be accompanied by Type C steady burn lights</td>
<td></td>
</tr>
<tr>
<td>• Permission to close road must be granted by local road authority with jurisdiction</td>
<td></td>
</tr>
<tr>
<td>• All efforts to maintain safe bicycle and pedestrian access must be made</td>
<td></td>
</tr>
</tbody>
</table>

![Traffic Control Diagram](image)
Appendix (1)

TRAFFIC CONTROL DIAGRAM 12
Sidewalk Closure

- Appropriate for all situations where a sidewalk needs to be closed for 20 minutes or more
- Sidewalk closures lasting more than 1 hour should be safely detoured, and flaggers added to the plan to protect diverted pedestrians as appropriate
- Sidewalk closures must be coordinated with the responsible jurisdiction

Notes
1. At night, this setup must be accompanied by Type C steady burn lights to augment barriers and signs
January 14, 2020

Board of Commissioners
Public Utility District No. 1 of Skagit County
Post Office Box 1436
1415 Freeway Drive
Mount Vernon, WA 98273-1436

RE: Project Acceptance

Name of Project: Alma Investments, LLC
Reference: C.O. # 5057, Project # 3783
Location: Mount Vernon
Developer: Alma Investments, LLC Mark Miller
Contractor: Decker Construction Inc

Gentlemen:

The District has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

I recommend that the Commission of the District accept this project.

Respectfully submitted,

Mark C. Handzlik, P.E.
Engineering Manager

dd

Attachment

cc: George Sidhu, P.E., General Manager
    Michael E. Demers, Engineering Technician
This map was created from available public records and existing map sources, not
January 14, 2020

Board of Commissioners  
Public Utility District No. 1 of Skagit County  
Post Office Box 1436  
1415 Freeway Drive  
Mount Vernon, WA  98273-1436

RE:  Project Acceptance

Name of Project:  Deol Subdivision, Francis Road P24358  
Reference:  C.O. # 4993, Project # 3706  
Location:  Mount Vernon  
Developer:  Trans World Investment Group LLC  
Contractor:  Construction Unlimited, Inc

Gentlemen:

The District has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

I recommend that the Commission of the District accept this project.

Respectfully submitted,

Mark C. Handzlik, P.E.  
Engineering Manager

dd

Attachment

cc:  George Sidhu, P.E., General Manager  
      Michael E. Demers, Engineering Technician
merchantability or warranty of fitness of this map for any particular purpose, either expressed or implied. No representation or warranty is made concerning the accuracy, currency, completeness or quality of data depicted on this map. Any user of this map assumes all responsibility for use thereof, and further agrees to hold the PUD #1...
January 14, 2020

Board of Commissioners
Public Utility District No. 1 of Skagit County
1415 Freeway Drive
P.O. Box 1436
Mount Vernon, WA 98273-1436

RE: Project Acceptance

Name of Project: Five Friends LLC
Reference: C.O. #4903, Project # 03605
Location: Mount Vernon
Developer: Five Friends LLC
Contractor: Welch Brothers

Gentlemen:

The District has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

I recommend that the Commission of the District accept this project.

Respectfully submitted,

Mark C. Handzlik, P.E.
Engineering Manager

cc: George Sidhu, P.E., General Manager
    Michael E. Demers, Engineering Technician
This map was created from available public records and existing map sources, not from field surveys. While great care was taken in this process, maps from different sources rarely agree as to the precise location of geographic features. The relative positioning of map features to one another results from combining different sources without field verification.

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## Balance of District Funds

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<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>General Revenue</td>
<td>$9,821,781</td>
</tr>
<tr>
<td>Capital Project / Construction</td>
<td>$0</td>
</tr>
<tr>
<td>System Development</td>
<td>$5,115,448</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$1,165,168</td>
</tr>
<tr>
<td>Bond Reserve</td>
<td>$1,344,519</td>
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<tr>
<td>Total Funds</td>
<td>$17,446,916</td>
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## Investment of District Funds

<table>
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</tr>
</thead>
<tbody>
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<td>LGIP</td>
<td>$15,816,685</td>
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<tr>
<td>Cash</td>
<td>$599,737</td>
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<tr>
<td>Govt Securities</td>
<td>$1,030,494</td>
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<tr>
<td>Total Funds</td>
<td>$17,446,916</td>
</tr>
</tbody>
</table>

---

### Pie Charts

- **Balanced District Funds Pie Chart**
  - General Revenue: 56%
  - System Development: 29%
  - Debt Service: 7%
  - Bond Reserve: 8%
  - LGIP: 91%
  - Cash: 3%
  - Govt Securities: 6%

- **Investment of District Funds Pie Chart**
  - LGIP: 91%
  - Cash: 3%
  - Govt Securities: 6%

---

### Graphs

- **Market Value vs. Face Value of Government Securities**
  - Fed Natl Mtg Assn (mat 10/19)
  - Resolute Funding Corp (mat 7/20)
  - Face Value

- **Interest Rate Chart**
  - Dec: 0.5
  - Jan: 1
  - Feb: 1.5
  - Mar: 2
  - Apr: 2.5
  - May: 3
## Resources:

<table>
<thead>
<tr>
<th></th>
<th>REVENUE FUND</th>
<th>SYSTEM DEVELOPMENT FUND</th>
<th>DEBT SERVICE FUND</th>
<th>COMBINED</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>CHANGE Y-O-Y</th>
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<tbody>
<tr>
<td><strong>External Revenue:</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Water Customer Receipts</td>
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<td>10.3%</td>
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<td>1,632,412</td>
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<td>System Development Fees</td>
<td></td>
<td>105,458</td>
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<td>LUD, Int. &amp; Pen.</td>
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<td><strong>Total External Revenue</strong></td>
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<td>-27.3%</td>
<td>1,916,867</td>
<td>6,404,678</td>
<td>2,186,531</td>
<td></td>
</tr>
</tbody>
</table>

| **Debt Proceeds:**        |              |                         |                   |          |         |         |         |              |
| Debt Proceeds - DWSRF Loan Draws | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Proceeds - Dept. of Ecology Loan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Proceeds - Bonds     | 0            | 0                       | 0                  |          | 0       | 0       | 0       |              |
| **Total Debt Proceeds**   | 0            | 0                       | 0                  |          | 0       | 0       | 0       |              |

| **Transfers from Other Funds** | 0 | 0 | 281,330 | 281,330 | -77.6% | 1,253,267 | 263,132 | 285,981 |

| **Total Revenue**          | 1,904,980    | 112,958                 | 285,947           | -27.3%   | 3,170,134| 6,404,678| 2,186,531|              |

## Uses:

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<tr>
<th></th>
<th>REVENUE FUND</th>
<th>SYSTEM DEVELOPMENT FUND</th>
<th>DEBT SERVICE FUND</th>
<th>COMBINED</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>CHANGE Y-O-Y</th>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations and Maintenance</td>
<td>1,478,593</td>
<td>1,478,593</td>
<td>48.2%</td>
<td></td>
<td>997,806</td>
<td>941,018</td>
<td>918,589</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>138,351</td>
<td>138,351</td>
<td>29.1%</td>
<td></td>
<td>107,201</td>
<td>102,606</td>
<td>85,345</td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td>1,616,944</td>
<td>0</td>
<td>0</td>
<td>1,616,944</td>
<td>48.3%</td>
<td>1,105,006</td>
<td>1,043,624</td>
<td>1,003,934</td>
</tr>
</tbody>
</table>

| **Capital Expenditures:** |              |                         |                   |          |         |         |         |              |
| Capital Projects          | 577,102      | 577,102                 | -40.7%            |          | 973,009 | 1,212,401| 1,655,057|              |
| **Total Capital Expenditures** | 577,102 | 0 | 0 | 577,102 | -40.7% | 973,009 | 1,212,401 | 1,655,057 |

| **Debt Service Payments:**|              |                         |                   |          |         |         |         |              |
| Principal & Interest Payments | 0 | 0 | 0 | 0 | 1,000,920 | 0 | 0 | 0 |
| **Total Debt Service Payments** | 0 | 0 | 0 | 0 | 1,000,920 | 0 | 0 | 0 |

| **Transfers to Other Funds** | 281,330 | 0 | 0 | 281,330 | -77.6% | 1,253,267 | 263,132 | 285,981 |

| **Total Expenditures**      | 2,475,376    | 0 | 0 | 2,475,376 | -42.9% | 4,332,203 | 2,519,157 | 2,944,972 |

## Services sold:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERU's</td>
<td>22</td>
<td>12</td>
<td>25</td>
</tr>
<tr>
<td>Services</td>
<td>20</td>
<td>12</td>
<td>28</td>
</tr>
<tr>
<td>Re-Activations (under 10 years)</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Re-Activations (over 10 years)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
## PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
### TREASURER REPORT

### Resources:

#### External Revenue:

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Customer Receipts</td>
<td>22,855,735</td>
<td>22,855,735</td>
<td>15,595,000</td>
</tr>
<tr>
<td>System Development Fees</td>
<td>1,522,026</td>
<td>1,599,900</td>
<td>1,572,741</td>
</tr>
<tr>
<td>Capital Contributions</td>
<td>1,162,951</td>
<td>1,162,951</td>
<td>1,148,131</td>
</tr>
<tr>
<td>Grants</td>
<td>10,304</td>
<td>110,072</td>
<td>107,200</td>
</tr>
<tr>
<td>LUD Assessments, Interest, Penalties</td>
<td>201,710</td>
<td>215,412</td>
<td>172,093</td>
</tr>
<tr>
<td>Investment Income</td>
<td>41,292</td>
<td>48,069</td>
<td>35,861</td>
</tr>
<tr>
<td>Non-Operating Revenues</td>
<td>153,250</td>
<td>153,250</td>
<td>153,250</td>
</tr>
</tbody>
</table>

**Total External Revenue:**

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>24,383,950</td>
<td>24,833,720</td>
<td>25,394,000</td>
</tr>
</tbody>
</table>

#### Debt Proceeds:

<table>
<thead>
<tr>
<th>Debt Proceeds</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Proceeds - DWSRF Loan (Mt. View)</td>
<td>1,112,100</td>
<td>2,962,410</td>
<td>3,210,620</td>
</tr>
<tr>
<td>Debt Proceeds - State Grant</td>
<td>1,148,849</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Proceeds - Bonds</td>
<td>4,000,000</td>
<td>4,200,000</td>
<td>4,500,000</td>
</tr>
<tr>
<td><strong>Total Debt Proceeds</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Total Revenue:**

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,307,227</td>
<td>25,394,000</td>
<td>25,794,000</td>
</tr>
</tbody>
</table>

### Uses:

#### Operating Expenditures:

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations and Maintenance</td>
<td>12,884,522</td>
<td>12,884,522</td>
<td>12,674,367</td>
</tr>
<tr>
<td>Taxes</td>
<td>1,072,735</td>
<td>1,001,864</td>
<td>928,684</td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td>14,216,559</td>
<td>13,886,386</td>
<td>12,593,951</td>
</tr>
</tbody>
</table>

#### Capital Expenditures:

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Projects</td>
<td>4,149,060</td>
<td>8,827,611</td>
<td>19,422,336</td>
</tr>
<tr>
<td><strong>Total Capital Expenditures</strong></td>
<td>4,149,060</td>
<td>8,827,611</td>
<td>19,422,336</td>
</tr>
</tbody>
</table>

#### Debt Service Payments:

<table>
<thead>
<tr>
<th>Payment</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Tax Credit for 2009B Bonds</td>
<td>30,039</td>
<td>30,039</td>
<td>64,048</td>
</tr>
<tr>
<td>Principal &amp; Interest Payments</td>
<td>3,290,085</td>
<td>3,290,085</td>
<td>3,290,085</td>
</tr>
<tr>
<td><strong>Total Debt Service Payments</strong></td>
<td>3,320,124</td>
<td>3,320,124</td>
<td>3,354,133</td>
</tr>
</tbody>
</table>

**Total Expenditures:**

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>22,437,449</td>
<td>22,476,740</td>
<td>22,476,740</td>
</tr>
</tbody>
</table>

### Services sold:

- ERU’s: 300
- Services: 212
- Re-Activations (under 10 years): 40
- Re-Activations (over 10 years): 2
<table>
<thead>
<tr>
<th>Year</th>
<th>Principal</th>
<th>Interest</th>
<th>Interest Rate Range</th>
<th>Principal</th>
<th>Interest</th>
<th>Interest Rate Range</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>681,615</td>
<td>366,842</td>
<td>2.65% - 3.79%</td>
<td>49,502</td>
<td>22,409</td>
<td>2.00%</td>
<td>$3,150,837</td>
</tr>
<tr>
<td>2021</td>
<td>703,905</td>
<td>344,087</td>
<td>2.65% - 3.79%</td>
<td>50,501</td>
<td>21,500</td>
<td>2.00%</td>
<td>$3,003,748</td>
</tr>
<tr>
<td>2022</td>
<td>720,832</td>
<td>322,318</td>
<td>2.65% - 3.79%</td>
<td>51,520</td>
<td>20,481</td>
<td>2.00%</td>
<td>$2,866,347</td>
</tr>
<tr>
<td>2023</td>
<td>748,079</td>
<td>300,038</td>
<td>2.65% - 3.79%</td>
<td>52,560</td>
<td>19,441</td>
<td>2.00%</td>
<td>$2,732,606</td>
</tr>
<tr>
<td>2024</td>
<td>770,094</td>
<td>277,424</td>
<td>2.65% - 3.79%</td>
<td>53,621</td>
<td>18,380</td>
<td>2.00%</td>
<td>$2,614,932</td>
</tr>
<tr>
<td>2025</td>
<td>793,555</td>
<td>252,985</td>
<td>2.65% - 3.79%</td>
<td>54,703</td>
<td>17,298</td>
<td>2.00%</td>
<td>$2,499,338</td>
</tr>
<tr>
<td>2026</td>
<td>816,816</td>
<td>228,398</td>
<td>2.65% - 3.79%</td>
<td>55,807</td>
<td>16,194</td>
<td>2.00%</td>
<td>$2,393,260</td>
</tr>
<tr>
<td>2027</td>
<td>840,433</td>
<td>203,015</td>
<td>3.79% - 10.00%</td>
<td>56,934</td>
<td>15,067</td>
<td>2.00%</td>
<td>$2,296,417</td>
</tr>
<tr>
<td>2028</td>
<td>869,002</td>
<td>177,332</td>
<td>3.79% - 10.00%</td>
<td>58,083</td>
<td>13,918</td>
<td>2.00%</td>
<td>$2,208,120</td>
</tr>
<tr>
<td>2029</td>
<td>893,763</td>
<td>149,869</td>
<td>3.79% - 10.00%</td>
<td>59,255</td>
<td>12,746</td>
<td>2.00%</td>
<td>$2,121,245</td>
</tr>
<tr>
<td>2030</td>
<td>563,506</td>
<td>122,064</td>
<td>10.00%</td>
<td>60,451</td>
<td>11,550</td>
<td>2.00%</td>
<td>$1,840,341</td>
</tr>
<tr>
<td>2031</td>
<td>578,645</td>
<td>106,944</td>
<td>10.00%</td>
<td>61,672</td>
<td>10,330</td>
<td>2.00%</td>
<td>$1,748,286</td>
</tr>
<tr>
<td>2032</td>
<td>593,945</td>
<td>91,647</td>
<td>10.00%</td>
<td>62,916</td>
<td>9,085</td>
<td>2.00%</td>
<td>$1,655,933</td>
</tr>
<tr>
<td>2033</td>
<td>610,153</td>
<td>75,439</td>
<td>10.00%</td>
<td>64,186</td>
<td>7,815</td>
<td>2.00%</td>
<td>$1,563,762</td>
</tr>
<tr>
<td>2034</td>
<td>626,547</td>
<td>59,045</td>
<td>10.00%</td>
<td>65,482</td>
<td>6,519</td>
<td>2.00%</td>
<td>$1,471,589</td>
</tr>
<tr>
<td>2035</td>
<td>643,381</td>
<td>42,211</td>
<td>10.00%</td>
<td>66,604</td>
<td>5,198</td>
<td>2.00%</td>
<td>$1,389,417</td>
</tr>
<tr>
<td>2036</td>
<td>660,599</td>
<td>24,993</td>
<td>10.00%</td>
<td>68,152</td>
<td>3,849</td>
<td>2.00%</td>
<td>$1,307,230</td>
</tr>
<tr>
<td>2037</td>
<td>687,064</td>
<td>7,176</td>
<td>10.00%</td>
<td>69,528</td>
<td>2,474</td>
<td>2.00%</td>
<td>$1,224,946</td>
</tr>
<tr>
<td>2038</td>
<td>703,931</td>
<td>1,070</td>
<td>2.00%</td>
<td>70,931</td>
<td>1,070</td>
<td>2.00%</td>
<td>$1,142,862</td>
</tr>
</tbody>
</table>

**Change from previous month:** $0

**Bonds and PWTF payments**
January 14, 2020

TO: Commission
FROM: George Sidhu, P.E., General Manager
SUBJECT: Recommendation to Appoint Treasurer Brian Henshaw

Requested Action:
Approve Resolution 2270-20 and appoint Brian Henshaw as the District’s Treasurer.

Background:
The District’s Governance Policy authorizes the Commission to appoint a person having experience in financial or fiscal matters as Treasurer by recommendation of the General Manager. Historically, the role of Treasurer has been performed by the Finance Manager. In April 2017, Sally Saxton was appointed Treasurer after being promoted to the District’s Finance Manager. Sally stepped down as the Finance Manager in Spring 2018, but remained the Treasurer, and the District sought to fill the open Finance Manager position.

In August 2018, Brian Henshaw was hired as the District’s new Finance Manager with the expectation that he would assume Treasurer responsibilities in the future. After working at the District for nearly 1 ½ years, Brian has proven to be a valuable member of the District’s management team, he has a strong background in financial matters as it relates to municipal government and he has strengthened our Finance Department to the point where we received a clean audit from the State Auditor’s Office this past August. I am recommending that the Commission appoint Brian Henshaw as the District’s Treasurer.

With this appointment, Brian Henshaw would perform the duties of Treasurer with Krista Lewis continuing her role as Deputy Treasurer.

No changes are being requested for the Auditor or Deputy Auditor duties. Doug Streeter will continue his role as our Auditor and Cathy Langlow will continue to act as the Deputy Auditor.

Fiscal Impact:
None at this time. Funding for the Treasurer is already included in the Finance Manager’s salary and benefits within the District’s 2020 Budget.
RESOLUTION NO. 2270-20

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, APPOINTING BRIAN HENSHAW AS DISTRICT TREASURER

WHEREAS, the Commission has authority to appoint a person having experience in financial or fiscal matters as Treasurer, and

WHEREAS, the duties of the Treasurer have historically been performed by the Finance Manager, and

WHEREAS, the Commission appointed Sally Saxton as Treasurer until such time as the Finance Manager became familiar with District finances to assume those duties, and

WHEREAS, it is appropriate the Finance Manager now assume the duties of Treasurer.

NOW, THEREFORE, BE IT RESOLVED, that Finance Manager Brian Henshaw shall hereby be appointed as Treasurer effective January 14, 2020 and shall perform those duties as specified by RCW 54.24.010, and

BE IT FURTHER RESOLVED, that Resolution No. 2245-17 is hereby rescinded.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular open meeting held this 14th day of January 2020.

Eron Berg, President

Al Littlefield, Vice President

ATTEST

Joe Lindquist, Secretary
January 14, 2020

To: George Sidhu, General Manager

From: Brian Henshaw, Finance Manager

Subject: Resolution designating Authorized Individual(s) for the Local Government Investment Pool

Requested Action:
Approve Resolution No. 2271-20, updating the District employees that are authorized to make changes to the Local Government Investment Pool (LGIP) Transaction Authorization Form.

Background:
The current Resolution No. 2210-14 has not been updated for six-years and identifies a former employee as the Authorized Individual for making changes to our account. The state Treasurer now allows and recommends using authorized positions instead of naming individuals.

This resolution will replace Resolution No. 2210-14 and authorizes the District General Manager and Finance Manager position to make changes to access our account.

Fiscal Impact:
None
RESOLUTION NO. 2271-20

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, AUTHORIZING INVESTMENT OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY MONIES IN THE LOCAL GOVERNMENT INVESTMENT POOL

WHEREAS, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP)) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the Office of the State Treasurer; and

WHEREAS, from time to time it may be advantageous to the authorized governmental entity, Public Utility District No. 1 of Skagit County, the “government entity,” to contribute funds available for investment in the LGIP; and

WHEREAS, the investment strategy for the LGIP is set forth in its policies and procedures; and

WHEREAS, any contributions or withdrawals to or from the LGIP made on behalf of the government entity shall be first duly authorized by the Commission of Public Utility District No. 1 of Skagit County, the “governing body” or any designee of the governing body pursuant to this resolution or a subsequent resolution; and

WHEREAS, the governmental entity will cause to be filed a certified copy of said resolution with the Office of the State Treasurer; and

WHEREAS, the governing body and any designee appointed by the governing body with authority to contribute or withdraw funds of the governmental entity has received and read a copy of the prospectus and understands the risks and limitations of investing in the LGIP; and

WHEREAS, the governing body atests by the signatures of its members that it is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of government entity monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

NOW, THEREFORE, BE IT RESOLVED that the governing body does hereby authorize the contribution and withdrawal of government entity monies in the LGIP in the manner prescribed by law, rule, and prospectus; and

BE IT FURTHER RESOLVED that the governing body has approved the Local Government Investment Pool Transaction Authorization Form (Form) as completed by the Finance Manager of the government entity and incorporates said form into this resolution by reference and does hereby attest to its accuracy; and

BE IT FURTHER RESOLVED that the governmental entity designates the General Manager and the Finance Manager as the “authorized individuals” to authorize all amendments, changes, or alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of the governmental entity; and

BE IT FURTHER RESOLVED that this delegation ends upon the written notice, by any method set forth in the prospectus, of the governing body that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the State Treasurer will rely solely on the governing body to provide notice of such revocation and it is entitled to rely on the authorized individual’s instructions until such time as said notice has been provided; and

BE IT FURTHER RESOLVED that the Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual shall remain in effect after revocation of the authorized individual’s delegated authority, except to the extent that the authorized individual whose delegation has been terminated shall not be permitted to make further withdrawals or
contributions to the LGIP on behalf of the governmental entity. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual; and

BE IT FURTHER RESOLVED that the governing body acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In addition, the governing body agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions or any further withdrawals or contributions if authorizations are already in place.

BE IT FURTHER RESOLVED that Resolution No. 2210-14 is hereby superseded.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular open meeting held this 14th day of January 2020.

____________________________
Eron Berg, President

____________________________
Al Littlefield, Vice President

ATTEST

____________________________
Joseph Lindquist, Secretary
RESOLUTION NO. 2271-20

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, AUTHORIZING INVESTMENT OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY MONIES IN THE LOCAL GOVERNMENT INVESTMENT POOL

WHEREAS, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP)) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the Office of the State Treasurer; and

WHEREAS, from time to time it may be advantageous to the authorized governmental entity, Public Utility District No. 1 of Skagit County, the “government entity”, to contribute funds available for investment in the LGIP; and

WHEREAS, the investment strategy for the LGIP is set forth in its policies and procedures; and

WHEREAS, any contribution or withdrawals to or from the LGIP made on behalf of the government entity shall be first duly authorized by the Commission of Public Utility District No. 1 of Skagit County, the “governing body” or any designee of the governing body pursuant to this resolution or a subsequent resolution; and

WHEREAS, the governmental entity will cause to be filed a certified copy of said resolution with the Office of the State Treasurer; and

WHEREAS, the governing body and any designee appointed by the governing body with authority to contribute or withdraw funds of the governmental entity has received and read a copy of the prospectus and understands the risks and limitations of investing in the LGIP; and

WHEREAS, the governing body attests by the signatures of its members that it is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of government entity monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

NOW, THEREFORE, BE IT RESOLVED that the governing body does hereby authorize the contribution and withdrawal of government entity monies in the LGIP in the manner prescribed by law, rule, and prospectus.

BE IT FURTHER RESOLVED that the governing body has approved the Local Government Investment Pool Transaction Authorization Form (Form) as completed by the Treasurer of the government entity and incorporates said form into this resolution by reference and does hereby attest to its accuracy; and

BE IT FURTHER RESOLVED that the governmental entity designates Robert B. Powell, the General Manager and the Finance Manager, the “authorized individuals” to authorize all amendments, changes, or alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of the governmental entity; and

BE IT FURTHER RESOLVED that this delegation ends upon the written notice, by any method set forth in the prospectus, of the governing body that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the Treasurer will rely solely on the governing body to provide notice of such revocation and it is entitled to rely on the authorized individual’s instructions until such time as said notice has been provided; and

BE IT FURTHER RESOLVED that the Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual shall remain in effect after revocation of the authorized individual’s delegated authority, except to the extent that the authorized individual whose
delegation has been terminated shall not be permitted to make further withdrawals or contributions to the LGIP on behalf of the governmental entity. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual; and

BE IT FURTHER RESOLVED that the governing body acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In addition, the governing body agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions or any further withdrawals or contributions if authorizations are already in place.

BE IT FURTHER RESOLVED that Resolution No. 1938-042210-14 is hereby superseded.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular open meeting held this 25th 14th day of February January, 2014 20.

Eron Berg, President

Al Littlefield, Vice President

ATTEST

Joe Lindquist, Secretary
**LOCAL GOVERNMENT INVESTMENT POOL AUTHORIZATION FORM**

Please fill out this form completely, including any existing information, as this form will replace the previous form.

<table>
<thead>
<tr>
<th>Entity Name:</th>
<th>Skagit County PUD #1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mailing Address:</td>
<td>PO Box 1436, Mount Vernon, WA 98273-9907</td>
</tr>
</tbody>
</table>

**Statement Delivery Options:**
- ☑ EMAIL: lewis@skagitpud.org
- □ FAX: 
- □ BOTH

*Note: Statements can only be emailed to ONE address due to system restrictions*

**Bank account where funds will be wired when a withdrawal is requested.**
(Note: Funds will not be transferred to any account other than listed)

<table>
<thead>
<tr>
<th>Bank Name:</th>
<th>Banner Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch Location:</td>
<td>College Way</td>
</tr>
<tr>
<td>Bank Routing Number:</td>
<td>323371076</td>
</tr>
<tr>
<td>Accounting Number:</td>
<td>3446020065</td>
</tr>
<tr>
<td>Account Name:</td>
<td>Revenue Fund</td>
</tr>
</tbody>
</table>

**ACH Authorization:**
- ☑ Yes
- □ No

**Account Type:**
- ☑ Checking
- □ Savings
- □ General Ledger

By selecting “Yes” and by signing this form, I hereby authorize the WA Local Government Investment Pool to initiate credit entries to the account listed above. I acknowledge that the origination of ACH transactions to our account must comply with the provisions of U.S. law.

**Persons authorized to make deposits and withdrawals for entity listed above.**

<table>
<thead>
<tr>
<th>Name:</th>
<th>Title:</th>
<th>Phone Number:</th>
<th>Signature:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brian Henshaw</td>
<td>Finance Manager</td>
<td>360-848-4453</td>
<td></td>
</tr>
<tr>
<td>Sally Saxton</td>
<td>Sr. Accountant</td>
<td>360-848-2129</td>
<td></td>
</tr>
<tr>
<td>Krista Lewis</td>
<td>Payroll Accountant</td>
<td>360-848-2171</td>
<td></td>
</tr>
</tbody>
</table>

**Online TMS Access:**
- ☑ Yes
- □ No

If you selected yes, please complete the online section on page 2
If you selected no, skip the online access section
TMS Online Web Access

Note: Only complete this section if anyone wishes to have online access. Each Full access LGIP person must also be listed on the Transaction Authorization Form. [Please do not fill out the greyed-out areas]

<table>
<thead>
<tr>
<th>Service Type:</th>
<th>Account Type:</th>
</tr>
</thead>
<tbody>
<tr>
<td>User ID</td>
<td>App Date</td>
</tr>
<tr>
<td>Name: Krista Lewis</td>
<td>Email: <a href="mailto:lewis@skagitpud.org">lewis@skagitpud.org</a></td>
</tr>
<tr>
<td>Add</td>
<td>Delete</td>
</tr>
<tr>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Name: Sally Saxton</td>
<td>Email: <a href="mailto:saxton@skagitpud.org">saxton@skagitpud.org</a></td>
</tr>
<tr>
<td>Add</td>
<td>Delete</td>
</tr>
<tr>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Name: Brian Henshaw</td>
<td>Email: <a href="mailto:henshaw@skagitpud.org">henshaw@skagitpud.org</a></td>
</tr>
<tr>
<td>Add</td>
<td>Delete</td>
</tr>
<tr>
<td>✔</td>
<td>✔</td>
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<tr>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

By signing below, I certify I am authorized to represent the institution/agency for the purpose of this transaction.

<table>
<thead>
<tr>
<th>Authorized Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Manager</td>
<td><a href="mailto:henshaw@skagitpud.org">henshaw@skagitpud.org</a></td>
<td>360-848-4453</td>
</tr>
</tbody>
</table>

Any changes to these instructions must be submitted in writing to the Office of the State Treasurer.

OFFICE OF THE STATE TREASURER
STACI.ASHE@TRE.WA.GOV
PHONE: (360) 902-9017
FAX: (360) 902-9044

Date Received: _____ / _____ / _____
Account Number: __________
OK’d by: _______________
(For OST use only) 04/26/19

State of Washington )
County of _____________ ) ss.
Signed or attested before me by _________________________.
Dated this ___ day of ____________, 20__.

__________________________
Signature of Notary

SEAL OR STAMP ________________________________
Typed or printed name of Notary
Notary Public in and for the State of Wash.

My appointment expires: __________________
January 8, 2020

TO: George Sidhu, P.E., General Manager

FROM: Mark Handzlik, P.E., Engineering Manager

BY: Chris Shaff, P.E., Planning Engineer

SUBJECT: Mountain View Road Pipeline Project
Recommendation to Award

Requested Action:
Authorize the General Manager to execute and enter into a contract with Trico Companies, LLC. in the amount of $620,083.25 for construction of the Mountain View Road Pipeline Project.

Background:
The Mountain View Estates System is a standalone system serving 13 residents with a single well. At the request of the previous system owner and the Department of Health, the District took ownership of the system in 1994.

The existing infrastructure is coming to the end of its useful life and consists of 3-inch PVC piping, four pressure reducing valves, and a well and pump station.

The District made application to the Drinking Water State Revolving Fund (DWSRF) through the Department of Health (DOH) for funding assistance and was awarded a DWSRF loan to consolidate the Mountain View Water system into the Judy Reservoir System. The District will retain the water rights associated with the well through a Department of Ecology water right trust program. While in the trust, the validity of the water rights will be protected while their final disposition is determined.

Consolidating the Mountain View system into the Judy Reservoir system should eliminate the standalone small system’s distribution system leakage (DSL). Consolidation will also provide fire flow where it did not exist prior to this project. Fiber optic conduit will be placed alongside the water pipe to improve communication to the pump house.

The Mountain View Road Pipeline project was advertised for bids on December 12, 2019 and thirteen (13) bid proposals were received on the closing date of January 8, 2020. Bids were opened at 10:01 AM in the District’s Aqua Room. The bid results are as follows:
## Mountain View Road Pipeline Project
### Bid Results

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Company</th>
<th>Bid Amount including Sales Tax</th>
<th>Corrected Bid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trico Companies, LLC</td>
<td>$620,083.25</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Colacurcio Brothers</td>
<td>$711,389.47</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>SRV Construction</td>
<td>$721,035.67</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Reece Construction</td>
<td>$739,351.82</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Trimaxx Construction</td>
<td>$744,117.95</td>
<td>$733,267.96</td>
</tr>
<tr>
<td>6</td>
<td>Interwest Construction Inc. (ICI)</td>
<td>$758,808.04</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Faber Construction</td>
<td>$799,008.11</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Tiger Construction</td>
<td>$822,872.90</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Strider Construction</td>
<td>$859,527.78</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>C Johnson Construction</td>
<td>$887,762.73</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Konnerup Construction</td>
<td>$889,683.73</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Oceanside Construction</td>
<td>$904,056.72</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Quilceda Excavation</td>
<td>$1,029,415.45</td>
<td></td>
</tr>
</tbody>
</table>

Trico Companies LLC. was the apparent low bidder after the bid opening. Upon review of their bid proposal, comparison to the bidding requirements and checking of references, they were deemed to be responsive and responsible.

**Fiscal Impact:**
Funding for this project will come from the Department of Health Drinking Water State Revolving Fund via 2020 budget line item number 40, Mountain View Consolidation Project. The budgeted amount is $1,400,000 and the use of these funds is consistent with their intended purpose.

Attachments:  
Agreement  
Project Overview Map
AGREEMENT
Project #3637

THIS CONTRACT is made and entered into by and between the PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY (Owner/District) and TRICO COMPANIES LLC. (Contractor).

WITNESSETH:

WHEREAS, the Owner has caused the preparation of certain Contract Documents entitled MOUNTAIN VIEW ROAD PIPELINE PROJECT.

WHEREAS, the Owner has invited proposals, has received and analyzed said proposals, and has duly given notice of Acceptance of Proposal to the Contractor herein set forth and as stated more in detail in the Contract Documents which are defined in Section II General Conditions, all of which Contract Documents are made a part hereof and which constitute the whole Contract between the Owner and the Contractor.

NOW, THEREFORE, it is hereby agreed that:

1. The Contractor shall furnish the work, pay all costs, and perform all requirements of this Contract in the manner specified in the Contract Documents, and;

2. The Proposal calls for unit prices and lump sums in the Bid Schedule(s) set forth in (1) above. The Owner shall pay to the Contractor a corrected Total Contract Amount computed from the unit prices and lump sums in said Bid Schedule(s) set forth in the Contractor's Proposal and the actual quantities of units furnished. Based upon the lump sum and unit prices in said Bid Schedule(s) set forth in the Contractor's Proposal and upon the quantities estimated from the Contract Drawings for bidding purposes, the estimated Total Contract Amount is Six Hundred Twenty Thousand Eighty Three and 25/100 Dollars ($ 620,083.25); and

3. In Washington State the Owner is required to pay state or local sales or use taxes included in the Total Contract Amount and the Contractor is required to receive the said taxes for payment to the state, the amount payable to the Contractor by the Owner shall be the Total Contract Amount as above specified including the amount of the said taxes, and;

4. It is further agreed that the Contractor will start work within ten (10) Calendar days after the date specified in the Owner’s Notice to Proceed and shall be substantially complete within (45) working days from the date of Notice to Proceed is issued, and;

5. In the event that the Contractor fails to substantially complete the Project by the date of substantial completion as specified above or as modified by Change Order, the Contractor shall be liable for liquidated damages of Five Hundred and no/100 Dollars ($500.00) per working day thereafter until the Owner determines the Project to be substantially complete, and;

6. The attached Indemnification Agreement is hereby made part of this Contract.
IN WITNESS WHEREOF, two identical counterparts of this Contract, each of which shall for all purposes be deemed an original hereof, have been duly executed by the parties hereto.

(TRICO COMPANIES LLC.)

By __________________________
Brian Wolfe, President

Date __________________________

PUBLIC UTILITY DISTRICT NO. 1
OF SKAGIT COUNTY, WASHINGTON

By __________________________
George Sidhu, P.E., General Manager

Date __________________________
This map was created from available public records and existing map sources, not from field surveys. While great care was taken in this process, maps from different sources rarely agree as to the precise location of geographic features. The relative positioning of map features is one another results from combining different map sources without field verification.

The PUD #1 of Skagit County disclaims any warranty of merchantability or warranty of fitness of this map for any particular purpose, either expressed or implied. No representation or warranty is made concerning the accuracy, currency, completeness or quality of data depicted on this map. Any user of this map assumes all responsibility for use thereof, and further agrees to hold the PUD #1 of Skagit County harmless from any damage, loss, or liability arising from the use of this map.

Legend
- Pump Station
- Proposed Main Line
- Existing Mains

Mountain View Rd. Project Acceptance

0 250 500 1,000 Feet

1/8/2020

Author: zemp
January 14, 2020

TO: George Sidhu, P.E., General Manager

FROM: Mark Handzlik, P.E., Engineering Manager

SUBJECT: Interlocal Cooperative Agreement with the City of Anacortes

Requested Action:
Authorize the General Manager to enter into an interlocal cooperative agreement with the City of Anacortes for intermittent and short duration project assistance.

Background:
From time to time, the City of Anacortes have a need for additional staffing, materials, equipment, or Water System Operators. This interlocal provides the framework and terms under which the City and District may furnish resources to the other party. The District does not have specific project or resource request of the City at this time. However, the City may seek assistance from the District regarding plan review.

Fiscal Impact:
None at this time. Specific requests will impact individual capital and operating budgets as they occur and are unknown at this time.

Attached: Interlocal Agreement
INTERLOCAL COOPERATIVE AGREEMENT
BETWEEN
CITY OF ANACORTES
AND
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY

THIS AGREEMENT (herein "Agreement") is made and entered into by and between CITY OF ANACORTES, a Washington municipal corporation (herein "City") and PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, a Washington municipal corporation (herein "District") pursuant to the authority granted by Chapter 39.34 RCW, INTERLOCAL COOPERATION ACT. City and the District may be individually referred to herein as a "Party" and may be collectively referred to herein as the "Parties." In consideration of the following, the Parties mutually agree as follows:

1. PURPOSE: The purpose of this Agreement is to allow each Party to provide mutual assistance and perform work and services for the other Party (herein the "Project[s]"), pursuant to and subject to the terms of this Agreement. Such Project work and/or services shall be limited and infrequent in nature and may include, but is not necessarily limited to: technical assistance and staffing support; certified water operators; engineering services and mapping; the use of equipment owned by the Parties; water line repair and maintenance, water line and appurtenances; other services as may be requested. Neither Party is obligated to pay, provide, or expend any funds, and/or provide and/or perform any other services or other duties, unless otherwise specified herein.

2. RESPONSIBILITIES: In accordance with and subject to the Purpose of this Agreement (as provided above per Section 1), either Party may, but shall not be required to perform Project work and/or services, provide Project materials, and allow for the use of each Party’s equipment for Project work as may be requested by the other Party, to be reimbursed to the Party providing said Project work, materials, equipment, etc., as further provided and described per Section 4 of this Agreement, below. In the event that either Party uses any equipment owned by the other Party pursuant to this Agreement, the Parties agree that any user and/or operator of such equipment shall be an operator properly trained and/or certified in accordance with applicable law and industry standards. The Parties further agree that the borrowing Party’s insurance shall be primary as to the equipment during any time that the equipment is in the possession of the borrower.

   2.1 In any particular instance or in all instances, either Party may choose not to perform requested Project work and/or services for the other Party, in the event that such Party determines that it would be undesirable, unsafe, impracticable, or otherwise not feasible for any reason.

3. TERM OF AGREEMENT: The term of this Agreement shall be 60 months (5 years) from the date of agreement execution unless sooner terminated pursuant to the terms herein.

4. MANNER OF FINANCING: The Parties agree that where applicable reimbursement for Project work as may be performed by either Party shall be made as follows:
4.1 District may perform work, provide materials, and/or provide the use of District's equipment (to be operated by a District operator), for work on City's facilities upon City's request and acceptance by District, to be reimbursed by City to District at the actual cost incurred by District for said work, materials, use of District's equipment, and wages for District's staff provided by District. In any pay period, hour assisting the City will be charged last. In addition thereto, ten percent (10%) of the total cost shall be added for overhead costs for accounting, billing, and administrative services, provided that District shall submit to City a certified statement of the costs, and within thirty (30) days thereafter, City shall pay to District the amount of said statement. Upon the request of City, District shall provide adequate supporting documentation for any and all amounts billed to City by District pursuant to the terms of this Agreement.

4.2 City may perform work, provide materials, and/or provide the use of City's equipment (to be operated by a City operator), for work on District's facilities upon District's request and acceptance by City, to be reimbursed by District to City at the actual cost incurred by City for said work, materials, use of City's equipment, and wages for City's staff provided by City to operate the equipment. In any pay period, hour assisting the District will be charged last. In addition thereto, ten percent (10%) of the total cost shall be added for overhead costs for accounting, billing, and administrative services, provided that City shall submit to District a certified statement of the costs, and within thirty (30) days thereafter, District shall pay to City the amount of said statement. Upon the request of District, City shall provide adequate supporting documentation for any and all amounts billed to District by City pursuant to the terms of this Agreement.

5. ADMINISTRATION: The following individuals are designated as representatives of the respective Parties. The representatives shall be responsible for administration of this Agreement and for coordinating and monitoring performance under this Agreement. In the event such representatives are changed, the Party making the change shall notify the other Party.

5.1 District's representatives shall be the Operations Manager and Engineering Manager, or their designees.

5.2 City's representative shall be the Director of Public Works, or their designee.

6. INSURANCE: Parties shall provide liability insurance coverage for the duration of this Agreement for its officers, agents and employees’ activities while they are involved in the performance of this Agreement in an amount not less than one million dollars ($1,000,000).

7. TREATMENT OF ASSETS AND PROPERTY: No fixed assets or personal or real property will be jointly or cooperatively acquired, held, used, or disposed of pursuant to this Agreement.

8. NO PARTNERSHIP OR JOINT VENTURE: No partnership and/or joint venture exists between the Parties, and no partnership and/or joint venture is created by and between the Parties by virtue of this Agreement. No agent, employee, contractor, subcontractor, consultant, volunteer, and/or other representative of the Parties shall be deemed an agent, employee, contractor, subcontractor, consultant, volunteer, or other representative of the other Party.
9. **NO THIRD PARTY BENEFICIARIES:** This Agreement is not intended to nor does it create any third Party beneficiary or other rights in any third person or Party, including, but not limited to, the general public, property owners and residents at or in the vicinity of the Project(s), or any other organization or entity, or any agent, contractor, subcontractor, consultant, employee, volunteer, or other representative of any Party.

10. **INDEMNIFICATION:** Each Party agrees to be responsible and assume liability for its own wrongful and/or negligent acts or omissions and those of its officials, officers, agents, employees, volunteers, assigns, contractors, subcontractors, and/or consultants to the fullest extent required by law, and further agrees to save, indemnify, defend, and hold the other Party harmless from any such liability, loss, and/or expense, including but not limited to, judgments, settlements, attorney's fees and costs by reason of any and all claims and demands upon the other Party, its elected or appointed officials or employees for damages because of personal or bodily injury, including death at any time resulting therefrom, sustained by any person or persons and on account of damage to property including loss of use thereof, except to the extent such injury to persons or damage to property is due to the negligence of the other Party, its subcontractors, its elected officers, employees, volunteers, and/or their agents. It is further provided that no liability shall attach to either Party by reason of entering into this contract except as expressly provided herein.

11. **GRANT OF ACCESS:** Access to the infrastructure owned by each Party shall be limited specifically to the infrastructure where work is being requested under this agreement.

12. **DAMAGE TO PROPERTY:** Each Party warrants that the infrastructure they own and operate is in serviceable condition and free from reasonable defects and deficiencies.

13. **TERMINATION:** Any Party hereto may terminate this Agreement upon thirty (30) days’ notice in writing either personally delivered or mailed postage-prepaid by certified mail, return receipt requested, to the Party's last known address for the purposes of giving notice under this paragraph. If this Agreement is so terminated, the Parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination, except that the duty to indemnify pursuant to paragraph 9 shall survive such termination.

14. **CHANGES, MODIFICATIONS, AMENDMENTS AND WAIVERS:** The Agreement may be changed, modified, amended or waived only by written agreement executed by the Parties hereto. Waiver or breach of any term or condition of this Agreement shall not be considered a waiver of any prior or subsequent breach.

15. **SEVERABILITY:** In the event any term or condition of this Agreement or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other terms, conditions or applications of this Agreement which can be given effect without the invalid term, condition, or application. To this end the terms and conditions of this Agreement are declared severable.

16. **ENTIRE AGREEMENT:** This Agreement contains all the terms and conditions agreed upon by the Parties. All items incorporated herein by reference are attached. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the Parties hereto.
17. STATUS OF AGREEMENT: This Agreement is in addition to, and is not intended to replace, substitute, modify, or otherwise amend any other agreements by and between the Parties. Any other agreements by and between the Parties shall continue in full force and effect, unless specified to the contrary herein.

18. USE OF DOCUMENTS AND MATERIALS PRODUCED: Both Parties shall have the right to use and distribute any and all documents, writings, programs, data, public records or other materials prepared by any Party (and/or any Party's contractors, consultants, and/or subcontractors), in connection with performance of this Agreement. The Parties recognize and agree that any documents and/or materials arising from and/or related to this Agreement may be subject to public disclosure pursuant to applicable law.

19. COMPLIANCE WITH LAWS AND TERMS OF GRANTS: The Parties to this Agreement shall comply with all applicable federal, state, and local laws, rules, and regulations in carrying out the terms and conditions of this Agreement. If applicable, compliance with laws shall specifically include, but not be limited to, compliance with laws pertaining to the payment of prevailing wage on public works, including, but not necessarily limited to RCW 39.12. If applicable, compliance with laws shall also specifically include, but not be limited to, compliance with laws for the procurement of contracts for architectural and engineering services, including, but not necessarily limited to RCW 39.80. If necessary, the Parties shall obtain and comply with all necessary permits and approvals from all applicable jurisdictions prior to commencing any work related to this Agreement. Each Party individually recognizes and agrees that it shall be solely and separately responsible and liable for compliance with all terms and conditions of any applicable grant(s) obtained or procured in such Party's name.

20. ASSIGNMENT AND SUBCONTRACTING: No portion of this Agreement may be assigned, contracted, and/or subcontracted to any other individual, firm, company, and/or other entity by either Party.

21. DEFAULT: Failure of the Parties to comply with the terms of this Agreement shall constitute default. The Parties shall have all remedies for the enforcement of this Agreement as provided by law.

22. VENUE AND CHOICE OF LAW: In the event that any litigation should arise concerning the construction or interpretation of any of the terms of this Agreement, the venue of such action of litigation shall be in the Superior Court of the State of Washington in and for the County of Skagit. This Agreement shall be governed by the laws of the State of Washington.

23. CAPTIONS & COUNTERPARTS: The captions in this Agreement are for convenience and reference only and do not define, limit, or describe the scope or intent of this Agreement. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.
24. **NEUTRAL AUTHORSHIP:** Each of the terms and provisions of this Agreement have been reviewed and negotiated, and represents the combined work product of the Parties hereto. No presumption or other rules of construction which would interpret the provisions of this Agreement in favor of or against the Party preparing the same shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement. The Parties represent that they have had a full and fair opportunity to seek legal advice with respect to the terms of this Agreement and have either done so or have voluntarily chosen not to do so. The Parties represent and warrant that they have fully read this Agreement, that they understand its meaning and effect, and that they enter into this Agreement with full knowledge of its terms. The Parties have entered into this Agreement without duress or undue influence.

IN WITNESS WHEREOF, the Parties have executed this Agreement on ______________________.

CITY OF ANACORTES

____________________________

Laurie Gere, Mayor

PUBLIC UTILITY DISTRICT NO. 1

OF SKAGIT COUNTY

____________________________

General Manager
January 9, 2020

TO: George Sidhu, P.E., General Manager

FROM: Mark Handzlik, P.E., Engineering Manager

BY: Sam Shipp, P.E., Capital Project Manager

SUBJECT: Campus Feasibility Update

Requested Action:
Authorize the architect to continue with schematic design of Campus Option 3C as presented.

Background:
The District’s headquarters facility requires significant repairs to comply with current building codes and meet the future expansion needs of the District. The cost to repair and expand the existing facility is estimated to equal or exceed the cost to construct a new facility. Therefore, the District has undertaken a project to design and construct new headquarters facilities on the property owned by the District. The new facility will make provisions for future District needs.

On November 19, 2019, the Commission was presented with a Facility Assessment Executive Report. The report included an assessment of the existing facility as well as three options for remodel and expansion.

During the November 19, 2019 regular meeting of the Commission, the Commission authorized the continuation of the probable construction cost investigation. This research included a pre-application meeting with the City of Mount Vernon to better understand project requirements and their associated costs.

On December 10, District staff and Driftmier Architects attended the Pre-application meeting with the City of Mt. Vernon to discuss the future building permit applications. The current site layout has been informed by the discussions and project requirements provided during that meeting.

The proposed option has the following benefits:
- Total project cost is within the multi-year project budget of $20,000,000
- Proposed new 26,000 square foot building will meet the immediate District Program Area Requirements and future needs for a 5-year period. The building will be able to be expanded to meet the 30-year needs which includes another 5,000 square feet of office space.
- Creates a valuable 6.9-acre northern site with 13,208 square feet of usable office space. Ready for tenant improvements or potential sale.
**Optimum phasing.** This option will allow the entire existing staff to continue to work on site, without a required relocation off-site during construction.

- Brings the office space up to current codes and elevates the office space above the flood plain.
- Retains the existing warehouse and mechanics shop for continued use. Retains the existing buildings 2-5 for continued use.
- Provides safer access to the site from Freeway Drive.

**Fiscal Impact**
Funding for this project will come from budget line item number 39, Campus Design and Construction. This is a multi-year budget item and the use of these funds for this project is consistent with their intended purpose.

Attachments: Site Map

sds
DATE: 1/14/2020

TO: George Sidhu, P.E., General Manager

FROM: Brian Henshaw, Finance Manager

SUBJECT: Bond Resolution

Requested Action:
Approve and authorize Resolution No. 2272-20 providing for the issuance of water revenue bonds.

Background:
The District’s Capital Improvement Plan calls for $70 million of projects over the next three years. Major projects include: Judy to Mount Vernon transmission line ($24 M), raw water pump station upgrade ($4 M), new PUD campus ($20 M), as well as several pipe replacement projects. A funding plan was developed that combines rate increases and debt to fund these capital projects.

Banner Bank’s Financing Proposal:
- $25 million loan
- $12,500,000 +/- disbursed at closing to payoff existing bonds and cover issuance expenses
- Undisbursed funds $12,500,000 +/- will be available at borrowers request over next 23-months
- 2.65% fixed rate through maturity
- 20-year amortization
- July 1, 2039 maturity
- Loan fee of $25,000
- Legal fee third party $3,500
- No prepayment penalty

Recommendation:
After weighing the cost of issuing bonds and consideration of three bank proposals we have determined that Banner Bank’s proposal best meets the District’s financing objectives. This loan will enable the District to refinance our existing bonds - saving approximately $170,000, lock in low rates on our variable rate debt, and fund this year’s capital projects.
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

RESOLUTION NO. 2272-20

A RESOLUTION of the Commission of Public Utility District No. 1 of Skagit County, Washington, relating to the water supply and distribution system of the District; providing for the issuance and sale of a water revenue bond for the purpose of providing funds to pay all or a portion of the cost of constructing the Judy Reservoir to Mount Vernon water transmission line and other capital projects of the District, to refund all of the outstanding water revenue bonds of the District, and to pay the administrative costs of the refunding and the costs of issuance and sale of the bond; fixing certain terms and covenants of the bond; and providing for other related matters.

ADOPTED JANUARY 14, 2020

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A RESOLUTION of the Commission of Public Utility District No. 1 of Skagit County, Washington, relating to the water supply and distribution system of the District; providing for the issuance and sale of a water revenue bond for the purpose of providing funds to pay all or a portion of the cost of constructing the Judy Reservoir to Mount Vernon water transmission line and other capital projects of the District, to refund all of the outstanding water revenue bonds of the District, and to pay the administrative costs of the refunding and the costs of issuance and sale of the bond; fixing certain terms and covenants of the bond; and providing for other related matters.

BE IT RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, as follows:

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings:

“Annual Debt Service” means, as of any date of calculation, for any Parity Bonds for any year, all amounts scheduled to be paid in that year in respect of principal (whether upon maturity or mandatory sinking fund redemption) of and interest on those Parity Bonds. In calculating Annual Debt Service for any future year, the interest rate on each Variable Interest Rate Bond shall be assumed to equal 90% of the average Bond Buyer Revenue Bond Index (or comparable index, or, if no comparable index can be obtained, 80% of the interest rate for actively traded 30-year United States Treasury obligations) during the year preceding the date on which the calculation is made.

“Acquired Obligations” means the United States Treasury Certificates of Indebtedness, Notes, and Bonds—State and Local Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding of the Refunded Bonds as authorized by this resolution and in accordance with the Refunded Bond Resolutions.

“Average Annual Debt Service” means, as of any date of calculation, for any Parity Bonds, the sum of the Annual Debt Service on those Parity Bonds for each year during which any of those Parity Bonds are scheduled to remain outstanding divided by the integral number of those years.

“Bank” means Banner Bank and its successors.

“Bank Proposal” means the proposal of the Bank to purchase the Bond on the terms and conditions set forth therein.
“Bond” means the bond issued pursuant to and for the purposes provided in this resolution.

“Bond Counsel” means the firm of Foster Garvey PC, its successor, or any other attorney or firm of attorneys selected by the District with a nationally recognized standing as bond counsel in the field of municipal finance.

“Bond Fund” means the Water Revenue Bond Fund, 1993, created by Resolution No. 1583-93 in the office of the Treasurer.

“Bond Insurance” means any bond insurance, letter of credit, guaranty, surety bond, or similar credit enhancement device providing for or securing the payment of all or part of the principal of and interest on any Parity Bonds.

“Bond Register” means the books or records maintained by the Registrar for the purpose of identifying ownership of the Bond.


“Commission” means the Commission of the District.

“Construction Fund” means the special fund heretofore created by the District out of which is paid the costs of acquiring, constructing, installing, and equipping improvements to and betterments and extensions of the System.

“Contract Resource Obligation” means any obligation of the District designated as such and entered into in accordance with Section 18.

“Coverage Requirement” for any year means Net Revenue not less than 1.25 times Annual Debt Service for all outstanding Parity Bonds.

“District” means Public Utility District No. 1 of Skagit County, Washington, a municipal corporation duly organized and existing under the laws of the State.

“Future Parity Bond” means each water revenue bond of the District issued after the Issue Date the payment of which is secured by a lien and charge on Net Revenue on a parity with the lien and charge on Net Revenue that secure payment of the Bond.

“General Manager” means the General Manager of the District or any other officer who succeeds to substantially all of the responsibilities of that office specified in this resolution.

“Gross Revenue” means all earnings, revenues, other charges or fees, and money received by the System or its funds from any source whatsoever, including investments thereof, but shall not include: (a) revenues of a Separate Utility System; (b) grants in aid of construction; (c) District-levied taxes; (e) fees and charges collected on behalf of a third party; (d) proceeds from the sale of District property; (e) principal proceeds of bonds or other obligations; (f) proceeds of liability, casualty, and other insurance payments (other than business interruption
insurance); (g) earnings on any of the foregoing; or (h) earnings or proceeds from any investments in a trust, defeasance, or escrow fund created to defease or refund District obligations (until commingled with other earnings and revenues of the District) or held in a special account for the purpose of paying a rebate to the United States Government under the Code.

“Independent Utility Consultant” means (a) a licensed professional engineer, who is not an employee of the District, and who is experienced in the design, construction, and operation of municipal utilities or (b) an independent certified public accountant or utility rate consultant experienced with the development of rates and charges for water utilities similar to the System.

“Issue Date” means the date of initial issuance and delivery of the Bond to the Bank.

“Maintenance and Operating Expenses” means all reasonable expenses incurred by the District in causing the System to be operated and maintained in good repair, working order, and condition, including reasonable reserves therefor; payments under any Contract Resource Obligation; deposits, premiums, assessments, or other payments for insurance; payments into pension, health, and welfare funds; taxes imposed by governmental entities other than the District and payments in lieu thereof; payments made to any other public or private entity for water supply, treatment, storage, distribution, and disposal or for other services; and any other expenses of the System properly treated as operating expenses under applicable generally accepted accounting principles; but not including: (a) depreciation or amortization; (b) capital additions or capital replacements to the System; (c) interest on indebtedness; (d) payments to any third party of fees and charges collected on behalf of the third party; or (e) payments of judgments, payments in settlement of litigation, and other extraordinary, nonrecurring expenses of the System.

“Maximum Annual Debt Service” means, as of any date of calculation, for any Parity Bonds, the maximum Annual Debt Service on those Parity Bonds in any year during which any of those Parity Bonds are scheduled to remain outstanding.

“Net Revenue” means, for any year, Gross Revenue plus withdrawals from the Rate Stabilization Fund in accordance with Section 12, less Maintenance and Operating Expenses, less deposits into the Rate Stabilization Fund in accordance with Section 12. In calculating Net Revenue, the District shall not take into consideration any unrealized gains or losses with respect to any real or personal property, investment, agreement, pension obligation, or other post-employment benefit that the District may be required to recognize under generally accepted accounting principles.

“Parity Bonds” means the Bond and any Future Parity Bonds.

“Principal and Interest Account” means the account of that name in the Bond Fund.

“Project” means, collectively, the construction of the Judy Reservoir to Mount Vernon water transmission line and other capital projects of the District.

“Rate Stabilization Fund” means the fund of that name authorized to be created by this resolution.
“Redemption Date” means each date fixed by the District for prepayment or redemption of the Refunded Bonds.

“Refunded Bond Resolutions” means, collectively, Resolution No. 2162-09, pursuant to which the 2009B Bonds were issued, and Resolution No. 2230-16, pursuant to which the 2016 Bond and the 2017 Bond were issued.


“Refunding Plan” means (as it may be further described in the Refunding Trust Agreement):

(a) the deposit with the Refunding Trustee of proceeds of the Bond (together with other money of the District, if necessary);

(b) the purchase by the Refunding Trustee of the Acquired Obligations and the application of the principal of and interest on the Acquired Obligations (and any other cash balance) to the call, payment, and redemption of the Refunded Bonds on the Redemption Dates at a price of the principal amount being redeemed plus any accrued interest; and

(c) the payment of the administrative costs of carrying out the foregoing and the costs of issuance and sale of the Bond.

“Refunding Trust Agreement” means a refunding trust or escrow agreement between the District and the Refunding Trustee, dated the Issue Date, providing for the carrying out of the Refunding Plan.

“Refunding Trustee” means U.S. Bank National Association, serving as refunding trustee or escrow agent, or any successor trustee or escrow agent.

“Registered Owner” means the person in whose name the Bond is registered on the Bond Register.

“Registrar” means the Treasurer or any successor bond registrar selected by the District.

“Reserve Account” means the account of that name in the Bond Fund.

“Reserve Insurance” means any bond insurance, letter of credit, guaranty, surety bond, or similar credit enhancement device providing for all or part of the Reserve Requirement that is issued by an institution that has been assigned a credit rating at the time of issuance in one of the three highest rating categories of a nationally recognized rating agency (without regard to numeric or symbolic gradations within a rating category).

“Reserve Requirement” means, for the Bond, zero, and for any Future Parity Bonds, the amount, if any, designated pursuant to the resolution authorizing the issuance of the Future Parity Bonds, which amount shall not exceed, as of any date of calculation, the least of: (a) Maximum
Annual Debt Service on all outstanding Parity Bonds secured by the Reserve Account; (b) 125% of Average Annual Debt Service on all outstanding Parity Bonds secured by the Reserve Account; and (c) 10% of the original proceeds of each series of outstanding Parity Bonds secured by the Reserve Account, reduced by the corresponding principal amount of any such series of outstanding Parity Bonds thereafter prepaid or redeemed at the option of the District or defeased, in whole or in part.

“Separate Utility System” means a separate utility system created, acquired, constructed, financed, owned, or operated by the District in accordance with Section 17.

“State” means the State of Washington.

“System” means (a) the water public utility property and assets, real and personal, tangible and intangible, now owned and operated by the District, as currently in existence and including all additions, betterments, and extensions at any time made; (b) the telecommunications public utility property and assets, real and personal, tangible and intangible, now owned and operated by the District, as currently in existence and including all additions, betterments, and extensions at any time made; (c) any wastewater public utility property and assets subsequently owned and operated by the District to the extent that the wastewater system is combined with the System; (d) any storm and surface water drainage public utility property and assets subsequently owned and operated by the District to the extent that the storm and surface water drainage system is combined with the System; and (e) any other system or utility that may lawfully be combined with the foregoing, but excluding any electric generation or distribution system or electric generation or distribution utility of the District and any Separate Utility System.

“System of Registration” means the system of registration for the District’s bonds and other obligations set forth in Resolution No. 1433.

“Treasurer” means the Treasurer of the District or any other officer who succeeds to substantially all of the responsibilities of that office specified in this resolution.

“2009B Bonds” means the $3,660,000 aggregate principal amount of Water Revenue Bonds, 2009B (Taxable Build America Bonds—Direct Payment), of the District, issued pursuant to Resolution No. 2162-09, and currently outstanding in the aggregate principal amount of $2,955,000.

“2016 Bond” means the $6,300,000 principal amount Water Revenue Bond, 2016, of the District, issued pursuant to Resolution No. 2230-16, and currently outstanding in the principal amount of $5,554,061.85.

“2017 Bond” means the $4,200,000 principal amount Water Revenue Bond, 2017, of the District, issued pursuant to Resolution No. 2230-16, and currently outstanding in the principal amount of $3,872,876.

“Variable Interest Rate Bond” means, for any period, any Parity Bond that bears interest at a rate that is not fixed and that is determined under the resolution authorizing its issuance.
Section 2. Findings and Determinations. The Commission takes note of the following facts and makes the following findings and determinations.

(a) The District now owns, maintains, and operates a water supply and distribution system, which from time to time requires various additions, betterments, and extensions.

(b) Pursuant to applicable law, including chapters 54.24, 39.44, 39.46, and 39.53 RCW, the District is authorized to issue a water revenue bond to carry out the Project, to carry out the Refunding Plan, and to pay the costs of issuance and sale of the Bond.

(c) The Commission deems it advisable that the District carry out the Project, specifies and adopts the Project as a system or plan within the meaning of RCW 54.24.020, and declares the estimated cost of the Project, as near as may be, to be $12,500,000. For the purpose of providing the funds necessary to carry out the Project, the Commission finds that it is in the best interests of the District and its ratepayers to issue and sell the Bond to the Bank.

(d) Pursuant to Resolution No. 2162-09, the District issued the 2009B Bonds and reserved the option to redeem the outstanding 2009B Bonds prior to their stated maturity date at any time on or after July 1, 2019, as a whole or in part, at a price equal to the principal amount to be redeemed, without premium, plus accrued interest to the date fixed for redemption, upon notice given not less than 30 nor more than 60 days prior to the date fixed for redemption.

(e) Pursuant to Resolution No. 2230-16, the District previously issued the 2016 Bond and reserved the option to prepay the principal of the 2016 Bond at any time, as a whole or in part, at par plus accrued interest to the date of prepayment, upon notice given not less than five business days prior to the scheduled prepayment date.

(f) Pursuant to Resolution No. 2230-16, the District previously issued the 2017 Bond and reserved the option to prepay the principal of the 2017 Bond at any time, as a whole or in part, at par plus accrued interest to the date of prepayment, upon notice given not less than five business days prior to the scheduled prepayment date.

(g) The Commission finds that it is in the best interests of the District and its ratepayers to issue the Bond in order to carry out the Refunding Plan to modify reserve requirements and covenants and to effect a savings by the difference between the principal and interest cost over the life of the of principal of the Bond allocable to the Refunding Plan and the principal and interest cost over the life of the Refunded Bonds but for such refunding. The Commission further finds that the Refunding Plan will discharge and satisfy the obligations, pledges, charges, trusts, covenants, and agreements of the District under the Refunded Bond Resolutions with respect to the Refunded Bonds, and the Refunded Bonds will no longer be deemed to be outstanding under the Refunded Bond Resolutions immediately upon the deposit with the Refunding Trustee of the money specified in the Refunding Plan.

(h) The District intends to make (and/or, not more than 60 days before the date of adoption of this resolution, has made) expenditures, and reasonably expects to reimburse itself for those expenditures from proceeds of the Bond (in a principal amount not to exceed $12,500,000), for the Project. The Commission has reviewed its existing and reasonably foreseeable budgetary and financial circumstances and has determined that the District
reasonably expects to reimburse itself for expenditures for the Project from proceeds of the Bond because the District has no funds available that already are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the District for those expenditures on the Project. The District will not, within one year after the expected reimbursement, use amounts corresponding to proceeds received from the Bond issued to reimburse the District for previously paid expenditures for the Project in any manner that results in those amounts being treated as replacement proceeds of any tax-exempt bonds, i.e., as a result of being deposited in a reserve fund, pledged fund, sinking fund, or similar fund (other than a bona fide debt service fund) that is expected to be used to pay principal of or interest on tax-exempt bonds, nor will the District use those amounts in any manner that employs an abusive arbitrage device to avoid arbitrage restrictions.

(i) The Gross Revenue and benefits to be derived from the operation and maintenance of the System at the rates to be charged for services provided by the District will be more than sufficient to meet the Maintenance and Operating Expenses and to permit the setting aside into the Bond Fund out of the Gross Revenue amounts sufficient to pay the principal of and interest on the Bond when due. In maintaining the Bond Fund, the Commission has exercised due regard for Maintenance and Operating Expenses and the amounts to be paid into the Bond Fund, and the District has not obligated itself to set aside and pay into the Bond Fund a greater amount or proportion of the Gross Revenue than in the judgment of the Commission will be available over and above the Maintenance and Operating Expenses and the amount or proportion of Gross Revenue previously pledged.

Section 3. Authorization of the Bond. The District is authorized to borrow money and issue a water revenue bond evidencing indebtedness in the principal amount not to exceed $25,000,000 to provide funds necessary to carry out the Project, to carry out the Refunding Plan, and to pay the costs of issuance and sale of the Bond.

Section 4. Description of the Bond. The Bond shall be dated the Issue Date; shall mature on July 1, 2039, subject to prior prepayment; shall be issued in fully registered form as to both principal and interest; and shall be numbered R-1, with any additional designation as the Registrar deems necessary for purposes of identification.

On the Issue Date, the District shall draw on the non-revolving line of credit evidenced by the Bond the principal amount required to carry out the Refunding Plan. Within 30 days after the Issue Date, the Bank shall provide the District with an amortization schedule for payments of principal of and interest on the Bond allocable to the Refunding Plan in amounts approximately equal to payment of principal of and interest on the Refunded Bonds through December 31, 2021. Interest on the outstanding principal of the Bond allocable to the Refunding Plan shall be payable semiannually on each January 1 and July 1, commencing July 1, 2020, and principal of the Bond allocable to the Refunding Plan shall be payable annually on each July 1, commencing July 1, 2020, all in accordance with the amortization schedules to be provided by the Bank.

On the Issue Date, and monthly thereafter, up to and including December 31, 2021, the District may draw on the non-revolving line of credit evidenced by the Bond any amount allocable to the Project, so long as the aggregate principal amount of all draws does not exceed $25,000,000. On January 1, 2022, the District shall pay to the Bank all then accrued but unpaid
interest, and within 30 days thereafter, the Bank shall provide the District with an amortization schedule, based on the principal amount outstanding on January 1, 2022, for payments of all principal of and interest on the Bond (allocable to both the Refunding Plan and the Project) in approximately equal annual amounts through and including the maturity date of July 1, 2039. Interest on the outstanding principal of the Bond allocable to the Project shall be payable semiannually on each January 1 and July 1, commencing July 1, 2020, and principal of the Bond allocable to the Project shall be payable annually on each July 1, commencing July 1, 2022, all in accordance with the amortization schedules to be provided by the Bank.

Proceeds of each draw allocable to the Project shall be disbursed by the Bank subject to the delivery by the District to the Bank of a brief description of the purpose for such disbursement.

Subject to Section 9, outstanding principal of the Bond shall bear interest at the rate of two and sixty-five one-hundredths percent (2.65%) per annum, computed on the basis of the actual number of days elapsed in a 360-day year. Notwithstanding the foregoing, at any time that interest on the Bond is not excluded from gross income for federal income tax purposes, the principal of the Bond shall bear interest at the rate of four percent (4.00%) per annum.

All outstanding principal of and interest on the Bond shall be due and payable on July 1, 2039.

The Commission has determined it to be in the best interest of the District that the General Manager and the Treasurer each be, and each hereby is, individually authorized to draw on the non-revolving line of credit evidenced by the Bond as either of such officials may determine hereafter, those draws to be made in accordance with the terms and provisions set forth herein.

On the Issue Date, the District shall pay to the Bank a fee of $25,000 and shall reimburse the Bank for the Bank’s out-of-pocket legal expenses incurred in connection with the issuance and sale of the Bond. The District may reimburse itself for such fees and expenses from principal proceeds of the Bond.

Absent manifest error, the Bank’s determination of amortization shall be conclusive and binding on the District.

Section 5. Registrar; Registration and Transfer of Bond.

(a) **Registration of Bond.** The Bond shall be issued only in registered form as to both principal and interest and the ownership of the Bond shall be recorded on the Bond Register.

(b) **Registrar; Duties.** The Treasurer is appointed as initial Registrar. The Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bond, which shall be open to inspection by the District at all reasonable times. The Registrar is authorized, on behalf of the District, to deliver each Bond transferred or exchanged in accordance with the provisions of the Bond and this resolution, to serve as the District’s paying agent for the Bond, and to carry out all of the Registrar’s powers and duties under this resolution and the System of Registration.
(c) **Bond Register; Transfer and Exchange.** The Bond Register shall contain the name and mailing address and account of the Registered Owner and the principal amount of the Bond held by the Registered Owner. Prior to December 31, 2021, the Bond may be transferred only to a successor of the Bank, and after December 31, 2021, the Bond may be transferred only to a “qualified institutional buyer” (as defined in Rule 144A promulgated under the Securities Act of 1933, as amended). The Bond may be transferred only in whole and only if endorsed in the manner provided thereon and surrendered to the Registrar; provided, however, that the foregoing shall not preclude the Bank from selling participation interests in the Bond. Any exchange or transfer shall be without cost to the Registered Owner or transferee.

**Section 6. Form and Execution of Bond.** The Bond shall be prepared in a form consistent with the provisions of this resolution and State law. Each Bond shall be signed by the President and Secretary of the Commission, either or both of whose signatures may be manual or in facsimile. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the District authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Registrar, or issued or delivered by the District, the Bond nevertheless may be authenticated, issued, and delivered and, when authenticated, issued, and delivered, shall be as binding on the District as though the person had continued to be an officer of the District authorized to sign bonds. Any Bond also may be signed on behalf of the District by any person who, on the actual date of signing of the Bond, is an officer of the District authorized to sign bonds, although he or she did not hold the required office on the Issue Date.

**Section 7. Payment of Bond.** Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Principal of and interest on the Bond is payable by electronic transfer on the payment date to the Registered Owner at the account appearing on the Bond Register. All payments shall be applied first to accrued interest and then to principal as of the date such payment is actually received by the Bank. The final principal amount of the Bond is payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar. The Bond is not subject to acceleration under any circumstances. The Bond shall be payable solely out of the Bond Fund and shall not be a general obligation of the District.

**Section 8. Prepayment of Bond.** Principal of the Bond is subject to prepayment at the option of the District at any time, as a whole or in part, at par plus accrued interest to the date of prepayment. Notice of prepayment of the Bond, unless waived by the Registered Owner, shall be given by the Registrar not less than five business days prior to the scheduled prepayment date by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register. The District retains the right to rescind the prepayment notice and the prepayment by giving a notice of rescission to the Registered Owner at any time on or prior to the scheduled prepayment date. Any notice of prepayment that is so rescinded shall be of no effect, and the principal amount of the Bond for which a notice of prepayment has been rescinded shall remain outstanding. Interest on principal of the Bond so prepaid shall cease to accrue on the prepayment date.

**Section 9. Failure to Pay Principal.** If any principal of the Bond is not paid when due, the District shall be obligated to pay interest on such principal amount past due and on the interest past due at the rate provided in the Bond plus five percent (5.00%) per annum from and
after the date such principal and interest payment is due until such principal and interest is paid in full.

Section 10. Application of Bond Proceeds; Construction Fund; Refunding Plan.

(a) Construction Fund. The principal proceeds of the Bond allocable to the Project shall be deposited in the Construction Fund and used to carry out the Project. Until needed to pay such costs, the District may invest such principal proceeds in any legal investment, and the investment earnings may be used to carry out the Project or for use in accordance with Section 14.

(b) Appointment of Refunding Trustee. U.S. Bank National Association is appointed as Refunding Trustee.

(c) Acquisition of Acquired Obligations. On the Issue Date, the proceeds of the Bond allocable to the Refunding Plan shall be deposited with the Refunding Trustee and used to discharge the obligations of the District relating to the Refunded Bonds by carrying out the Refunding Plan. To the extent practicable, such obligations may be discharged fully by the Refunding Trustee’s simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. The Acquired Obligations shall be listed and more particularly described in a schedule attached to the Refunding Trust Agreement. Any Bond proceeds or other money deposited with the Refunding Trustee and not needed to carry out the Refunding Plan shall be returned to the District for deposit in the Bond Fund to pay interest on the Bond on the first interest payment date.

(d) Refunding Trust Agreement; Administration of Refunding Plan. The General Manager shall execute and deliver a Refunding Trust Agreement setting forth the duties, obligations, and responsibilities of the Refunding Trustee in connection with the carrying out the Refunding Plan. The Refunding Trust Agreement shall, among other things, authorize and direct the Refunding Trustee to purchase the Acquired Obligations and to make the payments required to be made by the Refunding Plan. All Acquired Obligations and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested, and applied in accordance with the provisions of the Refunded Bond Resolutions, this resolution, chapter 39.53 RCW, and other applicable State law. All administrative costs (including all necessary and proper fees, compensation, and expenses of the Refunding Trustee and all other costs incidental to the setting up of the escrow to accomplish the Refunding Plan) and costs of issuing the Bond may be paid out of amounts deposited with the Refunding Trustee or other available money of the District, in accordance with the Refunding Trust Agreement.

(e) Call for Redemption of the Refunded Bonds. The General Manager shall call the Refunded Bonds for redemption on the Redemption Dates in accordance with the Refunded Bond Resolutions and this resolution. Such call for redemption shall identify the Refunded Bonds, the maturity dates, the Redemption Dates, and redemption price (expressed as a percentage of par, plus accrued interest), and shall be irrevocable after the Bond is delivered to the Bank. The General Manager shall give or cause to be given such notices as required, at the
times and in the manner required, pursuant to the Refunded Bond Resolutions, and to take all other actions necessary to effect the redemption of the Refunded Bonds on the Redemption Dates.

Section 11. Bond Fund. The Bond Fund has previously been established by Resolution No. 1583-93. The Bond Fund is divided into two accounts: a Principal and Interest Account and a Reserve Account. The District shall set aside and pay into the Bond Fund, out of Net Revenue, certain fixed amounts without regard to any fixed proportion, namely:

(a) Into the Principal and Interest Account the amounts necessary, taking into account other money on deposit therein, to pay the principal of and interest on the Parity Bonds when due; and

(b) Into the Reserve Account (except as otherwise expressly provided in this resolution) the amounts necessary, taking into account other money on deposit therein, to make the amount in the Reserve Account equal to the Reserve Requirement.

The District may provide for all or any part of the Reserve Requirement through Reserve Insurance, and the amount available to be drawn under any Reserve Insurance shall be credited against the Reserve Requirement.

Except as otherwise expressly provided in this resolution, the amount in the Reserve Account shall be maintained at the Reserve Requirement at all times. When the total amount in the Bond Fund equals the total amount of principal and interest due on all outstanding Parity Bonds, no further payment need be made into the Bond Fund.

If there is a deficiency in the Principal and Interest Account to pay when due the principal of or interest on any Parity Bond secured by the Reserve Account, the deficiency shall be made up from the Reserve Account first, by the withdrawal of money therefrom and second, by pro rata draws on each Reserve Insurance. Any deficiency in the Reserve Account resulting from a withdrawal or draw shall be made up within 12 months in approximately equal monthly installments in accordance with Section 14, first, to reinstate each Reserve Insurance, pro rata, and second, to make up any remaining deficiency. The money in the Reserve Account may be used to pay principal of and interest on the last outstanding Parity Bonds secured by the Reserve Account.

Money in the Bond Fund may be held uninvested or invested in legal investments. Earnings from investments in the Principal and Interest Account shall be retained therein. Earnings from investments in the Reserve Account shall be retained therein until the amount therein is equal to the Reserve Requirement and thereafter shall be credited to the Principal and Interest Account.

The Reserve Account shall be valued at least once each year, and may be valued more frequently, including upon the issuance, prepayment, redemption, or defeasance of Parity Bonds. In valuing the Reserve Account, Reserve Insurance shall be valued at the amount available to be drawn thereon, and all other investments shall be valued at market. Any excess in the Reserve Account resulting from a valuation may be withdrawn from the Reserve Account and credited to the Principal and Interest Account or used in accordance with Section 14. Any deficiency in the
Reserve Account resulting from a valuation shall be made up within six months in approximately equal monthly installments in accordance with Section 14.

The District may establish one or more separate reserve subaccounts for any or all Parity Bonds, and money in a reserve subaccount or Reserve Insurance credited to the reserve subaccount shall be used only to pay principal of and interest on the Parity Bonds secured by the reserve subaccount.

The District may provide for the purchase, prepayment, redemption, or defeasance of Parity Bonds by the use of money on deposit in any account in the Bond Fund so long as there is no deficiency in any account in the Bond Fund for the Parity Bonds that remain outstanding.

Notwithstanding any other provision of this Section, any investment earnings that are subject to a federal tax or rebate requirement may be withdrawn from the Bond Fund for deposit in a separate fund or account and used for that purpose.

If the District fails to set aside and pay into the Bond Fund the amounts set forth above, the registered owner of any outstanding Parity Bond may bring an action against the District to compel such setting aside and payment.

Section 12. Rate Stabilization Fund. The Rate Stabilization Fund is authorized to be created in the office of the Treasurer. The District may at any time, consistent with Section 14, deposit in the Rate Stabilization Fund Gross Revenue and any other money received by the System available to be used therefor, excluding principal proceeds of bonds or other obligations. The District may at any time withdraw money from the Rate Stabilization Fund for use in accordance with Section 14. Deposits into the Rate Stabilization Fund shall reduce Net Revenue for the year in which the deposit is made or, at the option of the District, for the preceding year if the deposit is made within three months after the end of the preceding year. Withdrawals from the Rate Stabilization Fund shall increase Net Revenue for the year in which the withdrawal is made or, at the option of the District, for the preceding year if the withdrawal is made within three months after the end of the preceding year.

Section 13. Pledge of Net Revenue and Lien Position of Parity Bonds. The Net Revenue is pledged to be paid into the Bond Fund at the times and in the manner required by this resolution for the payment of principal of and interest on the Parity Bonds when due. This pledge shall constitute a lien and charge upon such Net Revenue prior and superior to any other charges whatsoever and shall be valid and binding from the time this pledge is made. The Net Revenue so pledged and hereafter received by the District shall immediately be subject to the lien of this pledge without any physical delivery or further act, and the lien of this pledge shall be valid and binding as against any parties having claims of any kind in tort, contract, or otherwise against the District, irrespective of whether such parties have notice thereof. This resolution need not be recorded.

Section 14. Flow of Funds. The Gross Revenue shall be used for the following purposes only and shall be applied in the following order of priority:

(a) To pay Maintenance and Operating Expenses when due;
(b) To pay interest on Parity Bonds when due;

(c) To pay principal of Parity Bonds when due, whether at maturity or pursuant to mandatory sinking fund prepayment or redemption;

(d) To make payments when due under any reimbursement agreement entered into in connection with Bond Insurance;

(e) To make required payments into the Reserve Account and to make payments when due under any reimbursement agreement entered into in connection with Reserve Insurance;

(f) To make required payments into any revenue bond, note, warrant, or other revenue obligation fund, debt service account, or reserve account created to pay or secure the payment of any revenue bonds, notes, warrants, or other revenue obligations of the District secured by a lien and charge on Net Revenue subordinate to the lien and charge that secure payment of the Parity Bonds, in any priority that the District may establish by resolution; and

(g) To retire by prepayment or redemption or purchase any outstanding revenue bonds, notes, warrants, or other revenue obligations of the District, to make necessary additions, betterments, improvements, extensions, and repairs and replacements of the System, to make deposits into the Rate Stabilization Fund, or for any other lawful System purposes, in any priority that the District may establish by resolution.

The District may transfer any money from any funds or accounts of the System legally available therefor to make payments required to be made into the Bond Fund.

Section 15. Covenants. The District covenants and agrees with the Registered Owner as follows:

(a) Establishment and Collection of Rates and Charges. The District will establish, maintain, and collect rates and charges for water service and for all other utility services that will be fair and equitable, and will adjust those rates and charges from time to time so that:

(1) The Gross Revenue will be sufficient to pay when due: (A) all Maintenance and Operating Expenses, (B) all amounts that the District is obligated to pay into the Bond Fund, including the payment of any amounts owing to a provider of Bond Insurance or Reserve Insurance, and (C) all taxes, assessments, or other governmental charges lawfully imposed on the System or payments in lieu thereof and any and all other amounts that the District may now or hereafter become obligated to pay from the Gross Revenue by law or contract; and

(2) The Net Revenue in each year will be not less than the Coverage Requirement.

The failure of the District to comply with the requirements of this subsection shall not be a default under this resolution or any resolution authorizing the issuance of Future Parity Bonds if the District promptly retains an Independent Utility Consultant to recommend to the
Commission adjustments in the rates and charges of the System necessary to satisfy the requirements of this subsection and the Commission adopts such recommendations within six months after the date the failure became known to the Commission.

(b) **Maintenance and Operation.** The District will at all times maintain and keep the System in good repair, working order, and condition, and will at all times operate the System and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) **Sale or Disposition of the System.**

(1) The District will not sell or otherwise dispose of or permit the disposal of the System in its entirety (whether by operation of law or otherwise) unless, simultaneously with such sale or other disposition, all Parity Bonds are prepaid, redeemed, or defeased pursuant to the provisions of this resolution and each resolution authorizing the issuance of Future Parity Bonds.

(2) The District may, without making any deposit into the Bond Fund, sell or otherwise dispose of the Fidalgo Island Water System.

(3) The District may, without making any deposit into the Bond Fund, sell or otherwise dispose of any of the works, plant, properties, or facilities of the System or any real or personal property comprising a part of the System that has become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the System, or no longer necessary, material to, or useful to the operation of the System.

(4) The District may, without making any deposit into the Bond Fund, sell or otherwise dispose of any of the works, plant, properties, or facilities of the System or any real or personal property comprising a part of the System in an aggregate amount not to exceed, in the year in which part of the System is sold or disposed of, five percent of the fair market value of the entire System immediately prior to such sale or disposition. (By way of illustration and without limiting the foregoing, if in year 10 the fair market value of the System is 10,000, the District may sell part of the System in year 10 with a fair market value not to exceed 500 without making any deposit into the Bond Fund, and if in year 11 the fair market value of System is 9,500, the District may sell part of the System in year 11 with a fair market value not to exceed 475 without making any deposit into the Bond Fund.)

(5) The District will not otherwise sell, lease, mortgage, or in any manner encumber or otherwise dispose of or permit the disposal of any part of the System (whether by operation of law or otherwise) that is used, useful, or material in the operation of the System, unless provision is made for the replacement thereof or for payment into the Bond Fund of the greatest of the following:

(A) An amount that bears the same proportion to the net amount of outstanding Parity Bonds (defined as the total amount of outstanding Parity Bonds less the amount of money in the Bond Fund) that the Gross Revenue for the preceding year from the portion of the System sold or disposed of bears to the total Gross Revenue for the preceding year; or
(B) An amount that bears the same proportion to the net amount of outstanding Parity Bonds (as defined above) that the Net Revenue for the preceding year from the portion of the System sold or disposed of bears to the total Net Revenue for the preceding year; or

(C) An amount that bears the same proportion to the net amount of outstanding Parity Bonds (as defined above) that the depreciated cost value of the facilities sold or disposed of bears to the depreciated cost value of the entire System immediately prior to such sale or disposition.

(d) Books and Accounts. The District will keep proper books, records, and accounts with respect to the operations, income, and expenditures of the System in accordance with generally accepted accounting practices relating to municipal utilities and any applicable rules and regulations prescribed by the State, and will cause those books, records, and accounts to be audited on a regular basis by the State Auditor or another independent certified public accountant. The District will prepare annual financial and operating statements as soon as practicable after the close of each fiscal year showing in reasonable detail the financial condition of the System as of the close of the fiscal year.

(e) Insurance. The District at all times will carry fire and extended coverage, public liability, property damage, and such other forms of insurance with responsible insurers and with policies payable to the District, on such of the buildings, equipment, works, plants, facilities, and properties of the System as are ordinarily carried by municipal or privately owned utilities engaged in the operation of similar systems, and against such claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in the operation of similar systems, or the District will self-insure or will participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the District, to protect the System and the registered owners of the Parity Bonds against loss.

(f) No Free Service. Except in aid of the poor or infirm, the District will not furnish water service to any customer whatsoever free of charge, and the District shall promptly take such action as may be practicable to enforce collection of all collectible delinquent accounts.

(g) Financial Reporting. The District shall provide to the Registered Owner:

(1) on or prior to March 31 of each year, a copy of the adopted budget of the District for such year; and

(2) on or prior to November 30 of each year, a copy of the audited financial statements of the District for the prior year, including a calculation of the Coverage Requirement for the prior year.
Section 16. Future Parity Bonds. The District shall not issue any revenue bond, note, warrant, or other obligation evidencing indebtedness that is secured by a lien and charge on Net Revenue superior to the lien and charge that secure payment of the Parity Bonds. The District may issue Future Parity Bonds only if the following conditions are satisfied at the time of issuance:

(a) There is no deficiency in the Bond Fund and no default has occurred and is continuing under this resolution or any resolution authorizing the issuance of Future Parity Bonds.

(b) The resolution authorizing the issuance of the Future Parity Bonds provides for the payment of the principal thereof and interest thereon out of the Bond Fund.

(c) The resolution authorizing the issuance of the Future Parity Bonds provides for the satisfaction of the Reserve Requirement, if any, for the Future Parity Bonds.

(d) There has been delivered either:

(1) a certificate of the General Manager, demonstrating that during any twelve consecutive months out of the preceding 30 months Net Revenue was not less than 1.25 times Maximum Annual Debt Service for all Parity Bonds to be outstanding upon issuance of the Future Parity Bonds; or

(2) a certificate of an Independent Utility Consultant demonstrating that in his or her professional opinion the adjusted Net Revenue for any twelve consecutive months out of the preceding 30 months was not less than 1.25 times Maximum Annual Debt Service for all Parity Bonds to be outstanding upon issuance of the Parity Bonds. The Independent Utility Consultant’s certificate, in estimating adjusted Net Revenue, may adjust Net Revenue to reflect:

(A) The additional Net Revenue that would have been received if any change in rates and charges adopted prior to the date of the certificate and subsequent to the beginning of the twelve-month period had been in force during the entire twelve-month period;

(B) The additional Net Revenue that would have been received if any facility of the System that became fully operational after the beginning of the twelve-month period had been fully operational during the entire twelve-month period;

(C) The additional Net Revenue that would have been received as a result of any additions, betterments, improvements, extensions, and repairs and replacements of the System that are (i) under construction on the date of the certificate or (ii) will be constructed from the proceeds of the Future Parity Bonds;
(D) The additional Net Revenue that would have been received if any customers added to the System after the beginning of the twelve-month period had been customers during the entire twelve-month period; and

(E) The additional Net Revenue that would have been received from any customers who have paid all required system development charges if they had been customers during the entire twelve-month period.

Certification of coverage of debt service on Future Parity Bonds issued for the purpose of refunding outstanding Parity Bonds is not required if the Annual Debt Service on the Future Parity Bonds is not more than the Annual Debt Service on the Parity Bonds to be refunded in each year that the Future Parity Bonds are scheduled to remain outstanding.

Nothing in this Section prevents the District from issuing Future Parity Bonds to refund maturing Parity Bonds then outstanding, money for the payment of which is not otherwise available.

Nothing in this Section prevents the District from issuing any revenue bond, note, warrant, or other revenue obligation secured by a lien and charge on Net Revenue subordinate to the lien and charge that secure payment of the Parity Bonds.

Section 17. Separate Utility Systems. The District may create, acquire, construct, finance, own, and operate one or more additional systems for wastewater, stormwater, or water supply, collection, transmission, or treatment, or other commodity or service (each, a “Separate Utility System”). The revenue of a Separate Utility System shall not be included in Gross Revenue and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn, or otherwise acquire or expand the Separate Utility System. Neither the Gross Revenue nor the Net Revenue shall be pledged to the payment of any obligations of a Separate Utility System except (a) as a Contract Resource Obligation in accordance with Section 18 or (b) with respect to the Net Revenue, on a basis subordinate to the lien and charge on Net Revenue that secure payment of the Parity Bonds.

Section 18. Contract Resource Obligations. The District may enter into one or more contracts or other obligations for the acquisition of wastewater, stormwater, or water supply, collection, transmission, or treatment, or other commodity or service relating to the System. The District may determine that such contract or other obligation is a Contract Resource Obligation, and may provide that all payments under the Contract Resource Obligation (including payments prior to the time the commodity or service becomes available and payments when the commodity or service has been suspended or terminated) shall be Maintenance and Operating Expenses if the following requirements are satisfied at the time the Contract Resource Obligation is entered into:

(a) No default has occurred and is continuing under this resolution or any resolution authorizing the issuance of Future Parity Bonds;

(b) An Independent Utility Consultant has delivered a certificate stating that (1) the payments to be made by the District in connection with the Contract Resource Obligation are
reasonable for the commodity or service being provided; (2) the acquisition of the commodity or service is technically and economically feasible in accordance with prudent utility practice, and is likely to become available no later than the date set forth in the certificate; and (3) the Net Revenue (taking into consideration the payments estimated to be required under the Contract Resource Obligation) for the five years following the year in which the Contract Resource Obligation becomes effective, as such Net Revenue is estimated by the Independent Utility Consultant (such estimate being based on factors deemed by the Independent Utility Consultant to be reasonable), will be not less than the Coverage Requirement; and

(c) The payments required to be made under the Contract Resource Obligation are not subject to acceleration.

Nothing in this Section prevents the District from entering into other agreements for the acquisition of wastewater, stormwater, or water supply, collection, transmission, or treatment, or other commodity or service from existing facilities and from treating payments for such commodity or service as Maintenance and Operating Expenses. Nothing in this Section prevents the District from entering into other agreements for the acquisition of wastewater, stormwater, or water supply, collection, transmission, or treatment, or other commodity or service from facilities to be constructed and from agreeing to make payments with respect thereto so long as the payments for such commodity or service are secured by a lien and charge on Net Revenue subordinate to the lien and charge that secure payment of the Parity Bonds.

Section 19. Tax Matters.

(a) Preservation of Tax Exemption for Interest on Bond. The District will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the District treated as proceeds of the Bond that will cause interest on the Bond to be included in gross income for federal income tax purposes. The District will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond.

(b) Post-Issuance Compliance. The Treasurer is authorized and directed to review, update, and implement the District’s written procedures to facilitate compliance by the District with the covenants in this Section and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bond from being included in gross income for federal tax purposes.

Section 20. Sale and Delivery of the Bond. The Bank has presented the Bank Proposal to the District offering to purchase the Bond, which written Bank Proposal is on file with the Treasurer. The Commission finds that accepting the Bank Proposal is in the District’s best interest and authorizes the General Manager to accept the offer contained therein and to execute and deliver the same. The Bond will be prepared at District expense and will be delivered to the Bank in accordance with the terms of the Bank Proposal and this resolution, together with the approving legal opinions of Bond Counsel regarding the issuance of the Bond. The proper District officials are authorized and directed to do everything necessary for the
prompt delivery of the Bond to the Bank and for the proper application and use of the proceeds of the sale thereof.

Section 21. General Authorization and Ratification. The President of the Commission, Secretary of the Commission, General Manager, and Treasurer are each individually authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this resolution, and to do everything necessary for the prompt delivery of the Bond to the Bank and for the proper application, use, and investment of the proceeds of the Bond. All actions taken prior to the effective date of this resolution in furtherance of the purposes described in this resolution and not inconsistent with the terms of this resolution are ratified and confirmed in all respects.

Section 22. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. If the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 23. Effective Date. This resolution shall take effect and be in force immediately upon its adoption.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular open public meeting thereof this 14th day of January, 2020, the following Commissioners being present and voting.

________________________________________
Eron Berg, President

________________________________________
Al Littlefield, Vice President

________________________________________
Joe Lindquist, Secretary
CERTIFICATION

I, the undersigned, Secretary of the Commission (the “Commission”) of Public Utility District No. 1 of Skagit County, Washington (the “District”), hereby certify as follows:

1. The attached copy of Resolution No. 2272-20 (the “Resolution”) is a full, true, and correct copy of a resolution duly adopted at a regular meeting of the Commission held at the regular meeting place thereof on January 14, 2020, as that resolution appears on the minute book of the District; and the Resolution is now in full force and effect;

2. A quorum of the members of the Commission was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of January, 2020.

PUBLIC UTILITY DISTRICT NO. 1 OF
SKAGIT COUNTY, WASHINGTON

______________________________
Joe Lindquist, Secretary of the Commission
DATE: 1/14/2020

TO: George Sidhu, P.E., General Manager

FROM: Brian Henshaw, Finance Manager

SUBJECT: Approval of Foster Garvey Engagement Letter

Requested Action:
Authorize the General Manager to sign the engagement letter with Foster Garvey, for Bond Counsel Services, in the amount of $42,700.00.

Background:
The attached Engagement Letter documents the services that Foster Garvey will provide to the District with issuance of our Water Revenue Improvements and Refunding Bond. The amount of the bond is $25,000,000 and will provide funds to pay for capital projects and to refund all of the outstanding water revenue bonds of the District.

Fiscal Impact:
Funding for this work is will be paid for from bond proceeds. The scope and fee are consistent with the intended use of these funds.
January 6, 2020

George Sidhu, P.E.
Brian Henshaw
Public Utility District No. 1 of Skagit County, Washington
1415 Freeway Drive
Mount Vernon, Washington 98273

Re: Water Revenue Improvement and Refunding Bond, 2020

Dear George and Brian:

We are pleased to have the opportunity to work again with Public Utility District No. 1 of Skagit County, Washington (the “District”). The purpose of this letter is to document the services we will perform as bond counsel to the District and the terms of our engagement in connection with issuance by the District of its Water Revenue Improvement and Refunding Bond, 2020 (the “Bond”).

We understand that the Bond will be issued in the principal amount of approximately $25,000,000 for the purpose of providing funds to pay all or a portion of the cost of constructing the Judy Reservoir to Mount Vernon water transmission line and other capital projects of the District, to refund all of the outstanding water revenue bonds of the District, and to pay the administrative costs of the refunding and the costs of issuance and sale of the Bond. We also understand that the District has retained Northwest Municipal Advisors to serve as its financial advisor in connection with the issuance of the Bond.

SCOPE OF ENGAGEMENT

In this engagement, we expect to perform the tasks identified in the attached “Scope of Bond Counsel Services,” including the following duties: (i) review legal issues relating to the structure of the Bond; (ii) prepare and review documents necessary or appropriate to the authorization, issuance, and delivery of the Bond and the refunding of the District’s outstanding water revenue bonds, and coordinate the authorization and execution of such documents; and (iii) subject to the completion of proceedings to our satisfaction, render our legal opinion (the “Bond Opinion”) regarding the validity of the Bond, the security for the Bond, and the treatment of interest on the Bond for federal income tax purposes. Our Bond Opinion will be addressed to District and will be delivered by us on the date the Bond is initially delivered to the purchaser (the “Closing”).

POTENTIAL CONFLICTS OF INTEREST

Our firm represents many governmental entities, businesses, and individuals. It is possible that during the time that we are representing the District, one or more of our present or future clients will have transactions with the District. From time to time we represent, in unrelated matters, Banner Bank, the intended purchaser of the Bond. We do not believe, however, that any such representation
will adversely affect our ability to represent the District as provided in this letter, either because such matters were or will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of the District, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Execution of this letter will signify the District’s consent to our representation of others consistent with the circumstances described in this paragraph.

FEES

Based upon: (i) our current understanding of the terms, structure, potential size, schedule, and character of the financing represented by the Bond; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, we propose that our fee for this engagement will be $42,700. Our fee includes all out-of-pocket costs. Payment of our fee will be due upon Closing.

If the foregoing terms are acceptable to the District, please have a copy of this engagement letter signed by an appropriate District official and returned to me. We look forward to working with you and your colleagues again toward a successful issuance of the Bonds.

Very truly yours,

FOSTER GARVEY PC

Marc R. Greenough

Enclosure

APPROVED AND ACCEPTED:

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

By: ________________________________

Title: _______________________________

Date: ______________________________
SCOPE OF SERVICES
FOSTER GARVEY PC

The range of services provided by bond counsel can be narrow or broad, and frequently varies from financing to financing. In addition, the amount of work necessary to perform the same services can differ depending upon the nature and complexity of the financing. In the following, we use the term “bonds” to include any obligation of the issuing local government (the “Issuer”) for which we are asked to serve as bond counsel.

A. BOND COUNSEL SERVICES

The services Foster Garvey PC traditionally provides as bond counsel to the Issuer include:

(1) Advising the Issuer and its consultants on the legal requirements applicable to and, when requested, participating with those consultants and Issuer’s staff in planning, the financing or refinancing of a project, including advice on state law and federal income tax and securities laws;

(2) Reviewing the transcripts relating to the prior issuance by the Issuer of related outstanding obligations, to assure conformity of the bonds with applicable covenants and conditions;

(3) Based on facts provided by the Issuer, performing the necessary legal analysis to determine, in financings in which the bonds are intended to be tax-exempt, whether interest on the bonds will qualify for an exclusion from gross income for federal income tax purposes, and preparing tax exemption and nonarbitrage certificates;

(4) Drafting the ordinances/resolutions and other documents necessary to authorize the bonds to be sold and issued (including, where applicable, ballot title ordinances/resolutions);

(5) Attending certain meetings relating to the sale and issuance of the bonds;

(6) Forwarding Issuer financing documents to bond rating agencies and/or bond insurers, when requested by the Issuer or Issuer’s financial consultant or underwriter, and explaining those documents to agency and insurer representatives;

(7) Preparing closing documents necessary to support the issuance of the bonds and assembling the transcript after the closing; and

(8) Subject to the completion of proceedings to our satisfaction, furnishing the firm’s approving legal opinion for the bonds regarding the validity and binding effect of the bonds and the excludability of interest on the bonds from gross income for federal income tax purposes.

Our bond opinion will be based on facts and law existing as of its date, and will constitute the expression of our professional judgment on the matters expressly addressed and not a guarantee of result. In rendering that opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume the Issuer’s continuing compliance, after the issue date, with applicable laws relating to the bonds. During the course of this engagement, we will rely on the Issuer to provide us with complete and timely information on all developments pertaining to any aspect of the bonds and their security, as well as the expected use of bond proceeds. We understand and expect that officers and employees of the Issuer will cooperate with us in this regard.
B. OTHER SERVICES

Traditional bond counsel services described above do not include the following additional bond and project-related work for the Issuer which we would be pleased to perform on request, working with the Issuer’s attorney or other designated representatives. The provision of these services involves appropriate fee arrangements.

(1) The drafting or review for sufficiency of any environmental impact statements or other evidence of compliance with the State and National Environmental Policy Acts, the Shoreline Management Act, Growth Management Act and similar laws;

(2) Giving advice to the Issuer’s consultants regarding the applicability of the registration requirements under federal or state securities laws or regarding federal and state securities disclosure requirements or due diligence review;

(3) Drafting or negotiating of bond purchase agreements (though as a matter of course as bond counsel we typically review such agreements to assure that they conform to the Issuer’s bond authorization documents);

(4) Negotiation and drafting of repurchase agreements, investment contracts, custodial agreements, swap agreements, credit enhancement or liquidity facilities (other than bond insurance), and contracts (including contracts with developers or owners of property included within local improvement districts formed by the Issuer), or disputes or litigation in connection therewith;

(5) Attending rating agency or public information meetings in connection with the issuance of bonds;

(6) The drafting or obtaining of state or federal legislation;

(7) Participating in administrative proceedings, trial or appellate litigation;

(8) Drafting special assessment district formation and assessment documents and attending special assessment hearings;

(9) Work in connection with seeking or obtaining governmental assistance or approvals from governmental agencies other than the Issuer necessary for carrying out the purposes of the bond issue;

(10) Providing services relating to public works bidding, negotiating design or construction contracts, or carrying out the acquisition of property or the construction of projects;

(11) Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations; or

(12) After closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement as bond counsel does not include rebate calculations for the bonds, dealing with changes of use or delays in the expenditure of proceeds).
C. FILE MANAGEMENT

After the transaction is concluded, we will deliver to the Issuer a complete copy of the transcript of the transaction. A transcript is delivered generally within 30 to 60 days after closing. We then close our files regarding the matter, and our representation on the transaction is completed. Additional services after closing would be addressed under Part B, above.
2019 Judy Reservoir Inflows & Outflows

- December 30 Elevation: 453.93
- December 23 Elevation: 454.44
- Change in Elevation: -0.51
- Spillway elevation: 465.10'
- Stream Inflow YTD: 432.09 MG
- Pumped from river YTD: 1985.41 MG

Agenda Item #17
5-YEAR
JUDY RESERVOIR ELEVATIONS

Reservoir Elevation (ft)

Reservoir Level Range

2014-2018 Reservoir Level Range

2018 Reservoir Level

2019 Reservoir Level


12/31/2019
Council takes another step toward acquiring Fidalgo Bay Water System

By Richard Walker rwalker@goanacortes.com  Dec 11, 2019

The Anacortes City Council approved on Monday an agreement with Skagit Public Utility District to work out the details of the city’s proposed acquisition of Fidalgo Island Water System.

The 63-year-old water system serves Dewey Beach, Gibralter, Fidalgo Heights and Summit Park. The city, which has a water right on the Skagit River, supplies water wholesale to the Fidalgo Island Water System as well as the Town of La Conner, the Swinomish Tribe and the City of Oak Harbor. The City of Anacortes has the right to 54 million gallons a day from the Skagit River, but typically draws 20 million gallons a day, city Finance Director Steve Hoglund said in an earlier interview.

The proposal as it now stands is for a no-cost transfer of service area from Skagit PUD to the city, according to Hoglund.

Before the transfer takes place, Skagit PUD would have public meetings with system customers, and the transfer of ownership would need to be cleared by the county Boundary Review Board.

Skagit PUD officials say transferring ownership of the system to the city makes sense because the city, by virtue of its location, could respond more efficiently to system needs.

Acquisition of the Fidalgo Island Water System would increase the size of Anacortes’ water system by 9%, Public Works Director Fred Buckenmeyer said. It would generate about $424,000 in annual revenue and cost $51,000 a year to operate. The revenue balance would go toward capital improvements on the system, he said.

What must be finalized is which improvements will be completed by which agency, according to Skagit PUD general manager George Sidhu. Projects on Skagit PUD’s priority list: routine pipe replacement; relocation of a pressure-reducing valve, which would allow more water to flow through the existing connection; and adding a fourth connection to Anacortes’ water transmission line.

Fidalgo Island Water System consists of about 95,000 linear feet of pipe, four reservoirs and one booster pump station. The system serves about 720 customers in Gibralter, Dewey Beach, Fidalgo Heights, Summit Park, and the Highway 20/Deception Road. The area is outside the city limits and the
city's urban growth area.

By comparison, Anacortes's water system comprises 850,000 feet of pipe and 8,000 connections. Fidalgo Island Water System would increase by 9% the total feet of water lines under the city's ownership and the number of water customers by 11%, Buckenmeyer said. He doesn't believe the acquisition would warrant an increase in the current city water staff of seven employees.

Sidhu said Skagit PUD collected $442,000 from Fidalgo Island Water System customers and spent $110,000 to operate the system in 2017.

Buckenmeyer said of the city's rates, “If we imposed our rates (at Fidalgo Island Water System), we would have $424,000 (in revenue), really closely to the same amount,” Buckenmeyer said. “It's a financially viable system and is able to stand on its own.”
January 10, 2020

Dear Skagit PUD Water Customer,

Public Utility District No. 1 of Skagit County (District) is pleased to announce that our Board of Commissioners has adopted a new agricultural water rate classification starting in 2020. Upon review, we have identified your account as one that may qualify under this new classification. Customers who are interested in opting into this classification will need to meet both of the following criteria:

1. Customer’s water service(s) is on property classified as farm and agricultural land with the Skagit County Assessor, under Chapter 84.34 of the Revised Code of Washington; and

2. Customer’s certified to be in compliance with the District’s Cross Connection Control Program, which may include the installation of a new backflow prevention assembly.

Upon certification, the Agriculture rate will be applied to future bills if your account maintains its compliance with the District’s Cross-Connection Control Program and Skagit County’s Agriculture use classification.

For more information about agricultural land classification, please visit—
- Skagit County’s Assessor website at www.skagitcounty.net/Departments/Assessor/main.htm
- State Department of Revenue Current Use Application Farm and Agricultural Land Classification at https://dor.wa.gov/get-form-or-publication/forms-subject/property-tax-forms#Current

The following table highlights the benefits of the District’s new agricultural water rate classification by comparing the water rate for a property classified as farm and agricultural land with the non-residential customer water rates:

<table>
<thead>
<tr>
<th>All non-residential customers</th>
<th>Effective 01/01/20</th>
<th>Effective 01/01/21</th>
<th>Effective 01/01/22</th>
<th>Effective 01/01/23</th>
<th>Effective 01/01/24</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 100 ccf</td>
<td>$5.31</td>
<td>$5.58</td>
<td>$5.86</td>
<td>$6.15</td>
<td>$6.46</td>
</tr>
<tr>
<td>Greater than 100 ccf</td>
<td>3.20</td>
<td>3.47</td>
<td>3.76</td>
<td>4.08</td>
<td>4.43</td>
</tr>
<tr>
<td>Agriculture:</td>
<td>$3.20</td>
<td>$3.36</td>
<td>$3.53</td>
<td>$3.71</td>
<td>$3.90</td>
</tr>
</tbody>
</table>

*1 ccf = 100 cubic feet = 748 gallons
For information about the Cross-Connection Control Program, please contact Cross-Connection Control Coordinator Courtney Shilling at (360) 848-2138 or email shilling@skagitpud.org. There is also helpful information and links available on the District’s website at https://www.skagitpud.org/resources/water-quality/cross-connection-control.

For general questions about the Agriculture Use classification and rate, please feel free to contact us at (360) 424-7104.

Sincerely,

Sharon A. Mataya
Customer Service Supervisor