

**COMMISSIONERS' MINUTES
KITITITAS COUNTY, WASHINGTON
COMMISSIONERS CONFERENCE ROOM
SPECIAL MEETING**

THURSDAY

3:30 P.M.

JULY 29, 2010

Board members present: Chairman Mark McClain, and Commissioner Alan Crankovich. Vice-Chairman Paul Jewell absent.

Others: Catherine Dunn, Deputy Clerk of the Board; Jerry Pettit, Auditor; Deanna Panattoni, Treasurer; Judy Pless, Budget and Finance Manager; Susan Musselmann, SDM Advisors, Financial Consultant.

SPECIAL MEETING

BOND RATINGS

COMMISSIONERS

At 3:30 p.m. **Chairman McClain** opened a special meeting to discuss with the County's Bond Consultant an update on market conditions, review of projects, repayment and considerations for operating budgets, discuss financing process and timeline, and other issues pertinent to the bond ratings.

Susan Musselmann reported they are moving forward on the bond sale and the target date is early September with the funds to begin coming in October. She reported that this is a good market with the market going up and down and taxes and interest low.

Chairman McClain asked what decision points were needed today. **Ms. Musselmann** said she was presuming that the Board wished to move forward and she said she had looked over the reports and information sent to her by **Judy Pless** on funding and repayment plans and impacts of the repayment. She said she would have a Resolution before the Board on August 17, 2010 for the final decisions: which type of bond (regular or Build America Bonds) and the delegation of sale responsibility. She said the sale date would be September 14 or 15. There was a discussion of what would be needed.

Susan Musselmann explained to the Board what the Standard and Poor's rating assignors would look for. She mentioned the financial statements showing large fund balances in 2005, 2006 and 2007 with significant changes in balance in the last few years. **Chairman McClain** said the County has built the fund balance into the yearly budget. **Ms. Musselmann** said the raters are interested in the focus of the Board of Commissioners and the policies are important. She asked if there was a set of policies for every year of the budget or for each year. **Judy Pless** said there are general financial policies but that each year the Board gives specific direction to the Management Team. **Chairman McClain** agreed, saying all Department Heads and Elected Officials get together for a round table

discussion to reaffirm the financial policies. He said in March, 2009, there was a course correction on the budget to get the County on the right course and make sure the County fared well. This proactive approach helped the County retain most of the employees, while other Counties were laying off large numbers of people. **Commissioner Crankovich** said the County streamlined services using what was available.

Ms. Musselmann asked what the practice was regarding financial reporting. **Chairman McClain** replied that there are monthly reports to the Board by the Finance Committee with quarterly reports to the Board and Management Team. The Finance Committee consists of the Auditor, Treasurer and Budget and Finance Manager.

Susan Musselmann asked if there was a written debt policy. She said she would help the County work on that and send over some models. She went on to say that for 2010, the expectation is that adjustments will be made. **Chairman McClain** said the County always makes adjustments for unexpected expenditures or revenues such as grants.

Ms. Musselmann asked what the budget directives were. **Chairman McClain** said the priorities were capital facilities; public safety items; no new employees and the Board was reluctant to transfer funds during the budget year.

A discussion followed on the fund balance and "rainy day fund".

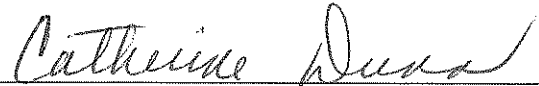
Ms. Musselmann said the bond raters need to know if the Board of Commissioners are asking the public to raise taxes and whether they are holding on to the banked capacity. She asked if there was an unexpected expenditure whether the Board would raise revenues or cut expenses. **Chairman McClain** replied that the Board would cut expenses.

A discussion was held regarding the 2011 proposed budget and payroll. A discussion of philosophies followed.

Meeting adjourned at 4:35 p.m.

DEPUTY CLERK OF THE BOARD

KITTITAS COUNTY COMMISSIONERS
KITTITAS COUNTY, WASHINGTON


Catherine Dunn


Mark McClain, Chairman