

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF COMMISSIONERS
OF COAL CREEK UTILITY DISTRICT
OF KING COUNTY, WASHINGTON**

Held on March 14, 2018

A regular meeting of the Board of Commissioners of Coal Creek Utility District was held at the District Office, 6801 – 132nd Place SE, Newcastle, Washington, on March 14, 2018. Commissioner Pam Martin, Board President, called the meeting to order at 5:00 p.m. Commissioner Doug Kunkel, Board Vice President, and Commissioner Ric Anderson, Board Secretary, were also in attendance. District Staff Robert Russell, General Manager, Patrick Martin, Operations Manager, and Anne Paige, Finance Manager, were present. John Milne, District counsel, was also present.

APPROVAL OF AGENDA

Milne advised that an executive session regarding the King County franchise compensation litigation would not be necessary. Commissioner Kunkel made a motion to approve the agenda as amended to delete the executive session for that matter listed on the agenda. Commissioner Anderson seconded the motion, which carried unanimously.

CONSENT AGENDA

Approval of Minutes – Regular Board meeting – February 28, 2018

Commissioner Anderson made a motion to approve the consent agenda. Commissioner Kunkel seconded the motion, which carried unanimously.

CITIZENS' COMMENTS / CONCERNS

There were no comments from the citizens in attendance.

AUDIT EXIT CONFERENCE

Wendy Choi and Kevin Montgomery, representatives from the Washington State Auditor's Office (SAO), addressed the Board regarding the recently completed District audit for the year ending 2016. They advised there were no exit audit issues and felt the District was in a good financial position. With respect to the District's financial statement, there were no qualifications to their audit report and no weaknesses or deficiencies in the statement. Further, they identified no issues of material non-compliance and congratulated the District on a good audit. They advised the audit report would be published on the SAO website the following week and available to the public. They also advised the next District audit would commence in August, 2018. The Commissioners thanked the auditors and commended District staff for their efforts which resulted in the favorable audit report.

DISTRICT BOND FUND RESOLUTION

Paige advised the District's revenue bonds had been paid off and therefore the District's bond fund could be closed out and all funds in that account transferred to the District's maintenance fund which was maintained by the King County Treasurer's Office on the District's behalf. Following discussion, Commissioner Kunkel so moved by the adoption of Resolution No. 1861. Commissioner Anderson seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

There was no attorney's report.

ENGINEER'S REPORT

There was no engineer's report.

APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 2263 through 2293 in the amount of \$296,349.49.

The Board approved for payment Water/Sewer Maintenance Fund – Direct Deposit – Payroll in the amount of \$113,158.41.

The Board approved for payment Water/Sewer Capital Improvement Fund Voucher No. 7 in the amount of \$86,342.45.

FINANCE MANAGER'S COMMENTS

Paige reported on matters relating to the District's Vision financial accounting software. She and Russell were currently considering other options to replace Vision. She advised a demonstration of the Sage 50 program was scheduled for tomorrow. Once replacement accounting software was selected, she was hopeful a conversion to the new software could be completed by the end of June, 2018.

She requested the commissioners confirm their attendance at the WASWD Spring Conference with her.

OPERATIONS MANAGER'S COMMENTS

Mr. Martin reported District staff are considering other water meter equipment due to the high failure rate of the Sensus iperl water meters. He will keep the Board further advised.

Mr. Martin reported the District had extended an employment offer to an applicant for the District's meter reader position which had been accepted.

GENERAL MANAGER'S COMMENTS

Mr. Russell reported the District had hosted a Sno-King Alliance meeting on March 12, 2018.

COMMISSIONERS' COMMENTS

Commissioner Anderson reported on his attendance at the Sno-King meeting the District had recently hosted.

Commissioner Anderson reported he planned to attend the next WASWD Technology Committee meeting.

Commissioner Kunkel again thanked staff for their hard work which resulted in an excellent audit.

Commissioner Martin asked if any staff member had attended the latest SPU Conservation Technical Forum as it is a staff driven forum.

Commissioner Martin reported on her attendance at the March 1, 2018, Seattle Operating Board meeting.

ADDITIONAL CITIZEN'S COMMENTS

Gordon Bisset, a City of Newcastle City Councilmember, congratulated the District on the favorable audit by the State Auditor's Office.

EXECUTIVE SESSION – 440 RESERVOIR RECOATING PROJECT – POTENTIAL LITIGATION – RCW 42.30.110 (1) (i)

Milne requested an executive session to discuss the status of the 440 Reservoir Recoating Project pursuant to RCW 42.30.110 (1) (i) due to potential litigation. Following discussion, Commissioner Kunkel so moved on that basis. Commissioner Anderson seconded the motion, which carried unanimously. The Commissioners, District staff, and Milne then attended the

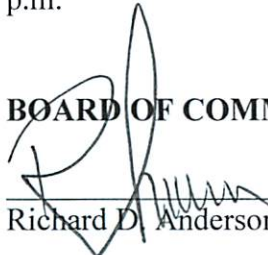
executive session. Before convening the executive session at 5:55 p.m., Commissioner Martin advised the executive session would conclude at approximately 6:05 p.m. At 6:05 p.m., the executive session concluded and open public meeting reconvened.

Following discussion, Commissioner Anderson made the motion to approve a final pay request to the project contractor, Simpson Sandblasting, with a deduct of \$34,000 for additional engineering and inspection costs the District had incurred on the project and a current payment of \$86,342.45, including tax but excluding retainage, to the contractor. Commissioner Kunkel seconded the motion, which carried unanimously. Commissioner Anderson then made the motion to approve the proposed settlement agreement with Simpson to resolve issues related to Simpson's late completion of the project and to authorize Russell to sign the agreement on the District's behalf once it is signed by the contractor. Commissioner Kunkel seconded the motion, which carried unanimously. Milne and Russell will keep the Board further advised.

OTHER DISTRICT BUSINESS

As there was no further business or persons to be heard, the meeting concluded at 6:10 p.m.

BOARD OF COMMISSIONERS


Richard D. Anderson, Commissioner


Douglas C. Kunkel, Commissioner


Pamela A. Martin, Commissioner