

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

Held May 13, 2015

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 May 13, 2015. Commissioner Martin called the meeting to order at 5:00 p.m. Commissioners Anderson and Kunkel were present. District staff Robert Russell and Todd Hynek were present. John Milne, General Counsel, was also present.

CONSENT AGENDA

Approval of Minutes – Regular Board meeting of April 22, 2015.

Millennial Builders – Sewer Developer Extension Agreement – final acceptance.

Avalon Bay – Water and Sewer Extension design approval.

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

CITIZENS' COMMENTS AND CONCERNS

There were no comments from the citizens in attendance.

FINANCIAL CONSULTING SERVICES – C.P. MCAULIFFE

Russell requested authorization to retain the District's accountant to prepare the District's statement of net position and the related statement of revenues, expenses and changes in net fund position for the year ended December 31, 2014, as set forth in a letter dated May 6, 2015 from C.P. McAuliffe to the District. Following discussion, Kunkel made the motion to authorize Russell to retain McAuliffe's services for that purpose. Anderson seconded the motion, which carried unanimously.

WATER/SEWER REVENUE RECONCILIATION – FCSG

Russell recommended the District retain the financial consulting firm of FCSG to reconcile the District's water and sewer 2014 revenue forecast to actual financial performance for the water and sewer utilities, to develop a summary digest of the reconciliation results, to develop a brief presentation summarizing the results of the study and reconciliation process and to present the results to the Board of Commissioners at a retreat at a cost not to exceed \$2,010. Following discussion, Anderson made the motion to authorize Russell to retain FCSG on that basis. Kunkel seconded the motion, which carried unanimously.

STAFFING SERVICES FOR GMPC, RWQC AND NWPAAC

Russell requested authorization to make a contribution for staffing services related to the identified organizations relative to water-sewer districts as set forth in a letter dated May 7, 2015 from Cedar River Water and Sewer District. He advised the District had previously contributed the amount of \$1,500 on an annual basis for those services. Following discussion, Kunkel made the motion to authorize a payment of \$1,500 for those services. Anderson seconded the motion, which carried unanimously.

ATTORNEY'S COMMENTS

Milne provided the Commissioners with an update on legislation which had been passed by the Legislature in the recent session and signed by the Governor. ESSB 5048 made city assumptions subject to a referendum approval vote. The legislation will take effect July 24, 2015.

OPERATIONS MANAGER'S COMMENTS

Hynek reported the City of Bellevue had approved the settlement agreement with minor modifications relating to the City's payment of certain wheeling charges to the District. The City

had contended the City had over-paid the District. He reported the modifications were acceptable to Milne and the agreement had therefore been signed by Russell on behalf of the District. The District will now process payment to the City of Bellevue as provided for in the settlement agreement.

GENERAL MANAGER’S COMMENTS

Russell reported District staff continue to work on a rate study on the recovery of District costs relating to the billing of street lighting services and may have a report and recommendation at the next regular meeting. He advised the District had not increased the District’s portion of the street lighting cost since 2005.

Russell reported he had received documentation from Jim Nelson at DA Davidson, the District’s investment banker, regarding a request for proposals DA Davidson had sent to several banks to refinance the District’s USDA Rural Development Loan. He will keep the Board further advised.

Russell also reported Nelson was assisting the District relative to the review by Standard and Poor’s of the District’s current bond rating. Nelson advised there may be a possibility to pursue a rating upgrade based on projected development in the District, the District’s improved financial condition, and a new rating criteria from Standard and Poor’s. He also recommended the District update its financial policies which are currently set forth in Resolution No. 1677. Following discussion, the Board authorized Russell to work on the update of the District’s financial policies and to report back to the Board.

Russell reported the District had hosted the meeting of the Sno-King Water Alliance on May 11, 2015, which had been attended by himself, Commissioner Anderson, and District employee Tish Hunter.

Russell reported he and Commissioner Martin had attended the recent meeting of the Retrospective Rating Committee meeting. He felt the Retrospective Rating Program continued to give the District value through the rebates related to the District's workers compensation payments.

COMMISSIONER'S COMMENTS

Anderson reported on his attendance at the recent Sno-King Water Alliance meeting.

Anderson reported on his recent attendance at an Emergency Preparedness Committee meeting.

Anderson advised he planned to attend the May 20 Webinar on latecomer agreements.

Martin reported on her attendance at the recent State Association Membership Committee meeting.

Martin reported on her attendance at the recent SPU Operating Board meeting.

Martin reported on her attendance at the Retrospective Rating Committee meeting.

Martin advised she planned to attend the State Association Government Relations Committee meeting, the Technology Committee meeting, the upcoming Board of Directors meeting and workshop, the meeting of Section IV which will be held at the District office, the Seattle Landscape Group meeting, and the Conference and Training Committee meeting.

ADDITIONAL CITIZEN'S COMMENTS

There were no comments from the citizens in attendance.

EXECUTIVE SESSION – EMPLOYEE PERFORMANCE REVIEW

Russell requested an executive session to review the performance of certain employees pursuant to RCW 42.30.110(1)(g). Following discussion, Kunkel so moved on that basis. Anderson seconded the motion, which carried unanimously. Before convening the executive

session at 5:50 p.m., Martin advised the executive session would conclude at approximately 6:10 p.m. The Commissioners, Russell, Hynek, and Milne then attended the executive session. At 6:10 p.m. the executive session was extended to 6:30 p.m., which was publicly announced. At 6:30 p.m. the executive session concluded and open public meeting was reconvened.

APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 043561 through 043612 in the amount of \$267,740.02.


The Board approved for payment capital improvement fund voucher number 043613 in the amount of \$14,448.92.

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 010651 through 010673 in the amount of \$97,884.29.

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 010674 through 010683 in the amount of \$10,250.00.

OTHER DISTRICT BUSINESS

As there was no further business or persons to be heard, the meeting was concluded at 6:35 p.m.


Richard D. Anderson, Commissioner


Douglas C. Kunkel, Commissioner


Pamela A. Martin, Commissioner