

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

Held July 22, 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 July 22, 2015. Commissioner Martin called the meeting to order at 5:00 p.m. Commissioners Anderson and Kunkel were present. District Staff Robert Russell was present. Dave Hutley, Consulting Engineer, and John Milne, General Counsel, were also present.

CONSENT AGENDA

Approval of Minutes – Regular Board Meeting of July 22, 2015.

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.

REGIONAL AERIALS IMAGERY – RESOLUTION

Russell recommended the District participate in King County's 2015 Regional Aerials Project, a cooperative project involving King County and several federal agencies, state agencies, counties, cities and special purpose districts. The Project will provide high-resolution aerial imagery and related GIS data at a reduced cost. The cost to the District will be \$1,646.71. The imagery will probably be available in early 2016. Following discussion, Kunkel made the motion to approve participation in the Project, the funding agreement, and to authorize the

General Manager to sign the agreement on the District's behalf by the adoption of Resolution No. 1821. Anderson seconded the motion, which carried unanimously.

CONNECTION CHARGE TIMING

Russell reported to the Board as set forth in his memo dated July 16, 2015, on staff and consultant recommendation in response to the request by Avalon Newcastle that connection charges related to that project not be paid until the time of connection to the District's water and sewer systems. The District's current policy is to require the developer to pay applicable connection charges prior to the commencement of construction of utility extensions. The Board had previously considered the issue in 2011, but had determined not to change the District's policy when connection charges must be paid in the context of a developer extension agreement. However, based on the status of District infrastructure, staff felt it was no longer necessary to collect connection charges early in the development process, but rather could be collected at the time water meter permits were issued, and side sewer permits applied for. Proposed changes to applicable provisions in the District's form developer extension agreement to reflect the change in policy were provided to the commissioners for their consideration.

Following discussion, Anderson made the motion to change the District's policy when connection charges must be paid to the time water meter permits are issued, and side sewer permits are applied for by the adoption of Resolution No. 1822. Kunkel seconded the motion, which carried unanimously.

Russell also advised that Aegis Living had recently paid its connection charges for their assisted living project under protest. Given the District is now doing a study to update its general and local facility connection charges, Aegis had requested an agreement with the District providing that, if the District's charges applicable to their project were reduced as a result of the

study, they would then be given a refund in the difference between what they paid and what the new charges were. Russell and Milne advised what the Board's options were in response to the Aegis request, including: (1) take the request under advisement; (2) deny the request; (3) approve the request as proposed, and direct staff to prepare an agreement to memorialize the agreement; or (4) approve the request as modified, and direct staff to prepare an agreement to memorialize the agreement if the charges were reduced, they would receive an refund, but if the charges increased, they would be required to pay the difference between what they had previously paid and what the new charges were.

Following discussion, Kunkel made the motion to take the matter under advisement. Anderson seconded the motion, which carried unanimously.

PUBLIC HEARING – STREET LIGHTING SYSTEM NO. 91

Martin opened the public hearing on the proposed establishment of Street Lighting System No. 91. She introduced the other commissioners, District staff and the consultants, and advised the purpose of the hearing was to provide the opportunity for interested parties to address the Board whether the Street Lighting System should be established.

Milne then reported on the District's legal authority to establish street lighting systems pursuant to RCW 57.08.060.

Russell then reported on the homeowner association (HOA) resolutions and petitions the District had received to establish the street lighting system to authorize the District, on behalf of Puget Sound Energy, to bill the benefitted property owners for the cost of the street lighting service. Russell advised notice of the public hearing had been published twice in the Seattle Times and a letter from the District regarding the hearing had been mailed to all of the property owners in the area who would be included in and billed for the street lighting system if formed.

He further advised the District's current charge for street lighting service was \$6.00 billed on a bi-monthly basis.

Martin then invited comments from any interested person who had signed up to speak regarding the proposed formation of the street lighting system.

Mr. Tom Magers, a resident of the Carpine Plat and a member of the Carpine HOA, spoke in favor of the formation of the street lighting system. He felt billing each property owner in the area who benefitted from the street lighting system would be equitable and fair because everyone would then pay the same charge. He also noted that petitions or resolutions on behalf of 61 or the 67 affected properties had been submitted to the District, so establishing the system had strong neighborhood support.

As there were no further persons who wished to address the Board regarding the matter, Martin then closed the portion of the public hearing for public comments. She then advised the commissioners regarding the Board options relative to the establishment of the proposed street lighting system, including establishing the system, not establishing the system, or taking the matter under advisement.

Following discussion, Anderson made the motion to establish Street Lighting System No. 91 by the adoption of Resolution No. 1823. Kunkel seconded the motion, which carried unanimously. District staff will now commence billing the affected property owners for the street lighting service with their next District billing. Martin then closed the public hearing.

ATTORNEY'S COMMENTS

Milne reported on the water developer extension agreement for the Atlas Apartments Project submitted for approval and execution on the consent agenda. However, staff had noted the signature authority of the party who had signed the agreement on behalf of the developer,

Solterra Newcastle, LLC, was not clear and had requested Milne review the matter. Following his review, Milne advised the party signing the extension agreement should clarify their signature authority, but recommended the Board approve the extension agreement subject to clarification to the satisfaction of staff and Milne. Following discussion, Kunkel so moved as recommended by Milne. Anderson seconded the motion which carried unanimously.

AVALON NEWCASTLE PROJECT

Mr. Edward Lammas, on behalf of Newcastle Joint Venture, LLC, the developer of the Avalon Newcastle project, requested clarification of the District's recently revised connection charge payment policy. Given the Avalon Newcastle project will have several buildings, he asked whether all of the project's connection charges would be due and payable when the first building connected to the District's utility systems, or whether only the connection charges related to that building's equivalent residential units (ERUs) would be due and payable at the time of connection. Hutley explained only the connection charges related to the building connecting to the District's utility systems would be due and payable at the time of connection of the building to the utility systems.

Given the Board had modified the District's connection charge payment policy, Mr. Lammas advised Newcastle Joint Venture now desired to enter into a developer extension agreement with the District as soon as possible so the installation of utility extension improvements for the project could proceed. However, because the Board would not meet again until August 12 and Newcastle was ready to proceed, he asked the Board authorize District staff to approve the execution of an extension agreement with Newcastle Joint Venture. He represented agreement had been reached to modify the extension agreement term for completion

to three years, the District had approved the designation of the developer's engineer, and the extension designs had already been received final approval.

The Commissioners then discussed the extension agreement request and favored allowing the developer to proceed with an extension agreement as soon as possible. Milne advised the Board had the options to (1) wait until the August 12 Board meeting to approve the extension agreement, (2) schedule a special meeting before the August 12 meeting to consider and approve the agreement, or (3) delegate to staff the authority to sign the extension agreement on behalf of the District when in a form acceptable to staff.

Following discussion, Kunkel made the motion to delegate to staff the authority to sign the extension agreement on behalf of the District when it was in a form acceptable to staff as confirmed by District counsel. Anderson seconded the motion, which carried unanimously. Mr. Lammas thanked the Board for accommodating his request.

ENGINEER'S COMMENTS

Hutley advised there had been a change of ownership in the Eden Ridge project, which was now proceeding pursuant to the previously approved extension design plans.

Hutley requested approval of his proposal dated July 10, 2015, to provide engineering services to the District relative to the 440 Reservoir Recoating Project. Following discussion, Kunkel made the motion to approve the scope of work and "not to exceed" fee in the proposal. Anderson seconded the motion, which carried unanimously.

GENERAL MANAGER'S COMMENTS

Russell reported he had discussed possible position changes of District employee Dennis Axt to crew lead and Jamie Crookston to full time administrative assistant. Both employees advised they would accept those offers. Following discussion, the Board confirmed Russell's

authority to offer those positions to those employees, to be effective August 1, 2015. Both employees will start at the beginning wage levels for those positions.

Russell provided the commissioners with copies of a study prepared by Puget Sound EMF Testing relating to the cell antennas mounted on the roof of the building adjacent to the District's administration building. Russell was concerned regarding possible health effects on District employees who worked in the administration building proximate to the antennas. However, the report concluded the work space at the District building was safe. Therefore, Russell has determined to not take any further action relative to the antennas.

COMMISSIONERS' COMMENTS

Anderson reported on his attendance at the most recent State Association Technology Committee meeting.

Martin reported she had attended a special meeting of the Seattle Operating Board that afternoon and, because Seattle representatives had requested confidentiality regarding the meeting discussion until a press release was issued on Monday, July 27, Martin advised she had briefed District staff regarding the meeting's discussion topics but would not report further in open public meeting.

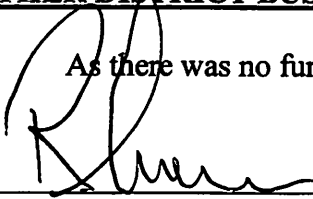
APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher No. 043740 in the amount of \$3,125.49.

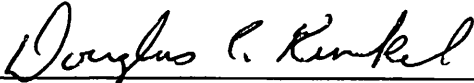
The Board approved for payment Capital Improvement Fund Voucher No. 043741 through 043769 in the amount of \$51,317.24.

OTHER DISTRICT BUSINESS

As there was no further business, the meeting concluded at 6:25 p.m.



Richard D. Anderson, Commissioner



Douglas C. Kunkel, Commissioner



Pamela A. Martin, Commissioner