

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

Held March 26, 2014

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 26, 2014. Commissioner Anderson called the meeting to order at 5:00 p.m. Commissioners Kunkel and Martin were present. District Staff Robert Russell, Todd Hynek and Patty Shank were present. John Milne, General Counsel, and Dave Hutley, Consulting Engineer, were also present.

CONSENT AGENDA

Approval of minutes – regular Board meeting of March 12, 2014.

Millennial Builders – Developer Extension Agreement – sewer design approval.

Trails at Newcastle – Developer Extension – final acceptance.

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

CITIZENS' COMMENTS AND CONCERNS

There were no citizens in attendance.

LATECOMER AGREEMENT

Russell advised the District had received an application for a latecomer agreement for the sewer extension associated with the Lawrence Park project. He advised that PACE Engineers have prepared a preliminary draft latecomer reimbursement agreement, but Staff, the Engineer and Counsel now needed direction regarding the District's latecomer reimbursement policy. Russell advised the District had adopted a latecomer reimbursement policy by Resolution No. 961 in January 1987, which provided for a 10 year reimbursement period. The last latecomer reimbursement agreement, which was processed by District in 2002 for the Highlands of

Newcastle project established a 10 year reimbursement period. However, when the District updated its developer extension agreement in September 2012, an updated reimbursement agreement had been included in the extension agreement, which provided for a 15 year reimbursement period. Further, Russell advised the reimbursement statute had been amended in 2006 and the District's reimbursement policy had not yet addressed the amendments to that statute. Therefore, he requested Board direction regarding various policies applicable to applications to the District for latecomer reimbursement.

He further advised that, based on a staff survey of other districts, most districts allowed for the maximum reimbursement period of 15 years. Most districts also require the payment of a 20% administrative fee to process latecomer payments received. Several districts also require a public hearing and notice to affected property owners before the reimbursement agreement was considered for district approval and then, once approved, was recorded. Most districts also require developers requesting reimbursement agreements to pay all costs to prepare and process the latecomer agreement but those charges were not included in the cost of the extension which was assessed on a pro rata basis to property owners making latecomer payments.

Following discussion, Kunkel made the motion to authorize and direct Staff to prepare a latecomer reimbursement policy for further Board consideration based on (1) a 15 year reimbursement period, (2) a public hearing process, (3) the developer paying all costs and expenses to prepare and process the reimbursement application, and (4) a 20% District administrative charge deducted from latecomer payment received to cover District costs. Martin seconded the motion, which carried unanimously. Russell advised he hoped to have a draft policy for consideration by the Board at the District's April 23, 2014 Board meeting, with the understanding that, once the Board adopted the updated policies, the Lawrence Park application for a sewer reimbursement agreement would then be considered based on the updated policies.

ATTORNEY'S COMMENTS

Milne reported the Brightwater litigation was concluded on March 14, 2014 and he will now close his file on the matter.

ENGINEER'S COMMENTS

Hutley provided the Commissioners with copies of a letter dated March 26, 2014 reporting on the status of the District's water and sewer system plan, which had been approved by the King County UTRC on March 19, 2014. The system plan will now be transmitted to the King County Council with the expectation of approval by ordinance by mid-July, 2014. However, the State Department of Ecology was now reviewing the plan, and he will advise further if DOE has any comments.

Hutley provided with the Commissioners with a status report on various engineering projects as set forth in a memo dated March 26, 2014.

OFFICE MANAGER'S COMMENTS

There were none.

OPERATIONS MANAGER'S COMMENTS

There were none.

GENERAL MANAGER'S COMMENTS

Russell advised he had discussed the status of the power billing for the monolith at Newport Woods with the Newcastle City Manager who had advised the City would now be responsible for the cost of the billing.

Russell advised he and Milne were now reviewing the contract with Elavon regarding the online payment of District utility bills to determine whether the contract could be modified or terminated. Russell advised, contrary to representations by Elavon, the District did not qualify

for certain required services. However, Russell advised he had received a proposal from Paymentus to provide the required services, which he and Milne were now reviewing. He will keep the Board further advised.

Russell advised he had notified the providers of the Satin Systems software, which the District currently used that it was the District's intent to purchase new utility billing and financial software for implementation in 2015.

Russell advised that District Staff and Milne had responded to the issues raised by the auditor relating to the audit of the District for the year 2012. The auditor had suggested the District contact the Helpdesk at the State Auditor's Office for direction on certain issues. Staff had done so and the Helpdesk had provided responses to the issues. He will now review the responses with Milne and keep the Board further advised.

COMMISSIONERS' COMMENTS

Martin reported on her attendance at two State Association Strategic Planning Committee meetings.

Martin reported on her attendance at the recent State Association Section IV meeting.

Martin reported on her attendance at the Water and Sewer Risk Management Pool Semi-Annual meeting.

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

Martin reported on her attendance at the State Association Board of Directors meeting.

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

Kunkel reported on his attendance at the most recent Newcastle Chamber of Commerce meeting. He also advised of Chamber-sponsored activities scheduled for April 9, 19, and 24.

Anderson advised he had also attended most of the State Association Committee meetings attended by Martin and therefore no further report was necessary.

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

ADDITIONAL CITIZENS' COMMENTS AND CONCERNS

There were no citizens in attendance.

APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher No. 042622 through 042647 in the amount of \$60,766.44.

The Board approved for payment Capital Improvement Fund Voucher No. 042648 in the amount of \$27,170.55.

EXECUTIVE SESSION - SALE OF REAL PROPERTY

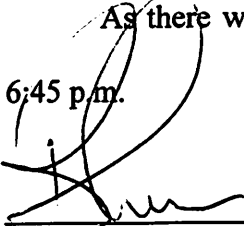
Russell requested an Executive Session pursuant to RCW 42.30.110(1)(c) to discuss the possible sale of District real estate. Following discussion, Kunkel so moved on that basis. Martin seconded the motion, which carried unanimously. Before convening the Executive Session at 6:10 p.m., Anderson advised the Executive Session would be concluded at approximately 6:30 p.m. Milne was then excused from the meeting. The Commissioners, Russell and Andy Maron, Special Counsel, then attended the Executive Session. At 6:30 p.m., the Executive Session was extended until 6:40 p.m., which was publicly announced. At 6:40 p.m., the Executive Session was concluded and open public meeting was reconvened.

Following discussion, the Board authorized and directed Commissioner Kunkel and the General Manager to meet with representatives from the City of Newcastle to discuss the City's interest in acquiring the District's former operation center.

OTHER DISTRICT BUSINESS

As there was no further business or persons to be heard, the meeting was concluded at

6:45 p.m.



Richard D. Anderson, Commissioner



Douglas C. Kunkel, Commissioner



Pamela A. Martin, Commissioner