

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

Held March 11, 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 March 11, 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. Dave Hutley, Consulting Engineer, and John Milne, General Counsel, were also present.

CONSENT AGENDA

Approval of minutes - Regular Board Meeting of February 25, 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.

STREET LIGHTS - CARPINE PLAT - MADISON LANE – HAWKVIEW RIDGE

Russell reported that property owners within the Carpine Plat have requested the District form a street lighting district to equitably allocate the cost of street lighting services in that area.

Mr. Tom Magers, the President of the Carpine Plat Homeowners Association, advised eleven homes within that Plat were currently billed for ten street lights. However, he advised that in adjacent plat, the Madison Lane Homeowners Association, were only billed for nine street lights although there were forty-four lots within that development. He also felt the Hawkview Ridge development and certain properties located near the intersection of SE 72nd Street and

116th Avenue SE, should also pay their fair share for street lights in the area that benefited those properties. If a street lighting district was formed, it was his understanding the District could bill each lot owner within the district for street lighting service. Magers advised Puget Sound Energy, the entity that owned the street lights and provided the power for those lights, currently bills the Carpine and Madison Lane HOAs for the street lighting service provided in the area.

Mr. Andre Schimmelbusch, the President of the Madison Lane Homeowners Association, advised he would consult with his HOA members to determine whether they supported the formation of a street lighting District.

Milne and District staff then addressed the possible formation of the street lighting area. Milne stated there was an issue whether the District had the legal authority to form the street lighting area after the street lights had already been installed and PSE was already billing the HOAs in that area for the cost of the street lights. Further, if the street lighting district was formed, the individual lots owners would then be billed by the District for the service and the District would then, in turn, pay PSE for the street lighting service.

Following discussion, the Board determined to take the matter under advisement and requested that staff and Milne report further regarding the proposal at the next regular meeting.

ATTORNEY'S COMMENTS

There were none.

ENGINEER'S COMMENTS

There were none.

OPERATIONS MANAGER'S COMMENTS

Hynek reported the Varney subdivision water and sewer extension improvements were ready for final acceptance, except for certain manhole coating work had not been completed due

to weather conditions. Therefore, he recommended the extension improvements be granted final acceptance, conditioned on the completion of the manhole coating work. If the Board granted the conditioned final acceptance, Hynek advised the project's two year maintenance bond would not become effective until the coating work was completed and approved by the District. Following discussion, Kunkel made the motion to grant final acceptance to the project's water and sewer extension improvements, conditioned on the completion on the manhole coating work. Anderson seconded the motion, which carried unanimously.

Hynek requested approval of a change order in the amount of \$17,937.16, not including tax, relating to the District's 2015 SCADA system additions as set forth in a proposal dated February 24, 2015 from the project vendor. Following discussion, Kunkel made the motion to approve the change order as recommended by Hynek in the amount of \$17,937.16, not including tax. Anderson seconded the motion, which carried unanimously.

Hynek also requested that a pay request relating to the SCADA project in the amount of \$109,351.75, including tax, be approved. Following discussion, Anderson made the motion to approve payment to the project vendor in that amount as recommended by Hynek. Kunkel seconded the motion, which carried unanimously.

GENERAL MANAGER'S COMMENTS

Russell reported the District had received a letter dated March 3, 2015, from the United States Department of Agriculture (USDA) requesting the District refinance its USDA Rural Development (RD) Loan. The balance of that loan was currently \$564,000.00. Russell advised that the District was currently in year ten of a forty year RD Loan. He had discussed the USDA's request with USDA representatives who felt the District had sufficient funding to pay-off or refinance a loan. However, Russell had advised USDA staff that the District's current funding

was dedicated to pay for existing CIP projects, and that the State Public Works Trust Fund Loan program was currently not making loans for capital projects. Following discussion, the Board authorized and directed Russell to respond to the USDA letter expressing the District's concerns regarding the difficulties in refinancing RD Loan. The Board also directed the General Manager to check with the District's investment banker regarding the possibility of selling a district revenue bond to refinance the RD Loan or to make additional funding for other District projects, and if so, at what rate cost. Russell will report back to the Board.

Russell noted an email dated March 4, 2015 from District customer Daryl Austin commending District employee Patty Shank for the professional and courteous assistance she had provided Austin relating to certain utility matters.

COMMISSIONER'S COMMENTS

Anderson reported on his attendance at a recent State Association Emergency Preparedness Committee meeting.

Anderson advised he planned to attend the State Association Government Relations Committee meeting, which would be held on Thursday, March 12, 2015.

Anderson commended Shank for the positive feedback she had received from the District customer.

Anderson expressed his appreciation for the dedication and hard work of the office staff that currently have a greater workload until additional staffing was hired.

Kunkel also commended Shank for the positive feedback from the District customer.

Martin reported she had attended the State Association Commissioners' Workshop and provided staff with certification that she had received public records training at the Workshop.

ADDITIONAL CITIZENS' COMMENTS

There were no comments from the citizens in attendance.

EXECUTIVE SESSION - BELLEVUE WHEELING CHARGE - POTENTIAL LITIGATION

Hynek and Milne requested an executive session to discuss matters relating to the Bellevue wheeling charge that could potentially involve the District in litigation. Kunkel then made the motion to convene an executive session pursuant to RCW 42.30.11(1)(i) to discuss that matter. Anderson seconded the motion, which carried unanimously. Before convening the executive session at 6:00 p.m., Martin advised the executive session would conclude at approximately 6:30 p.m. The Commissioners, Russell, Hynek, and Milne then attended the executive session. At 6:30 p.m., the executive session was concluded and open public meeting was reconvened. District staff and counsel will keep the Board further advised regarding the wheeling charge matter.

APPROVAL OF VOUCHERS

The Board approved for payment of Water/Sewer Maintenance Fund Voucher Nos. 043438 through 043467 in the amount of \$268,515.96.

The Board approved for payment Capital Improvement Fund Voucher Nos. 043468 in the amount of \$109,351.75.

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 10586 through 10608 in the amount of \$103,905.69.

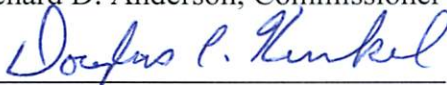
The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 10609 through 106018 in the amount of \$10,250.00.

OTHER DISTRICT BUSINESS


As there was no further business or persons to be heard, the meeting was concluded at
6:40 p.m.



Richard D. Anderson, Commissioner



Douglas C. Kunkel, Commissioner



Pamela A. Martin, Commissioner