

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

Held on June 28, 2017

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 June 28, 2017. Commissioner Ric Anderson, Board President, called the meeting to order at 5:00 p.m. Commissioner Pam Martin, Board Vice President, and Commissioner Doug Kunkel, Board Secretary, were also in attendance. District Staff Robert Russell, General Manager, and Tish Hunter, Finance Manager, were present. John Milne, general counsel, was also present.

APPROVAL OF AGENDA

Following discussion, Commissioner Kunkel made the motion to approve the agenda. Commissioner Martin seconded the motion, which carried unanimously.

CONSENT AGENDA

Approval of Minutes – Regular Meeting of June 14, 2017

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

CITIZENS' COMMENTS / CONCERNS

There were no comments from the citizen in attendance.

KING COUNTY ELECTIONS REQUEST

Russell reported that the King County Elections Office had requested permission to permanently locate an elections ballot box at the District office building. He advised District staff had initially favorably considered the request, but had since determined the ballot box was a large facility and the District may not have sufficient space for the box in the area fronting the

District office building. The Elections Office did not have a smaller sized box. The ballot box would also have to be placed next to the District's mail box, and separate drop box for customer utility payments.

Chris Rudolph and Kendall Hodson, King County Elections staff, were in attendance and again requested the Board approve the siting of a ballot box fronting the District office building. They advised the box would only receive ballots during elections, and because it would be checked on a daily basis, any District mail or utility customer payments inadvertently deposited into the ballot box would be returned to the District immediately.

Commissioner Anderson stated he supported the concept to encourage voting, but had several concerns regarding siting the ballot box in front of the District office building due to its size. He felt the box would be out of scale with and would detract from the appearance of the office building, and may confuse District customers.

Commissioner Kunkel shared Commissioner Anderson's concerns, and was also concerned the ballot box could be mistaken by District customers for the District's bill payment drop box. He asked if the ballot box, as installed, would be permanent, or if it could be removed during non-election periods.

County staff advised they would check with the County's supplier to see if a smaller ballot box was available. They also advised the box would be permanently installed, as it was internally bolted to the concrete pad upon which it would be placed.

Commissioner Martin supported the installation of the ballot box to encourage voting and felt it would not create confusion for District customers because it was non-operational during non-election periods.

Milne recommended that, if the Board approved the installation of ballot box, the District should retain the right to require its removal, and that a written agreement include basic risk management provisions such as indemnity and insurance.

Commissioner Anderson then advised he was opposed to the installation of the box, feeling it was simply too big and out of scale with the District's building, but that he would reconsider his position if the County provided a smaller box.

Commissioner Kunkel advised that he too opposed the installation of the box due to its size and permanent nature.

Commissioner Martin repeated her support for the placement of the box at the District office. Therefore, she made a motion to approve the placement of the box at the District office. However, the motion died for lack of a second.

County staff then advised they would look into obtaining a smaller ballot box, and that there may be an alternative location for a ballot box at Newcastle City Hall, which was more centrally located.

MAY 23, 2017 BOARD WORKSHOP MEETING MINUTES

Russell advised there were several comments on the draft minutes of the Board's May 23, 2017 workshop meeting and had recommended consideration of the draft minutes be tabled until all commissioners were present to discuss them. The Board then considered comments on the draft minutes from Commissioners Martin and Kunkel.

With respect to Commissioner Martin's concern regarding the definition of "non-peak" air fare, Commissioner Kunkel explained the concept was to purchase air fare well in advance of attending conferences or other District activities to obtain lower fares, as opposed to purchasing air fare closer to the date of the conference or activity when fares were higher. Commissioner

Martin supported the concept, noting she had purchased her airfare in January, 2017, to attend the AWWA conference in June, 2017.

The commissioners also discussed whether to purchase refundable as compared to non-refundable airfare, and determined not to purchase refundable air fare due to its high cost. Trip insurance was a more reasonably priced alternative, as long as the conditions to use the insurance were satisfied.

Commissioner Anderson expressed concern that Commissioner Martin had purchased first class air fare to return from the AWWA conference, and felt that purchase should have been submitted to the Board for approval before the purchase was made. Commissioner Martin advised she had taken the train one-way to the AWWA conference and had returned by air, and that the combined cost was less than round trip coach airfare to the conference. Therefore, she felt she had saved the District money in doing so. However, she noted she would not purchase first class airfare again on the District credit card.

Commissioner Kunkel also thought it was not appropriate to purchase first class airfare, and it was his understanding Commissioner Martin was going to prepare a memorandum explaining the rationale for her travel expenses for review by the State Auditor's Office to determine whether the purchase of first class airfare was appropriate before the trip was taken. However, it was Commissioner Martin's understanding, that after her trip to Philadelphia, she would submit her trip expense report with an explanation of the justification of the one-way first class airfare, which was less than the round trip coach airfare. It was also her understanding that District management staff would then request an opinion from the State Auditor's office if the travel expense was appropriate.

Following discussion, the Board authorized staff to include the concept of non-peak air fare in the conference attendance and travel policy to be developed by District staff and counsel, but to provide further definition in the policy of “non-peak”. The Board also directed staff and counsel to define the term “common carrier” in the policy. Staff will revise the May 23, 2017, Board meeting minutes to be consistent with commissioner intent as expressed at the May 23 meeting and submit the minutes for approval at the next regular meeting on the consent agenda.

HRA VEBA RESOLUTION

Hunter recommended the Board formally adopt and ratify the District’s policies and procedures regarding employee and commissioner VEBA accounts by resolution. Following discussion, Commissioner Martin made the motion to adopt Resolution No. 1850 ratifying and authorizing the use of a health reimbursement arrangement/voluntary employee beneficiary association plan for District commissioners and employees. Commissioner Kunkel seconded the motion, which carried unanimously.

SEPA

Russell and Milne recommended the District SEPA policy be updated. The policy has not been revised since 1984, and several revisions and amendments have been made to the state statute and administrative regulations regarding environmental regulations since the policy was adopted. They also advised state law required a public hearing on proposed revisions to the policy before adoption. Following discussion, the Board determined to hold a public hearing on the proposed revisions to the District’s SEPA policies to be held at the July 26, 2017, regular Board meeting commencing at 5:30 p.m. Staff and counsel will have notice of the hearing published in the District’s newspaper or record and keep the Board further advised.

ATTORNEY’S COMMENTS

The attorney had no comments.

APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 1737 through 1759 in the amount of \$33,806.43.

The Board approved for payment Water/Sewer Maintenance Fund – Direct Deposit – Payroll in the amount of \$12,600.00.

FINANCE MANAGER'S COMMENTS

Hunter advised the District's financial statement was almost complete and would then be filed with the State. Once the financial statement was completed, District staff would then work with FCS Group, the District's rate consultant, on the rate study.

Hunter advised District staff is reviewing asset management systems for possible acquisition.

Hunter advised the District was presently soliciting bids for janitorial services.

Hunter advised she would attend a Vision users' group conference October 11-13, 2017.

OPERATIONS MANAGER'S COMMENTS

Russell, in the absence of the Operations Manager, reported the cleaning of the 580 Reservoir exterior had recently been completed and District staff had determined the tank's exterior should now be repainted. Staff will report further to the Board on that possible project, which may be scheduled for the year 2018.

GENERAL MANAGER'S COMMENTS

Russell proposed the Board schedule a workshop to discuss possible revisions to the District's capital improvement plan and other matters. Following discussion, the Board

determined to schedule a special Board meeting workshop on Wednesday, July 19, commencing at 2:00 p.m. at the District office to discuss the CIP and other District business.

Russell reported staff had recently discovered a website for the on-line payment of District utility billings which appeared to be a District website, but it was not. The website had apparently been established by Doxo to provide a third-party bill pay service for District customers. The District has a contract with Paymentus to process on-line utility billing payments, and has no affiliation with and has not endorsed Doxo. District customers are not charged any fee to use the Paymentus service, and their payment is quickly posted to their accounts. However, District customers using the Doxo service are charged a fee, and the payment on their utility account may be delayed. Russell advised he had reported the existence of the Doxo website to the Insurance Pool, and had discussed his concerns regarding confusion which could be created by the Doxo website with Doxo representatives.

Milne identified options for the Board in terms of reacting to the Doxo website, including advising Paymentus that the District had no affiliation with and had not endorsed the Doxo bill pay service, and also including a warning on the District's website and District billing statements to customers that third party bill pay services, other than Paymentus, were not affiliated with or endorsed by the District, and that District customers who use such third party services may be charged fees to use the service, and their payments to the District may be delayed; if their payments are delayed, they may be late and the customer would then incur a late fee.

Hunter reported that she had been contacted by a customer who may have used a non-Paymentus bill pay service, had been charged to use the service, and had an incurred a District late fee because their payment to the District from the bill pay service had been late.

Following discussion, there was Board consensus to direct staff to place a notice on the District's website advising of the District's on-line bill pay service through Paymentus where there was no fee or charge to use the service, payments were posted quickly to the account of the customers using the Paymentus service, and advising of the issues relating other third party on-line bill payment services which charged fees and may not promptly pay utility billings. The Board also authorized and directed Russell and Milne to contact the Executive Director of the State Association, advise the Executive Director of the District's concerns regarding the third party on-line bill payment services, and determine whether the Association would be interested in taking action relative to the matter on behalf of the Association's members, many of whom are impacted by the Doxo service.

COMMISSIONERS' COMMENTS

Commissioner Martin reporting on her attendance at the State Association Board of Directors meeting on June 26, 2017.

Commissioner Martin reported on her attendance at the AWWA National Conference.

Commissioner Anderson reported on his attendance at the State Association Board of Directors meeting.

Commissioner Anderson reported on his attendance at the most recent State Association Conference and Training committee meeting. He advised the Commissioners' Workshop has been scheduled for Saturday, January 27, 2018.

ADDITIONAL CITIZEN'S COMMENTS

There were no comments from the citizens in attendance.

OTHER DISTRICT BUSINESS

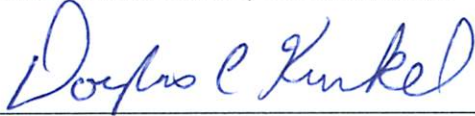
As there was no further business or persons to be heard, the meeting concluded at 6:55

p.m.

BOARD OF COMMISSIONERS



Richard D. Anderson, Commissioner



Douglas C. Kunkel, Commissioner



Pamela A. Martin, Commissioner