

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

Held on October 23, 2019

A special meeting of the Board of Commissioners of Coal Creek Utility District was held at the District Office, 6801 – 132nd Place SE, Newcastle, Washington, on October 23, 2019. Commissioner Kunkel, Board President, called the meeting to order at 4:00 p.m. Commissioner Ric Anderson, Board Vice-President, and Commissioner Pam Martin, Board Secretary, were also in attendance. District staff Robert Russell, General Manager, Anne Paige, Finance Manager, and Patrick Martin, Operations Manager, were present. John Milne, District legal counsel, was also present.

APPROVAL OF AGENDA

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

FCS GROUP – WATER/SEWER RATE STUDY UPDATE

Sergey Tarasov, the District’s financial consultant from FCS Group, presented the results of a water and sewer rate study update as set forth in a power point report dated October 23, 2019. The District previously implemented a three year rate strategy and now required a revenue requirement update for the next five year rate-setting cycle to account for the District’s latest financial, growth and capital activity. Based on Tarasov’s determination of the annual revenue necessary to fund obligations, and to balance the District’s financial needs and minimize customer impacts, Tarasov reported that no change in the District’s water and sewer utility rates would be necessary in the 2020 – 2024 study period. However, he recommended the District continue to monitor revenues and expenditures during the study period to make sure they follow assumptions

included in the study. He also recommended the District undertake another review of District rates in 1 – 2 years. The Commissioners thanked Tarasov for his report and recommendations and took the matter under advisement.

ATTORNEY'S COMMENTS

Milne reported that the oral argument of the city excise tax appeal has been scheduled before the Washington Supreme Court for January 16, 2020. He also reported the appellant districts had requested additional time to argue the appeal.

ENGINEER'S COMMENTS

There were no engineer comments.

FINANCE MANAGER'S COMMENTS

Paige recommended a special Board meeting be scheduled for Wednesday, November 20, 2019, at 4:00 p.m. for an exit conference with State Auditor's Office representatives relating to the audit of the District for the year 2018. Following discussion, the Board determined to schedule a special meeting for Wednesday, November 20, 2019, at the District office commencing at 4:00 p.m. for an audit exit conference with State Auditor's Office representatives.

OPERATIONS MANAGER'S COMMENTS

Mr. Martin reported on the proposed settlement and release agreement with Ferguson Enterprises and Sensus USA regarding defective iPERL water meters the District had purchased from those entities which had been defective. Ferguson/Sensus had agreed to replace all of the defective meters, and install new meters with an extended warranty at their cost. The Board had approved the proposed settlement and release agreement at the September 25, 2019, Board meeting and authorized the General Manager to sign the agreement on the District's behalf. Mr. Martin reported a meeting with Sensus was scheduled for October 30, 2019, to discuss defective water

meter replacement. However, Ferguson had recently requested certain changes to the settlement and release agreement. District staff are working with the District's attorney on the matter and will keep the Board further advised.

GENERAL MANAGER'S COMMENTS

Mr. Russell reported he had confirmed with State Auditor's Office representatives that the District must perform a request for qualifications (RFQ) process to retain a consultant to update the District's comprehensive plan, as opposed to a request for proposals process (RFP). The matter will be discussed further at a future Board meeting.

Mr. Russell reported on the results of the election of representatives on the Retrospective Rating Board. He also reported that proposals had been received for the program's third-party administrator which will be considered at the next Retrospective Board meeting on November 14, 2019.

COMMISSIONERS' COMMENTS

Commissioner Martin reported she planned to attend the State Association Board of Directors meeting on October 28, 2019.

Commissioner Anderson reported on his attendance at the recent State Association Government Relations Committee meeting.

Commissioner Anderson reported on his attendance at the recent State Association Conference and Training Committee meeting.

Commissioner Anderson reported he planned to attend the State Association Board of Directors meeting on October 28, 2019.

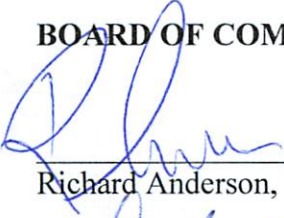
OTHER DISTRICT BUSINESS

There was no further District business.

ADJOURNMENT

As there was no further business or persons to be heard, the meeting concluded at 4:55 p.m.

BOARD OF COMMISSIONERS



Richard Anderson, Commissioner



Douglas Kunkel, Commissioner



Pam Martin, Commissioner