

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

Held on November 9, 2016

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 November 9, 2016. Commissioner Ric Anderson, Board Vice President, called the meeting to order at 5:05 p.m. Commissioner Pamela Martin, Board Secretary, was present. Board President Doug Kunkel attended the meeting later as these minutes indicate. District Staff Robert Russell, General Manager, Patrick Martin, Operations Manager, and Tish Hunter, Finance Manager, were present. John Milne, general counsel, was also present.

APPROVAL OF AGENDA

Russell requested an executive session to discuss potential litigation relating to the 440 Reservoir recoating project. Commissioner Anderson proposed to move the 440 agenda item to follow “Additional Citizens Comments” at the end of the meeting. Following discussion, Commissioner Martin made the motion to approve the agenda as amended to consider the 440 Reservoir matter at the end of the meeting. Commissioner Anderson seconded the motion, which carried unanimously.

CONSENT AGENDA

Approval of minutes – Regular Board Meeting of October 26, 2016

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

CITIZENS' COMMENTS / CONCERNS

There were no comments from the citizens in attendance.

KING COUNTY FRANCHISE STATUS

Russell and Milne reported on the status of an ordinance considered by the King County Council to increase costs and expenses to obtain a franchise to locate, operate and maintain utilities in County right-of-way, and to obtain right-of-way permits to do so. The King County Council has adopted the ordinance at its November 7, 2016, meeting. The adopted ordinance also included a provision for the payment of annual “rent” to use County right-of-way. Russell reported he has submitted a letter to the County in opposition to the ordinance before it was adopted. Several other water-sewer districts, the State Association, Seattle City Light, and private utilities such as Puget Sound Energy had also provided letters in opposition to the ordinance and had testified at the public hearing on the matter. Milne advised that he or another attorney in his office would address the adopted ordinance at the State Association Sec. IV meeting to be held at Soos Creek Water and Sewer District on Monday, November 21, 2016 at 7:00 p.m. Milne also advised that he or another attorney in his office would address the adopted ordinance at the State Association Board of Directors meeting to be held at the Association office on Monday, November 28, 2016, at 1:30 p.m. He and Russell will keep the Board further advised.

TELEPHONE SYSTEM

Ms. Hunter reported at the October 26, 2016, Board meeting that she had received bids on a new telephone system for the District. The District’s present system was old and needed to be upgraded. She advised that quotes had been solicited from several vendors and reported that Soundtel had submitted the low bid of \$13,271.88, not including tax. She recommended the equipment/system be purchased from Soundtel as the lowest responsible bidder. Following

discussion, Commissioner Martin so moved. Commissioner Anderson seconded the motion, which carried unanimously.

ATTORNEY'S COMMENTS

There were none.

ENGINEER'S COMMENTS

The engineer was unable to attend the meeting.

APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 1211 through 1251 in the amount of \$297,092.03.

The Board approved for payment Water/Sewer Maintenance Fund - Direct Deposit – Payroll in the amount of \$105,895.65.

The Board approved for payment Water/Sewer Maintenance Fund - Direct Deposit – Payroll in the amount of \$12,100.00.

Commissioner Kunkel attended the meeting at 5:20 pm.

FINANCE MANAGER'S COMMENTS

Ms. Hunter reported that representatives from the State Auditor's Office would commence the audit of the District for the year 2015 the week of November 14, 2016.

OPERATIONS MANAGER'S COMMENTS

Mr. Martin reported that, as previously authorized by the Board, certain hazard trees had been removed at the 440 Reservoir site.

Mr. Martin reported that interviews for the vacant District meter reader position had been completed that day and that District staff were considering three candidates for the position.

Mr. Martin reported that the work to undertake emergency repair work on a District manhole located in the intersection of Coal Creek Parkway and Newcastle Way was scheduled to be performed on November 14 and 15, 2016. City of Newcastle staff had agreed the work would not be restricted to the weekend.

GENERAL MANAGER'S COMMENTS

Russell reported it was his understanding the City of Newcastle was considering imposing a utility tax on the District's utility service revenues as part of the City's 2017 budget. Milne reported on city taxing authority, but noted he may have a conflict and would not be able to advise the District on the taxing matter if such was further considered by the City. Following discussion, the Board took the matter under advisement.

COMMISSIONERS' COMMENTS

Commissioner Martin reported on her attendance at the recent Seattle Operating Board meeting.

Commissioner Anderson stated he felt the District's newsletter which had recently been mailed to District customers was well written and contained useful information.

ADDITIONAL CITIZEN'S COMMENTS

Gordon Bisset, a District customer and City of Newcastle City Councilmember, addressed the City's consideration of possible additional taxes to balance the City's 2017 budget, and the fact that any business and occupation tax the City Council might adopt may be subject to citizen referendum.

Bisset also addressed the possible closure to the public of a road located along the northern boundary of the QFC shopping center area that may be privately owned.

EXECUTIVE SESSION – POTENTIAL LITIGATION – RCW 42.30.110(1)(i) – 440

RESERVOIR RECOATING PROJECT

David Hutley, the District's consulting engineer with PACE Engineers, had reported at the October 26, 2016, Board meeting on the status of the interior and exterior 440 Reservoir tank repaint project. He advised at that time that the deadline to complete the project work was October 26, 2016, but that the contractor had not yet completed the project. Significant work remained on the project, but much of the remaining work was dependent on favorable weather. The project contractor has been advised both verbally and through written correspondence the District required the timely performance and completion of the project work so the tank could be placed back on-line. However, the contractor had not taken advantage of the favorable summer weather to timely complete the work.

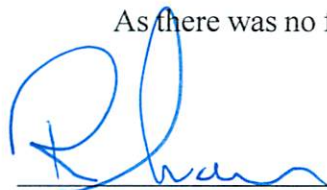
Russell and Milne requested an executive session due to potential litigation to discuss the project status. Following discussion, Commissioner Martin made a motion to convene an executive session to discuss the matter due to potential litigation pursuant to RCW 42.30.110(1)(i). Commissioner Anderson seconded the motion, which carried unanimously. Before convening the executive session at 6:15 p.m., Commissioner Kunkel advised the executive session would be concluded at approximately 6:35 p.m. The Commissioners, District staff and Milne then attended the executive session. At 6:35 p.m., the executive session was concluded and open public meeting reconvened.

Following discussion, Commissioner Anderson made a motion authorizing the engineer to suspend further work on the project due to the unfavorable weather conditions to be effective on a date deemed appropriate by the engineer, and to advise the contractor the District reserved all rights to consider the suspension time as working days until the project work was complete and

granted final acceptance by the Board of Commissioners, including the right to assess liquidated damages for the suspension time. Commissioner Martin seconded the motion, which carried unanimously. Russell and Milne will work with Hutley to advise the project contractor as soon as possible by written notice of the District's position.

OTHER DISTRICT BUSINESS

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



Richard D. Anderson, Commissioner



Douglas C. Kunkel, Commissioner



Pamela A. Martin, Commissioner