

**MINUTES OF THE MEETING OF  
COMMISSIONERS OF THE  
SILVER LAKE WATER & SEWER DISTRICT**

February 13, 2014

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on February 13, 2014, beginning at 5:30 p.m., at the District Administration Building. Attending were Commissioners Bill Anderson and Anne Backstrom. Commissioner Rod Keppler was excused from this meeting. Also present were General Manager Patrick Curran, District Engineer Rick Gilmore, and Finance Manager Brad Nelson; Eric Delfel with Gray & Osborne; and John Milne with Inslee, Best, Doezie, & Ryder P.S., Attorney for the District.

- 1.) **CALL TO ORDER:** Commissioner Backstrom called the meeting to order at 5:30 p.m.
- 2.) **APPROVAL OF MINUTES:** The Minutes of the regular meeting of January 23, 2014 were unanimously approved as circulated.

3.) **FINANCIAL MATTERS:**

a.) **Payroll, Vouchers, and Check(s) Approval:**

Following discussion of various matters, payroll, vouchers, and revolving fund checks were unanimously approved and signed as follows:

Fund	Code	Number	Amount
Water Maintenance	743 5408666	.02-001-.02-053	\$169,388.09
Sewer Maintenance	743 5418666	.02-001-.02-016	577,347.58
Sewer Capital Improve.	743 5448666	.02-001-.02-001	2,094.59
Water Capital Improve.	743 5468666	.02-001-.02-003	12,927.80
Revolving Check Fund		3312 - 3330	33,977.47
<b>Total Warrants</b>			<b>\$795,735.53</b>

b.) **Staff Report-Fourth Quarter-Financial Statements-December 31, 2013 (Pre-closing)**

Mr. Nelson presented a verbal summary to the Board of Commissioners of a Staff report regarding Fourth Quarter Financial Statements, December 31, 2013 (Pre-closing) for their review.

c.) **Staff Report-Key Bank Proposal**

Mr. Nelson presented a verbal summary to the Board of Commissioners of a Staff report regarding a Key Bank proposal, for their review. Without receiving an acceptable banking proposal during the initial Request for Proposal process, staff contacted other banks including Key Bank. District staff met with Key Bank representatives to listen to their proposal price for banking services. While their Remote Capture product did not meet the District's needs, Key Bank adapted their proposal to provide a Lock Box arrangement, rather than Remote Capture. With a Lock Box arrangement, customer's

checks will be delivered to a Tacoma, WA based Key Bank facility, where the checks will be processed, and funds transferred to the District's account. An electronic file will then be provided for District staff to post customer payments, significantly changing the work flow at the front counter.

The Lock Box service cost is estimated to be \$1,587 per month, not counting returned items, or about \$.21 per item. This is less than other commercial banks but slightly higher than what AFTS would provide; however, AFTS can't provide the other banking services needed by the District. The total cost for all banking services would be approximately \$2,338 per month; this compares to the current charges of \$650 per month, without the Lock Box services.

Staff recommended the General Manager be authorized to negotiate terms for a formal banking relationship with Key Bank under the general guidelines of the proposal prices submitted to the District. Following discussion, by motion passed unanimously, the Board of Commissioners authorized the General Manager to negotiate terms for banking services with Key Bank, under the general guidelines of the proposal prices submitted by Key Bank to the District.

#### **4.) CAPITAL IMPROVEMENT PROJECTS**

##### **a.) Developer Extension Agreement**

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Developer Extension Agreement with attached Project Site map, for the plat of Tanison Meadows Boundary Line Adjustments (BLA), for their review. This project is located on 117<sup>th</sup> Street SE, adjacent to 51<sup>st</sup> Avenue SE. It is a proposed residential plat of 14 lots. The plat's water and sewer facilities were installed as part of the original project built in 2008. The plat was approved but residences have not yet been constructed. The Developer, Harbour Homes, LLC, submitted a reconfiguration of their lot structure, maintaining the lot count at 14, but significantly moving the lot line locations.

This project will extend the sewer main to the new configuration and modify service connections, to allow service to the revised lots. The Developer will provide private access easements where required, and upon completion and approval of the work, they will request the District extinguish certain easements previously granted

Following discussion, by motion passed unanimously, the Board of Commissioners accepted and executed the Developer Extension Agreement for the plat of Tanison Meadows Plat Boundary Line Adjustments (BLA).

##### **b.) Reservoir No. 2 Improvements Project 2014**

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report regarding the 2014 Reservoir No. 2 Improvements project, for their review. The project was advertised for bid and placed on the Builders Exchange of Washington Plan Center web-page. Bid opening was on Tuesday, February 11, 2014, at 1:00 p.m., where the District received two bids: Long Painting Company (Kent, WA) and T. Bailey, Inc. (Anacortes, WA). A summary of the bids received was presented to the Board of Commissioners by Gray and Osborne. Based on the Gray and Osborne evaluation, staff

recommended awarding the bid to Long Painting Company, the lowest responsive, responsible bidder, for the total construction cost of \$1,869,607.38 including tax. Following discussion, by motion passed unanimously, the Board of Commissioners approved the bid award to Long Painting Company for the total construction cost of \$1,869,607.38 and directed the General Manager to enter into a public works project contract with Long Painting Company.

## **5.) MAINTENANCE & OPERATIONS**

### **a.) WA Federal v. McNaughton -Opinion Filed**

Mr. Curran presented a verbal summary to the Board of Commissioners of a decision received from the Division I Court of Appeals, affirming the Superior Court decision in the case of Washington Federal v. McNaughton and Silver Lake, for their review.

### **b.) Claim-Sewer Backup-Flaming**

Mr. Curran presented a verbal summary to the Board of Commissioners of a letter with an attached Request for Payment, and copy of the Claim for Damages form, received from Trover Solutions, Inc., an insurance company representing Mr. David Flaming, for a sewer backup that took place at Mr. Flaming's residence on November 14, 2013, for their review. The Request for Payment showed the total claim paid was \$10,000.00 with the deductible amount of \$500.00, totaling \$10,500.00 as the outstanding amount requested to be paid by the District. This matter has been turned over to WCIA the District's insurance pool. It is expected this claim will be denied.

## **6.) STAFF REPORTS**

### **a.) District Engineer:**

No Further Report.

### **b.) Finance Manager:**

Mr. Nelson reported Staff successfully processed the District's first Accounts Payable checks as its own Treasurer.

### **c.) Attorney:**

Mr. Milne expressed his appreciation to the Commissioners for attending his presentation at the WASWD Commissioner Workshop on January 25, 2014.

### **d.) General Manager:**

No Further Report.

The General Manager requested an Executive Session to discuss matters pursuant to RCW 42.30.110 (1) (c) regarding property the sale price of currently owned by the District, and 42.30.110 (1) (i) regarding potential litigation involving a proposed Franchise agreement with the City of Mill Creek. A motion was made, seconded, and unanimously approved by the Board of Commissioners to convene to an Executive Session to discuss these matters. Before convening to the Executive Session at 6:00 p.m., Commissioner Backstrom advised that the Executive Session would be concluded at 6:05

p.m. The Executive Session concluded at 6:05 p.m. and open public meeting was reconvened.

There being no further business before the Board the meeting was adjourned.

**This ends the Minutes of the February 13, 2014 regular meeting. The following signature page is a scanned image of the original signature page of the Minutes and certifies these are the approved Minutes by the Secretary of the Board.**

## Minute Certification

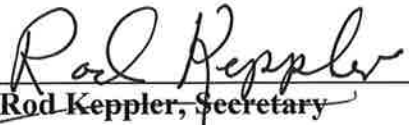
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

1. The attached copy of the Minutes of the Meeting of Commissioners (the "Minutes") is a full, true and correct copy of the Minutes of the February 13, 2014 regular meeting of Commissioners, duly adopted at a regular meeting of the Board of Commissioners of the District, held at the regular meeting place thereof on February 27, 2014, as these Minutes appear on the Minute book of the District; and;

2. A quorum of the members of the Board of Commissioners was present throughout the meeting and a majority of those members present voted in the proper manner for the approval of these Minutes.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 27<sup>th</sup> day of February 2014.

**SILVER LAKE WATER AND SEWER DISTRICT  
SNOHOMISH COUNTY, WASHINGTON**

  
Rod Keppler, Secretary