

LAKEHAVEN UTILITY DISTRICT
King County, Washington

SPECIAL BUSINESS MEETING
December 21, 2006

A special meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on December 21, 2006 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington, 98003.

President Tweddle opened the meeting at 1:00 p.m. and asked Debi Manglallan, the District's Legal and Administrative Assistant, to lead in the flag salute.

Members/officials present were as follows:

Beverly Tweddle	President of the Board
Don Miller	Vice President of the Board
Ron Nowicki	Secretary of the Board
Ed Stewart	Commissioner
Charles Gibson	Commissioner
Don Perry	General Manager
Bert Ross	Engineering Manager
Steve Pritchett	General Counsel

President Tweddle noted that Commissioner Stewart had not yet arrived. Morgan Dennis, Director of Finance/Information System was excused from attending the meeting.

APPROVAL OF AGENDA

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Nowicki, the Board unanimously **approved** the agenda as presented.

CORRESPONDENCE

Mr. Perry distributed a letter from Mr. Cole, a customer of the District, who expressed his appreciation of the District for not having to deal with interruption of water and sewer services during the recent windstorm. Mr. Perry also provided pictures that were recently taken from a helicopter depicting the damage upon an area of the region.

Mr. Ross distributed the minutes from a Board Operations Committee meeting that Mr. Bowman, the District's Water and Special Project Manager, had taken earlier in the month.

CONSENT ITEMS

1. Accounts Payable Vouchers with the warrant dates of 12/20/06, 12/21/06 and 12/22/06.

Maintenance Fund No. 11-333-0510
12/20/06, voucher nos. 7263, total amount of \$1,362.66;
12/21/06, voucher nos. 7264-7328, total amount of \$287,914.62.

Construction Fund No. 11-333-3510
12/22/06, 7329-7337, total amount of \$75,374.70.

PWTF Wellsite & Emerg Power Fund No. 11-333-6020
12/22/06, voucher nos. 7339, total amount of \$429.20.

PWTF Lakota BioDryer Fund No. 11-333-6030
12/22/06, voucher no. 7338, total amount of \$2,744.36.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Gibson, the Board unanimously **approved** the Consent Items as presented.

ACTION ITEMS

#113, Board Election of Officers: Commissioner Tweddle opened the discussion and asked for nominations for the office of President of the Board for 2007. After some discussion, Commissioner Nowicki nominated Commissioner Miller and Commissioner Miller accepted the nomination. Hearing no further nominations Commissioner Tweddle moved the nominations be closed. Commissioner Tweddle called for the question and the vote was unanimous. Commissioner Miller was congratulated on his new position as President of the Board for 2007.

Commissioner Tweddle asked for nominations for the office of Vice President of the Board for 2007; Commissioner Miller nominated Commissioner Nowicki and Commissioner Nowicki accepted the nomination. Hearing no further nominations Commissioner Tweddle moved the nominations be closed. Commissioner Tweddle called for the question and the vote was unanimous. Commissioner Nowicki was congratulated on his new position as Vice President of the Board for 2007.

Commissioner Tweddle asked for nominations for the office of Secretary of the Board for 2007; Commissioner Miller nominated Commissioner Gibson and Commissioner Gibson accepted the nomination. Hearing no further nominations Commissioner Tweddle moved the nominations be closed. Commissioner Tweddle called for the question and the vote was unanimous. Commissioner Gibson was congratulated on his new position as Secretary of the Board for 2007.

#114, LUD/City of Edgewood Sewer Service Agreement: Mr. Perry opened the discussion by highlighting some points on the agreement and explaining the area within the City of Edgewood addressed by this agreement. Commissioner Miller suggested a larger map be provided that would indicate the service area and the pipelines that convey the sewage to the Lakota Wastewater Treatment Plant. Mr. Perry further explained that the District would be preparing and mailing the sewer billing to the residents of Edgewood directly in accordance with the agreement. The City of Edgewood would be responsible for building the infrastructure and would retain ownership of the assets; however, the District would perform any emergency repairs. Mr. Perry added he expects additional operations staff may be required in a couple of years to handle the increased workload. Once this agreement is in place, it is anticipated additional development in the City of Edgewood would also occur. It is expected that this agreement could not be in force until 2007 or later as there are several conditional items that the City of Edgewood has to complete. Mr. Pritchett added the importance of having the final agreement written so a third party could understand the terms, in the event of a disagreement. In response to a question from Commissioner Miller, Mr. Perry informed the Board that the City of Edgewood currently receives its well water from Mountain View-Edgewood Water Company, a private water purveyor. After some discussion, it was the consensus of the Board to consider this item at the next Board meeting as a consent item, provided a detailed map can be acquired from the City of Edgewood.

#115, King County Sewage Disposal Agreement Amendment: Mr. Pritchett introduced this item by stating he had provided a letter from King County Executive Ron Sims and the proposed amendment to the Board earlier in the week. The original agreement, dated September 13, 1977, allowed the county to adjust their rates annually. This amendment, which the County is asking the District to sign, would allow them more flexibility in setting their rates, which would provide them a better bond rating by extending the length of the contract to the year 2056. Mr. Perry provided some additional background information and after some discussion it was the consensus of the Board to consider this item.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Gibson, the Board unanimously **declined** to execute the Amendment to the District's contract with King County for Sewage Disposal.

INFORMATION ITEMS

#1, Lakota Beach Sewer Project – Confirm CPILOE'S: Mr. Ross provided a brief overview of this project and stated he felt there were a few options to consider for the Charges Payable In Lieu of Extension (CPILOE's), which he explained. After some discussion, Commissioner Nowicki stated he felt the District should be responsible for some of the costs as the estimates were not exact and Commissioner Tweddle agreed.

At this point in the meeting, Commissioner Stewart arrived and the discussion continued. It was determined to bring this item for Board consideration at the meeting of January 11, 2007. At the next meeting, staff will also present for Board review draft letters to be sent to the residents informing them of the decisions reached regarding the CPILOE's for the project.

STAFF REPORTS

GENERAL COUNSEL: Mr. Pritchett reported Commissioner Miller had requested a letter be prepared to the employees who recently worked extra hours in order to maintain service to the District's customers after the wind storm and power outage emergency. He also suggested a copy be sent to the newspaper as well.

ENGINEERING MANAGER: Mr. Ross reported that the plans for the East North Lake Sewer project were nearing completion and should be ready to go out for bids in January, 2007.

GENERAL MANAGER: Mr. Perry stated that Linda Kochmar, the District's Risk Manager, will be submitting a \$150,000 reimbursement request to FEMA for the recent windstorm damage which is requested to fund the; replacement of eight to ten sections of fences around various water and sewer facility sites, debris removal and generator rental for the Redondo Wastewater Treatment Plant. Mr. Perry stated he felt this storm revealed the many items that need to be addressed if the District staff is to be better prepared in the future for similar emergencies. Commissioner Nowicki suggested letters of appreciation be sent to Lloyds Sand and Gravel and Don Small and Sons for all the help they provided during this windstorm to maintain fuel levels for the emergency generators operating at the various water and sewer facility sites.

Mr. Perry also stated he had recently met with the staff of the Department of Ecology and the Department of Natural Resources regarding the Lakota Outfall pipelines. They are requesting potentially relocating the Lakota outfall pipelines as its present location is in the harvestable area for the geoducks.

EXECUTIVE SESSION/CLOSED SESSION

At approximately 3:45 p.m., the regular meeting was recessed for the purpose of conducting a closed session in order to consider pending litigation and potential litigation. It was estimated that there would be action taken at the close of the session. It was stated that the closed session would last approximately fifteen minutes. At approximately 4:10 p.m., the closed session was adjourned and the regular meeting was reconvened.

ACTION ITEM #116, Lakota Sludge Dryer – Contract Cancellation Agreement: The Board unanimously **approved** the proposal as presented in the December 19, 2006 letter from Mr. Pritchett to Mr. George Fraunfelder with changes.

ACTION ITEM #117, Pierce County Sewer Service Jurisdiction Dispute – Settlement Agreement: The Board took no action on this item.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 4:17 p.m.

_____ President Tweddle	_____ Yea	_____ Nay	_____ Abstain
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ATTEST:

_____ Vice President Miller	_____ Yea	_____ Nay	_____ Abstain
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_____ Secretary Gibson	_____ Yea	_____ Nay	_____ Abstain
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_____ Commissioner Stewart	_____ Yea	_____ Nay	_____ Abstain
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_____ Commissioner Nowicki	_____ Yea	_____ Nay	_____ Abstain
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