

LAKEHAVEN UTILITY DISTRICT  
King County, Washington

SPECIAL MEETING  
August 16, 2007

A special meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on August 16, 2007 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington, 98003.

President Miller called the meeting to order at 1:00 p.m. and led the flag salute. Members/officials present were as follows:

Don Miller	President of the Board
Ron Nowicki	Vice President of the Board
Chuck Gibson	Secretary of the Board
Ed Stewart	Commissioner
Beverly Tweddle	Commissioner
Steve Pritchett	General Counsel
Morgan Dennis	Director of Finance/Information System

APPROVAL OF AGENDA

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

**#1, Capital Facilities Charges:** Lynn Takaichi started off his presentation by introducing his assistant, Janet Snedecor. He then proceeded to review the Recommended Capital Facilities Charge (CFC) for Water and Sewer. He did a brief review of the Principal CFC Elements – Existing Facilities, Future Facilities, Credits and Excise Tax.

Mr. Takaichi went over some changes that were made to the Water Capital Facilities Charge Analysis. He explained that the existing facilities provide direct credit for CPILOA paid and that they updated the ERUs, currently using 54,000 based on 2025 growth projections. For Future Facilities, cost estimates, CFC and ERUs were updated. He went over the allocation and didn't use prior analysis. He reviewed Credits, a refinement this year to make it more equitable to existing rate payers. He explained that details of the calculations are in the CFC – Existing Water Facilities page. Water Source of Funds Credit was reviewed as well as the CFC – Future Water Facilities. He explained the two different scenarios for future water facilities in a 6-year capital window and a 10-year capital window. Mr. Takaichi then discussed the Recommended CFC for Water breaking it down by existing facilities, source of funds credit, future facilities (6-yr and 10-yr) and excise tax.

Next, he discussed the Wastewater CFC Analysis – Significant Modifications (Wastewater). He reviewed the existing facilities, future facilities and credit components. The Existing Wastewater Facilities net assets and interest totaled \$141,568,624. He then reviewed the Wastewater Source of Funds Credit and CFC Future Wastewater Facilities.

Mr. Takaichi reviewed the Recommended CFC for Wastewater for 2007. He explained that in prior years he used the 6-year widow, but is recommending that the District use the 10-year window because of a number of capital projects that are just outside of the 6-year window. He believes we will run into a lot more concerns if kept constant. He commented that the District has one of the lowest CFC's around.

Discussion was held on Capital Facilities Charge uses and revenues from rates. Mr. Takaichi commented that having the financial stability reflects well upon the District.

The Board made comment that they would like to look to January 1<sup>st</sup> as an implementation date, and to look at a 10-year window and 2-year review.

Discussion was held about holding a public hearing for the 2007 Water and Sewer System Capital Facilities Charge Update on August 23, 2007, and to have this on the consent agenda for the next meeting.

The Board thanked Lynn Takaichi and Janet Snedecor for the presentation.

#### COMMITTEE REPORTS/COMMISSIONER COMMENTS

The Board commented on how they were very impressed with the presentation and with Mr. Takaichi's team. The Board would like to hold a public meeting on Capital Facilities Charges on August 23, 2007, and have as a consent item at the following meeting. Commissioner Nowicki made mention of the notes from the Water Operations Committee meeting included in the Commissioner packets. Discussion was held on having Mr. Pritchett, Mr. Bowman and Ms. Peters as team for union negotiations.

Commissioner Gibson reported on his trip to Olympia to meet and determine what to do with money earmarked to take seaweed off the beach. He recommended that everyone meet and determine the best possible solution in removing seaweed from the beach. Commissioner Gibson attended the meeting so people understood that the odor was not coming from Lakota.

Commissioner Nowicki reported that he would meet with Mr. Pritchett to discuss an Employee Recognition Program. He would like this put on the agenda for the next Board Meeting.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 2:30 p.m.

<u>Donald L.P. Miller</u> President Miller	<input checked="" type="checkbox"/> Yea	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain
---	--	---------------------------------	-------------------------------------

ATTEST:

<u>Ronald E. Nowicki</u> Vice President Nowicki	<input checked="" type="checkbox"/> Yea	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain
--	--	---------------------------------	-------------------------------------

<u>Charles Gibson</u> Secretary Gibson	<input checked="" type="checkbox"/> Yea	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain
---	--	---------------------------------	-------------------------------------

<u>Edward C. Stewart</u> Commissioner Stewart	<input checked="" type="checkbox"/> Yea	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain
--	--	---------------------------------	-------------------------------------

<u>Beverly J. Tweddle</u> Commissioner Tweddle	<input checked="" type="checkbox"/> Yea	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain
---	--	---------------------------------	-------------------------------------