Highline Water District
Special Board Meeting Minutes
November 20, 2013

ATTENDEES

COMMISSIONERS
Gerald R. Guite
Daniel Johnson
Vince Keester
George Landon
Kathleen Quong-Vermeire

HWD STAFF
Matt Everett, General Manager
Jeremy DeMar, Engr./Operations Mgr.
Debra Prior, Administrative Manager
Mary Fossos, Project Coordinator, CIPs

HWD ATTORNEY(S)
John Milne, Inslee Best

VISITORS

Strikeouts indicate absence

1. CALL TO ORDER
President Johnson called the meeting to order at 9:00 a.m.

2. APPROVE AGENDA
Motion duly made and seconded to approve the Agenda as presented. The motion carried.

3. CONSENT AGENDA
Motion duly made and seconded to approve the Consent Agenda as presented. The motion carried.

Consent Agenda items are considered to be routine and non-controversial and are generally approved as a group with one motion. Any Commissioner may remove any item from the Consent Agenda for separate discussion and action. Vouchers audited and certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.080 have been recorded on a listing, which was made available to the Board of Commissioners.

Minutes: November 6, 2013 Meeting

WARRANTS

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<tr>
<th>Fund Name</th>
<th>Fund No.</th>
<th>Warrant Date</th>
<th>Vouchers</th>
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ELECTRONIC TRANSFER FUNDS

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<td>HRA Veba (KC-BEN60)</td>
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CONSENT AGENDA RESOLUTIONS

<table>
<thead>
<tr>
<th>Item #</th>
<th>Resolution #</th>
<th>Description</th>
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3A. PUBLIC HEARING – PROPOSED 2014 WATER/MISCELLANEOUS RATES

The purpose of the hearing was to give the public an opportunity to comment on the proposed modifications of water and miscellaneous rates for 2014.

President Johnson opened the public hearing at 9:03 a.m. to receive comments from staff and the public on the proposed adoption of the 2014 Water/Miscellaneous Rates. No members of the public were present.

The General Manager gave a presentation to explain the justification for the proposed modifications of the water and miscellaneous rates as follows:

Reasons for Water Rate Increase of 2.2%:

- Capital Projects Primary Driver of Budget
  - The District’s goal is to replace 80 miles of A.C. water main over the next 30 years. The goal will require replacement of 14,080 feet of water main at a cost of $3.7 million annually.
  - With the reduction of low-interest PWTF Loans, the District will need to fund most of its capital projects out of rates.
  - The District needs to continue partnering with city, county and state agencies to replace water mains during their road, storm and sidewalk improvement projects.
- Inflation: +1.3% over past year.
- Low water sales continuing for the foreseeable future.
- Potential for significant 2015 SPU Water Rate Increase.
- Increase current labor rates charged to new development; last revised in 2008.

The General Manager also noted that the District has reduced costs with the elimination of two positions in the past two years and will begin using less expensive large meters.

President Johnson thanked the General Manager for his detailed presentation and closed the public hearing at 9:30 a.m. and resumed the public meeting.

4. PUBLIC INPUT

No members of the public attended the meeting.
5. RESOLUTIONS/MOTIONS
Resolution 13-11-20A adopting the 2014 Water/Miscellaneous Rates and amending accordingly Highline Water District Code (HWDC) Chapter 6.04 – Rates, Section 6.04.020 Water/Miscellaneous Rates. Motion duly made and seconded. After discussion, the motion carried.

Resolution 13-11-20B authorizing an amendment to Highline Water District Code, Chapter 10.03, Developer Extension Policies, Section 10.03.012(3) Meter Application – “Futures”. Motion duly made and seconded. After discussion, the motion carried.

Resolution 13-11-20C authorizing maintenance contract #13-50-13 with Asphalt Patch Systems, Inc. for Small Site Asphalt and Concrete Patching Repair Work. Motion duly made and seconded. After discussion, the motion carried.

Motion 13-11-20(1) duly made and seconded to cancel the 12/24/13 Board Workshop meeting due to conflict with District holiday. After discussion, the motion carried. Reference Item 6.3.

Motion 13-11-20(2) duly made and seconded to reschedule the 1/1/14 Regular Board meeting due to conflict with District holiday and hold the meeting on 1/2/14 at 9:00 a.m. After discussion, the motion carried. Reference Item 6.4.

Motion 13-11-20(3) duly made and seconded to approve $155 per month raises for the Construction Project Coordinator and Accounting Specialist Lead positions effective January 1, 2014. After discussion, the motion carried unanimously. Reference Item No. 7.

Motion 13-11-20(4) duly made and seconded to approve a new employment agreement with the General Manager on the terms and conditions in the agreement presented to the Board and to authorize the Board President to sign the agreement on behalf of the District. After discussion, the motion carried unanimously. Reference Item No. 7.

6. COMMISSIONERS/STAFF/ATTORNEY
Jeremy DelMar
6.1 Draft 2014 Capital Improvement Program – The Draft CIP will be emailed to the Board by the end of this week for review. The draft CIP will be discussed at the 11/26/13 Board Workshop meeting.

Debbie Prior
6.2 State Audit - Debbie informed the Board that the Exit Conference will be held at the 12/4/13 Board meeting.

Matt Everett
6.3 Reschedule or cancel 12/24/13 Board Workshop Meeting – Matt asked the Board if they wanted to reschedule or cancel the Board Workshop meeting on December 24th (District Holiday). The Board agreed to cancel the meeting. Reference Motion 13-11-20(1).

6.4 Reschedule or cancel 1/01/14 Board Meeting - Matt asked the Board if they wanted to reschedule or cancel the Regular Board meeting on January 1st (District Holiday). The Board agreed to reschedule and hold the meeting on Thursday, January 2, 2014 at 9:00 a.m. Reference Motion 13-11-20(2).
6.5 Employee Kudos – Customer Viet Ong thanked Dave Stanley, Field Supervisor, for his great customer service in coordinating the replacement of his water line and relocation of his meter.

John Milne
6.6 KCWD 54 – President Johnson advised it was his understanding KCWD 54 may be interested in having further discussions with the District regarding a possible merger. The Districts have discussed that possibility in the past. Milne reported regarding the process whereby two districts could study a merger, and if a merger was determined to benefit the districts, enter into a merger agreement and submit the merger proposition to the voters in the two districts. The merger proposition must be approved by a majority of the voters in each district before it could be effective. If approved, the commissioners of the merging district would hold office as commissioners of the merged district. Following discussion, the Board directed Everett to advise KCWD 54 representatives that, if that district was interested in having further discussions with the District regarding a possible merger, to ask to be placed on a future Board agenda to discuss the matter with the Board.

7. EXECUTIVE SESSION – PERSONNEL
An executive session was convened pursuant to RCW 42.30.110(1)(g) to review the performance of certain District employees. Before convening the executive session at 10:15 a.m., President Johnson advised the executive session would be concluded at approximately 10:25 a.m. The Commissioners, Everett and Milne then attended the executive session. At 10:25 a.m., the executive session was concluded and open public meeting was reconvened. Action Taken: Reference Motion 13-11-20(3) and Motion 13-11-20(4).

There being no further business of the District, President Johnson concluded the meeting at 10:30 a.m.

BOARD OF COMMISSIONERS

Daniel Johnson, President

Kathleen Quong-Vermeire, Secretary

Gerald R. Guite, Commissioner

Vince Koester, Commissioner

George Landon, Commissioner