

**MINUTES OF REGULAR MEETING OF BOARD OF COMMISSIONERS
OF CROSS VALLEY WATER DISTRICT OF
SNOHOMISH COUNTY, WASHINGTON**

Held October 18, 2011

A regular meeting of the Board of Commissioners of Cross Valley Water District of Snohomish County, Washington, was held at the regular meeting place of the District on Tuesday, October 18, 2011 at 2:30 pm. All Commissioners were present; also present were Gary Hajek, General Manager; Robert Wagner, Financial Accounting Manager; Dave Hutley, Engineer; Pam Murray, Attorney and members of the public having business to bring before the Board.

1. Request for Leakage Credit. Ms. Cheryl Perron was present to request a leakage credit, Account No. 2056-21056. General Manager Hajek explained that the crew left a door hanger on June 20, 2011 notifying her that there may be a leak and again on August 23 and August 30. Ms. Perron requested a leakage credit on October 14, 2011. Ms. Perron addressed the Board. She stated that she would like a leakage credit. On June 16, 2011 her husband found a leak in the shut off valve and fixed it. When they received the door hanger on June 20, 2011, they assumed that they had fixed the leak, and went on vacation for a week. Next they received a phone call that their son in India had been hit by a train, and they went to India for two weeks. When they brought their son home, he was in Harborview for several weeks; he was hospitalized on and off thereafter. On October 7, 2011, they received a bill for \$800, and on October 8, her husband found the leak and repaired it. On October 11, the District's crew checked her line and determined that the leak had been repaired. General Manager Hajek stated that the District's

policy is to provide a leakage credit for one billing period, and for the last billing period, the leakage credit would be \$176. He stated that the Commissioners could also authorize payment arrangements. Ms. Perron stated that she was hoping for an exception. In response to a question from Commissioner Cassell, General Manager Hajek stated that the Board has not made any exceptions to its leakage credit policy. FAM Wagner explained payment arrangements to Ms. Perron. General Manager Hajek suggested that they wait until the next bill is sent, and then FAM Wagner could use the higher bill to calculate the leakage credit. The Board also agreed that the payments could be made over a one year period. FAM Wagner told Ms. Perron that he would contact her, and, thereafter she left the meeting.

2. Request for Leakage Credit. General Manager Hajek recommended that the Board deny a request for leakage credit from Ralph Tile, Account No. 1715-20714, because the leak was not in the service line between the meter and house and therefore does not meet the criteria for a leakage credit. The Board denied the credit. The Board approved a leakage credit for Donald Hawkins, Account No. 3045-22045, in the amount of \$75.37.

3. Minutes. General Manager Hajek stated that Attorney Murray made a minor change to the draft minutes, and the employee's number was added to the minutes. Thereafter the minutes of the previous meeting of September 20, 2011, as corrected, were read and approved.

4. Cash & Investments. Financial Accounting Manager Wagner presented the Cash & Investment Analysis for the District as of September 30, 2011. Cash and Securities increased by \$117,748.45 even after paying the contractor on SR 9. The average yield on the District's investments is 1.5592%.

5. Foreclosures. Financial Accounting Manager Wagner reported on the status of the

District's foreclosures. Gail Howard's account was paid off since the last meeting. There is only one foreclosure still open from 2010, which is Wade Rowley's. There are 13 active foreclosures pending in 2011, and one new lien for Gene Cornelsen. Attorney Murray reported that Roy Stegena, attorney for Chase, is attempting to obtain payments for the Voll and Bennett Snohomish Land accounts. General Manager Hajek reported that the sale of the Hochanadel property was postponed. He met with Mr. Hochanadel and gave him until October 21, 2011 to present a payment plan, with at least \$3,000 down. He stated FAM Wagner gave Mr. Hochanadel several scenarios; he will need to pay at least \$500 to \$550 per month. If he does provide the \$3,000 down with a plan, the sale will be rescheduled. He requested that Attorney Murray research whether or not another 30 day notice of sale must be sent by certified mail again. FAM Wagner presented a copy of the 2010 Notice of Trustee's Sale for the Hochanadel property and noted that the recording requested by is JP Morgan Chase Bank, rather than Bank of America. Attorney Murray commented that the beneficiary of the Deed of Trust is still Bank of America.

6. Request for Refund. The Board reviewed a request for a refund of \$30 to Lisa Eagley, Account No. 1812-20812, from Opus Bank which returned a check as NSF in error. The Board denied the request, but agreed to refund the returned check charge of \$5.

7. Payment Arrangements. The Board reviewed a request from Michael Adams for payment arrangements. He owes \$1,077.59 due to a leak. He requested that he be allowed to pay over a twelve month period. The Board agreed that he should make payments over six months.

8. Request for Extension of Payment Arrangements. The Board reviewed a letter from

Clarice Hill requesting that her last payment be due on November 9, 2011 rather than October 31, 2011. The Board approved his request, provided that she pays the October water bill as well.

9. Request for Extension of Payment Arrangements. The Board reviewed a letter from Anne M. Harrison requesting an extension of the payment arrangements to October 28, 2011 which was approved by the Board.

10. Request for Extension of Payment Arrangements. The Board reviewed an email from Brandon Smith requesting an extension of the payment arrangements to October 21, 2011 which was approved by the Board.

11. Request for Extension of Payment Arrangements. The Board reviewed a letter from Annie Jackson requesting an extension of the payment arrangements to October 21, 2011 which was approved by the Board.

12. Budget. FAM Wagner presented Statements of Revenues and Expenses through September 30, 2011 as compared to the budget. For total water metered sales there is 26% of the budget left to collect, but this figure does not include revenue for the September – October billing cycle, so the budget should easily be met. In response to a question from Commissioner Cassell, FAM Wagner stated that sewer revenues may be a little under budget. General Manager Hajek commented that water and sewer revenues appear to be paying for water and sewer expenses. He added that FAM Wagner is doing a good job. In response to a question from Commissioner Cassell regarding labor expenses, FAM Wagner explained that some costs are being expensed in capital projects.

13. Convenience Pay. FAM Wagner reported that the District's credit card processing company has a new name, HP Convenience Pay, who bought out EDS. The District has not

received a payment from it, even though customers have paid their bills using credit cards. There has been no communication between the new company and American Express, and the District is owed \$941. He reported that he is working on resolving the issue.

14. Disaster Policy. FAM Wagner reported that after he and General Manager Hajek met with City of Snohomish officials to discuss an alternate location for inclusion in the District's disaster policy, he sent them specifications on the District's computers. Snohomish declined to let the District use their computers. They are willing to let the District use their offices as long as the District's staff brings their own computers. He presented a draft resolution and agreement for the Commissioners to review. He also reported that Silver Lake has agreed to meet with the District on November 8, 2011.

15. Luschen Property. Attorney Murray reported that the lender on the Luschen property has paid the full amount due, which includes costs incurred by the District subsequent to the sale, the real estate excise tax, and first half property taxes which are delinquent. The only issue is a discrepancy in the legal description which the lender's attorney is reviewing. GM Hajek reported that he is trying to get the deed conveying the Luschen property recorded by the end of the month.

16. SR9 from 212th Street to 176th Street Water Main Replacements. Engineer Hutley reported that all the water mains on SR9 from 212th Street to 176th Street in the Water Main Replacements project are installed and are live. The contractor is working on testing and service installations on the mains in 180th Street SE. The contractor is starting to transfer services, and after that will pull the old pipe. GM Hajek stated that he thinks the contractor will be done by November 30, 2011.

17. WASWD Section 3. Commissioners Kuehn and Schott attended the recent Sno-King meeting. Commissioner Schott reported that there was a good overview of trenchless installations. Tom McGrath reported that the Bylaws Committee did not meet. Darwin Smith reported on the proposed changes to the Public Works Trust Fund. Roger Brown reported on the Managers' meeting. The Fall Conference was one of the best attended in years. Laura Weide is the new Section 3 director, and this was her first meeting.

18. CWSA Meeting. Commissioner Schott attended the CWSA meeting on September 21, 2011. CWSA pumped 10 to 11 million gallons per day. There was a report on the pump station update and some communication issues. Change Order No. 2 in the amount of \$19,680 to Ewin Electric for the pump station was approved. There was a surge analysis update. The next meeting is tomorrow.

19. Sno-King. Commissioner Kuehn reported on the Sno-King meeting held October 10, 2011. There was an extensive discussion of Modernizing Infrastructure Assistance, which has been submitted to the Governor. Gwen Maxfield and Steve Lindstrom met with the Master Builders Association regarding connection charges, which was very beneficial.

20. WASWD Conference. Commissioner Cassell reported on the recent WASWD Conference. The presentation on manager succession plans was disappointing. The presentation on detecting fraud was good. General Manager Hajek commented that overall the conference was OK. There was a business meeting on Friday. He thanked Engineer Hutley for the dinner. A discussion followed on the resignation of the Executive Director.

21. New Vehicle. General Manager Hajek reported that a 2012 Chevy Colorado arrived September 29, 2010. It was supposed to have been a 2011 model. He stated that the District will

sell the 1988 S-10 at Murphy's Auction. Thereafter, the adoption of the following resolution was moved, seconded and unanimously approved, being entitled:

RESOLUTION NO. 2011-10-1

A RESOLUTION of the Board of Commissioners of Cross Valley Water District of Snohomish County, Washington, surplusing the 1988 S-10 truck.

22. Lowell-Larimer Water Supply Project Phase 2. General Manager Hajek reported that the bid opening for Lowell-Larimer Water Supply Project Phase 2 will be October 21, 2011. He requested that the Board authorize the award of the bid at that time if bids are acceptable. The Board approved the award.

23. Newsletter. General Manager Hajek stated that the District's newsletter is mailed with the District's bills twice a year. Commissioner Cassell has expressed concern, because it will be sent just before the election, and he does not want to appear to be taking advantage of the newsletter. A discussion followed, and the Commissioners agreed that since Commissioner Cassell is not featured in the newsletter, it should be mailed with the bills. Otherwise it would cost approximately \$3,000 to mail it separately. General Manager Hajek asked that comments on the draft of the newsletter be submitted by next Monday.

24. Annual Generator Maintenance Agreement. General Manager Hajek recommended that the Board approve a Generator Maintenance Agreement with D Square Energy Systems. He reported that Dave Calvo also obtained a quote from Cummins Northwest but D Square's bid was the lowest. He reported that the District is also getting prices for fuel system testing. Thereafter, the adoption of the following resolution was moved, seconded and unanimously

approved, being entitled:

RESOLUTION NO. 2011-10-2

A RESOLUTION of the Board of Commissioners of Cross Valley Water District of Snohomish County, Washington, approving a Generator Maintenance Agreement with D Square Energy Systems.

25. Tree. General Manager Hajek reported that there is a dead tree on the District's property, and he obtained a bid from Kenney Tree Inc. to fell the tree in the amount of \$625 which was approved by the Board. Thereafter, the adoption of the following resolution was moved, seconded and unanimously approved, being entitled:

RESOLUTION NO. 2011-10-3

A RESOLUTION of the Board of Commissioners of Cross Valley Water District of Snohomish County, Washington, approving a bid from Kenney Tree Inc. to fell a dead tree in the amount of \$625.

26. One Call. General Manager Hajek reported that he has been asked to attend the One Call Technology Committee meeting next week, at no expense to the District. He stated that he was not the original delegate, but neither delegate can attend due to family emergencies. He stated he will leave October 25 and return October 27, 2011 which was approved by the Board.

27. Insurance. General Manager Hajek stated that he received a notice of renewal from the Water and Sewer Insurance Pool for the District's comprehensive insurance for 2011-2012. Last year the premium was \$36,471 with a \$1,000 deductible. The renewal premiums are \$39,423 with a \$1,000 deductible and \$36,664 with a \$5,000 deductible. The Board agreed to renew the insurance with a \$1,000 deductible. Thereafter, the adoption of the following resolution was

moved, seconded and unanimously approved, being entitled:

RESOLUTION NO. 2011-10-4

A RESOLUTION of the Board of Commissioners of Cross Valley Water District of Snohomish County, Washington, approving insurance with the Water and Sewer Insurance Pool at an annual cost of \$39,423 with a \$1,000 deductible.

28. Next Meeting. General Manager Hajek stated that the next meeting will be November 15, 2011.

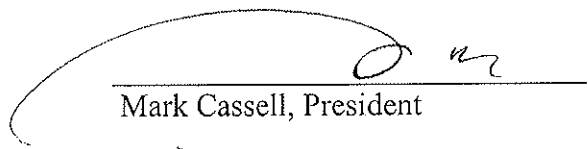
29. Approval of District's Claims. Vouchers had been prepared for payment against the maintenance, construction and bond funds of the District, and on motion duly made and seconded, were unanimously approved for payment, a list of the same being attached hereto and incorporated in full herein.

1.	Claim Nos.:	20110906 through 20110908
	Total Amount:	\$10,835.69
2.	Claim Nos.:	20110909
	Total Amount:	\$5,044.31
3.	Claim Nos.:	20111001
	Total Amount:	\$1,281.36
4.	Claim Nos.:	20111002 through 20111004
	Total Amount:	\$11,104.43
5.	Claim Nos.:	37264 through 37287
	Total Amount:	\$85,045.92
6.	Claim Nos.:	37288 through 37310
	Total Amount:	\$33,104.45
7.	Claim Nos.:	37311

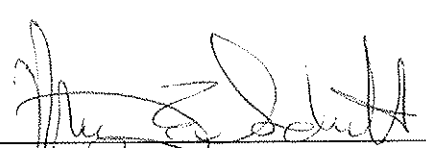
	Total Amount:	\$230.00
8.	Claim Nos.:	37312 through 37316
	Total Amount:	\$6,323.47
9.	Claim Nos.:	37317 through 37344
	Total Amount:	\$215,741.03
10.	Claim Nos.:	37345
	Total Amount:	\$7,431.16
11.	Claim Nos.:	6519 through 6632
	Fund:	Payroll
	Total Amount:	\$19,268.49
12.	Claim Nos.:	6633 through 6643
	Fund:	Payroll
	Total Amount:	\$19,474.48

THERE BEING NO FURTHER BUSINESS to bring before the Board, the meeting was adjourned.

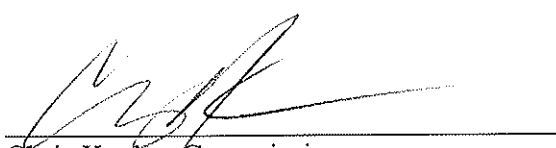
CROSS VALLEY WATER DISTRICT



Mark Cassell, President



Warren E. Schott, Jr., Secretary



Chris Kuehn, Commissioner