

THREE LAKES WATER ASSOCIATION – BOARD MEETING MINUTES

December 11th, 2018

The Three Lakes Water Association Board of Trustees held their December 11th, 2018 Board Meeting at 7:00 p.m. at the Association office located at 17503 58th St SE, Snohomish, Washington, 98290.

Call to Order

The meeting was called to order at 7:00 p.m. by President Bob Bartell. A quorum was satisfied by other Board members in attendance: Treasurer Tyler Eshleman, Trustee Matt Mead, Trustee Don Kemmis, and Trustee Jay Klicker. Vice President Chad Davis, Secretary Ray Cox, and Trustee Jack Huffman were excused.

Members, Guests & Employees- Staff member Kaila Kemmis was present. Renee McCann, acting as recording secretary, was present. The following members were also present: Susan Kemmis, Mary Schroeder, Gabriel Schroeder, Janee Everroad, and Michael Everroad. The following guests were present: Phil Vachon and Grant Vachon.

Guest Comment- Guest in attendance Phil Vachon introduced himself to the board and members present. He stated that he is at the meeting to discuss a Developer's Extension application with the board with the goal to get Three Lakes service to a property he recently purchased. He also introduced his son, Grant Vachon.

Member Comment- Member Michael Everroad handed out a letter to trustees in attendance, CHS Engineer Rodney Langer, employees, and two non-member guests. Michael then allowed the people to read the document. The document contained many comments, concerns, and questions regarding the 176th Ave SE Capital Improvement Project and the policies and procedures of the Association. He verbally expressed frustrations with the board and employees of Three Lakes Water Association. Other members in attendance including Janee Everroad, Mary Schroeder, and Gabriel Schroeder also verbally expressed similar frustrations as the letter was discussed. The Association is currently collaborating with these four members based on their proximity to the ongoing 176th Ave SE Capital Improvement Project.

CHS Engineers' Report- Engineer Rodney Langer presented a summary of his status report, which was e-mailed and provided to the Board on December 10th, 2018. Highlights of the monthly CHS report are summarized as follows:

176th Capital Improvement Project- Rodney informed the board that the Notice of Award and contract documentation has been provided to the contractor B & L Utilities. The Association is waiting for the contractor to submit insurance and performance bond documentation to confirm that the Association's insurance requirements are being achieved. Once those requirements are met staff will be able to schedule a pre-construction meeting with the contractor and Snohomish County.

Members Janee Everroad and Michael Everroad exit the meeting at 7:29 p.m.

Water System Plan- No new action.

Rivertown Homes II DE- Rodney confirmed the updated insurance information for County road work. He also provided general support to staff related to the Association's responsibility inspecting and overseeing the developer's project as his contractor constructs the new water main facilities.

Operation & Management Manual- See Old Business.

Telemetry Upgrade- On November 20th, 2018 a meeting was held with a representative from Systems Interface, Inc, Rodney, and staff to discuss and update a conceptual plan regarding the proposed revision to the existing telemetry equipment used by the Association to monitor and control the pumps. The plan was reviewed in detail and each facility site was visited to confirm plan details. CHS provided a memo and a visual diagram to represent the updated conceptual plan for this proposed project. Staff anticipates a proposal from Systems Interface, Inc next month for upgrades in hardware and software.

169th Ave SE Water Main Replacement Project- Rodney provided general support to staff.

2018 Rate Review- CHS is in the process of performing the annual review of the Association's water rates. Rodney is analyzing the water usage data provided by staff.

153rd Water Main Developer Extension Application- A DE application has been received from Phil Vachon for service to two existing lots east of the south end of 153rd Ave SE. Rodney provided a memo in response to this application for board review. The memo outlines that the developers would need to extend 8-inch water main in order to service the lots listed in the application. CHS recommends that the board accept the DE application subject to the conditions outlined in their memo dated December 7th, 2018.

Motion made by Treasurer Tyler Eshleman accept the DE Application based on the written recommendations outlined in the CHS memorandum dated December 7th, 2018, seconded by Trustee Jay Klicker. The motion passes.

Guests Phil Vachon and Grant Vachon exit the meeting at 7:44 p.m.

Flowing Lake Park Entrance Upgrades- The Association received a request from Snohomish County Planning and Development Services requesting comments on a proposed project to improve the entrance area to Flowing Lake Park. CHS supported staff with the preparation of an appropriate response to the

county's request. The county was advised that the Association desires to be party of record and that the Association has a process in place to address situations like this, a Developer's Extension agreement.

Manager & Cross Connection Report

Staff member Kaila Kemmis presented a summary of the manager report, which was e-mailed and provided to the Board on December 5th, 2018. Highlights of the monthly manager report are summarized as follows: On November 19th, 2018 Grundfos attempted to replace both bearings and the seal at the Association's pump station one. At the time, the impeller would not separate from the shaft without causing damage to the unit. Manager Kemmis continues to correspond with Grundfos to work towards fixing the problems at pump station one. He also initiated contact with Pump Tech to look into other options to move forward with this issue. On November 14th, 2018 a pre-construction meeting for the Rivertown Homes II DE project was held between staff, Puget Sound Tapping Services, and a Snohomish County representative for preparation of work in the county right-of-way. Staff is currently supporting construction in the county right-of-way. The City of Everett has planned several shut downs on their Transmission Line #5 in order to replace valves at their filter plant. Their second shut down will begin at 10:00 p.m. on December 12th and service should return to normal on their transmission line by 6:00 a.m. the following morning. The annual repayments for the Association's three DWSRF loans were mailed to the Department of Health on November 28th, 2018 after proper invoices were received. The Association's Cross Connection Control Program was authorized and signed by president Bartell on December 4th, 2018. Staff reviewed employee health insurance renewal information and elected to choose a new medical plan that reduces the cost of the monthly premium. The health insurance renewal for the year 2019 was completed by staff. Staff informed the board that the developers of the Wonderland Park DE requested that the Association release their performance bond for the project. Staff ensured that the developer's assignment of savings agreement was still intact and mailed a letter releasing the bond to the developer and the company holding their performance bond. Staff informed the board that the computers in the Association's office building need to be replaced. Staff will look into holiday sales to see if the Association can take advantage of them when replacing computers. The Association has purchased the program QuickBooks 2019 and will work with the Association's CPA to convert to the new program. Staff informed the board a notification was received from the Washington State Employment Security Department about the new Washington Paid Family & Medical Leave program. The Association is required to begin premium collection for this program on January 1st, 2019. Staff is working with the CPA to ensure that the Association complies with all the requirements of this new Washington state program as required by law.

Approval of November 13th Board Meeting Minutes

Motion made by Treasurer Tyler Eshleman to approve November's minutes, seconded by Trustee Matt Mead. The motion passes.

Officers Reports

Treasurer Report and Pay Bills- The financial report was prepared and distributed to the Board summarizing the financial position through December 11th, 2018 (attached). Total funds on hand are \$1,394,134.55. One transfer was made for \$55,000.00 to cover the bills from the KeyBank account. Reports were provided for the past month's expenses, prepaid invoices, and payroll summary. Checks were presented to be signed once authorized by the board.

Current Financial Info

General Funds- \$287,138.99

Capital- \$1,053,536.26

Reserve- \$53,459.30

Total Expenses-\$60,026.64

Monies were transferred to both Standpipe, Pump House and Mero restricted accounts.

Motion made by Treasurer Tyler Eshleman to approve payment of the bills as presented, seconded by Trustee Matt Mead. The motion passes.

President- Bob signed the updated Cross Connection Control Program. He also signed share certificates and a check for a bill due before the December meeting.

Vice President- Not present.

Secretary- Not present.

Old Business

Signature Cards Update- Trustee Matt Mead informed the board that he has completed all signature cards for Association banking entities. Staff will continue to track any signature cards that need to be completed by Association's signers.

Policies and Procedures Review and Approval- The Policies and Procedures manual was reviewed individually in detail by Treasurer Tyler Eshleman and Trustee Jay Klicker. Staff addressed any comments or questions posed by the board members after their review of the manual. Staff recommended that the board approve and authorize the updated manual.

Motion made by Treasurer Tyler Eshleman to approve and authorize the updated Policies and Procedures manual, Cross Connection Control Program, and the Operations & Management manual, seconded by Trustee Jay Klicker. The motion passes.

Operation and Management Manual Review and Approval- Staff has been working closely with CHS to create the manual. This O&M manual stems from the current Comprehensive Plan requirements. The manual is complete and includes Rodney's signature of approval. Staff recommended the board approve and authorize the manual. A motion to approve this manual was made by Treasurer Eshleman (see above).

Member Situation- The board re-visited an issue a member had with the Association regarding a main break that occurred near his property in July of 2018. Staff reported that no new contact nor any additional documentation has been received since the last board meeting. The board agreed that they did not have sufficient documentation from the member to make any more considerations than they already have. They reiterated that the board has attempted to provide this member the appropriate contact information for the Association's insurance entity, so they could make an insurance claim should the member feel that they desire to do so.

New Business

Wage Consideration Plan- President Bartell reminded the board that they agreed to consider creating a long-term plan for employee wages and benefits. Treasurer Eshleman suggested that the board request staff to gather wage and benefit information from some local water companies for the purpose of comparison. Staff agreed to perform research and bring information for the board to the next meeting, so they can begin to consider the information.

Call to Adjourn Meeting

Motion made by Trustee Matt Mead seconded by Treasurer Tyler Eshleman. The motion passes. The meeting was adjourned at 8:41 p.m.