



MEETING OF THE BOARD OF DIRECTORS

MINUTES

BELLEVUE CITY HALL

OCTOBER 22, 2008

1. CALL TO ORDER

At 3:30 p.m. Chair Lloyd Warren called the meeting to order.

2. ROLL CALL

Board Members or Alternate Board Members from the City of Bellevue (Davidson/Degginger¹), Covington Water District (Knight), the City of Issaquah (Traeger), the City of Kirkland (Burleigh), the City of Redmond (Marchione), Sammamish Plateau Water and Sewer District (Warren), Skyway Water and Sewer District (Ault), and the City of Tukwila (Haggerton) were present, constituting a quorum.

3. EXECUTIVE SESSION

None.

4. PUBLIC COMMENT

No members of the audience in attendance commented.

5. CHIEF EXECUTIVE OFFICER'S REPORT

Mr. Oberg reported that the continued refinement of Cascade's financial management practices will be a major work effort for the next several months. One of the major enhancements to be instituted is a quarterly finance review process. Clark Nuber will, in essence, conduct an audit on a quarterly basis. Clark Nuber will meet with the Audit Committee to report out on the results of the evaluation. This process is to ensure that the appropriate financial controls, systems, and procedures are in place and working as intended.

Mr. Oberg provided a status report on the WSDOT SR900 Road Widening project. Cascade's construction related activities are complete for 2008. Construction on the waterline will commence in February 2009.

A. Staff Reports

1. Finance and Administration
2. Conservation
3. Tacoma Cascade Pipeline
4. Planning
5. Intergovernmental and Communications

¹ Mayor Degginger via conference call for the Executive Session.

6. APPROVAL OF AGENDA

Motion by Vice-Chair Burleigh and second by Mr. Haggerton to approve the agenda. Motion carried unanimously (8-0).

7. CONSENT ACTION ITEMS

- A. September 24, 2008 Regular Board Meeting Minutes.
- B. Motion to approve payment of warrants, including payroll, for the month of October 2008, as reflected in the revised warrant report included in the Desk Packet.
- C. Motion to adopt Cascade's 2009 Washington State Legislative Agenda and the 2009 Federal Legislative Agenda.
- D. Motion to authorize execution of a consultant contract with EarthTech/AECOM for Lake Tapps Operations Assessment in an amount not to exceed \$65,000 and a completion date not later than February 15, 2009.

Motion by Vice-Chair Burleigh and second by Mr. Haggerton to approve Consent Action Items A-D.

At the question, motion carried unanimously (8-0).

8. OTHER ACTION ITEMS

- A. Resolution No. 2008-14 adopting the 2009 Budget and Resolution No. 2008-15 establishing the 2009 Rates and Charges.

Mr. Oberg explained that adoption of the 2009 Budget, Rates and Charges reflects the starting point for a planned comprehensive review of Cascade's financial policies and financial model. This work will commence immediately and will allow Cascade to update the long-range financial forecast, prepare for the planned 2009 bond issue, and develop the 2010 budget, rates, and charges.

Mr. Oberg reported that the proceeds from the 2006 Cascade bonds will be fully expended in the next several months. A significant financial planning activity for 2009 will be a bond issue. Mr. Oberg discussed the items that Cascade is already obligated to, which will be funded by the bond proceeds. Some of these items include:

- Lake Tapps acquisition
- Tribal Agreements
- WSDOT SR900 Road Widening
- Eastside Reservoir

With the current national financial crisis, it is a difficult time for the bond market. Cascade's Bond Council and Financial Advisor have recommended postponing the bond issue as long as possible. Mr. Oberg added that the current financial environment may require interim borrowing mechanisms as interfund loans, a line of credit, or bond anticipation notes.

Motion by Vice-Chair Burleigh and second by Dr. Davidson to approve Resolution No. 2008-14 adopting the 2009 Cascade Budget. Motion carried unanimously (8-0).

Motion by Vice-Chair Burleigh and second by Dr. Davidson to approve Resolution No. 2008-15 establishing the Rates and Charges for 2009. Motion carried (7-1) with Skyway Water & Sewer District opposed.

9. STAFF PRESENTATION

None.

10. COMMITTEE REPORTS

- A. Audit Committee – No meetings held.
- B. Executive Committee – No meetings held.
- C. Public Affairs Committee – The October 7, 2008 meeting recap was included with the October Board packet. Mr. Haggerton suggested that the Cascade lobbyist provide a recap after the November elections.
- D. Resource Management Committee – The October 16, 2008 meeting recap was included with the Desk packet. There was a brief discussion regarding the Conservation Program Enhancements. Mr. Oberg reported that the conservation program is on track to meet the established savings goal and conservation expenditures will be less than the authorized 2008 budget. Actual 2008 conservation expenditures are expected to be 77% of the authorized budget. Cascade's Conservation Work Group is exploring several opportunities to expand the conservation program, while remaining within the proposed 2009 budget of \$639,369.

11. NEW BUSINESS

Mr. Haggerton reiterated the importance of scheduling Finance Committee meetings to begin the comprehensive review of Cascade's financial policies and financial model.

12. NEXT REGULAR MEETING

The next regular Board Meeting will be held November 19, 2008 at 3:30 p.m.

13. EXECUTIVE SESSION

At 4:38 p.m. Chair Warren announced that there would be an Executive Session to consider the qualifications of applicants for public employment. The Executive Session was expected to take approximately 30 minutes unless the time was extended by further notice. Anyone other than the Board Members and Alternative Board Members were asked to step out of the room.

At 4:15 p.m., Mr. Oberg informed the public that the Executive Session would be extended an additional 15 minutes.

14. ADJOURN

The Executive Session concluded at 4:30 p.m. and the meeting was adjourned.

APPROVED BY:

Lloyd Warren, Chair

Mary-Alyce Burleigh, Vice Chair