



MEETING MINUTES OF THE
BOARD OF DIRECTORS
CASCADE WATER ALLIANCE'S OFFICE
MAY 22, 2019

1. CALL TO ORDER

At 3:32 p.m. Chair Stokes called the meeting to order.

2. ROLL CALL

Board Members or Alternate Board Members from the City of Bellevue (Stokes), the City of Issaquah (Pauly), the City of Kirkland (Sweet), the City of Redmond (Birney¹), the City of Tukwila (Ekberg²), Sammamish Plateau Water & Sewer District (Warren), and Skyway Water and Sewer District (Ault³) were present.

3. PUBLIC COMMENT

None.

4. EXECUTIVE SESSION

None.

5. APPROVAL OF AGENDA

Motion by Ms. Sweet and second by Ms. Pauly to approve the revised meeting agenda as presented. Motion carried unanimously (7-0).

6. CHIEF EXECUTIVE OFFICER'S REPORT

In addition to the Chief Executive Officer's Report included in the Board packet, Chuck Clarke discussed the following:

- The Lake Tapps Reservoir water elevation is at its maximum recreation level. The reservoir is currently being evaluated for milfoil to determine summer treatment plans.
- Discussions continue with the City of Sumner and Burlington Northern Railroad regarding expansion/wetlands mitigation near Cascade's tailrace.

Agenda Item Out of Order

ITEM 9: STAFF PRESENTATIONS

A. Financial Audit Results

¹ Via conference call.

² Via conference call; departed call at 4:13 p.m.

³ Via conference call.

Mitch Hansen, Shareholder, and Agatha Dodek, Manager, at Clark Nuber presented the results of the financial statement audit and noted that an unmodified audit opinion was issued. There were no material weaknesses in internal controls noted. There were also no best practices or other recommendations noted. Mr. Hansen reported that in a prior year the audit noted that one out of two revenue selections did not have the "Received" stamp to document the date the check was received (for an invoice payment). In the current year, a similar issue was also discovered.

Mr. Hansen and Ms. Dodek responded to questions from Board Members and summarized the required communications for the audit. In addition, Mr. Hansen discussed future changes for new GASB Standards.

7. CONSENT ACTION ITEM

- A. Board Meeting Minutes from March 27, 2019.
- B. Motion to authorize the Chief Executive Officer to enter into a contract to perform herbicide treatment for control of aquatic vegetation in the Lake Tapps Reservoir in an amount not-to-exceed \$100,000.
- C. Authorize the Chief Executive Officer to enter into Amendment No. 5 to the Consulting Agreement with HDR to provide an increase in the maximum compensation amount of \$50,000, for a total amount not to exceed \$833,000.

Motion by Mr. Warren and second by Ms. Sweet to approve Consent Action Items A-C as presented in the Board packet. Motion carried unanimously (7-0).

8. OTHER ACTION ITEMS

- A. Motion to adopt Resolution 2019-04

Motion by Mr. Ekberg and second by Ms. Sweet to adopt Resolution 2019-04.

Chuck Clarke provided an overview of Resolution 2019-04 which directs Cascade staff and general counsel, in consultation with Cascade members and other experts on housing for homeless and low income individuals, to study the following: (1) the manner in which RCFC assessments are calculated under the RCFC Methodology, with attention including but not limited to the way in which those calculations impact or may address housing for low income and homeless individuals; (2) the parameters of a pilot project that would enhance Cascade's ability to test and study the effect of waivers from RCFC assessments on housing for low income and homeless individuals, including any certification regarding the purpose, function, and operational status of any housing to be required of Members seeking a waiver; and (3) the application of the Housing Cooperation Law, Chapter 35.83 RCW to Cascade and housing projects within Cascade Member service areas. This resolution would further direct Cascade staff to prepare reports and any resolutions it finds appropriate for consideration on each study matter.

Staff responded to various questions from Board Members.

At the question, motion carried unanimously (7-0) to adopt Resolution 2019-04 as presented.

- B. Motion to approve Resolution No. 2019-07

Ed Cebron explained that since the April 2019 Board meeting, staff, financial advisors, and bond counsel have been taking the necessary steps toward an agreement with JP Morgan to refinance Cascade's 2009B Bonds. However, after the recent Finance and Management Committee meeting, the bank financing process was suspended. Mr. Cebron explained that bond market interest rates have continued to fall. Cascade's financial advisors, Scott Bauer and Alan Dashen of Northwest Municipal Advisors, discussed Cascade's bond debt and the latest market trends. The next steps

are to determine if Cascade's bonds should be refunded through either a bank loan or publicly-issued bonds.

Staff responded to various questions from Board Members. Mr. Bauer clarified that the bonds that are being refunded are taxable.

Motion by Mr. Warren and second by Ms. Birney to approve Resolution No. 2019-07 authorizing the borrowing of money and the issuance and sale of water system refunding revenue bonds for the purposes of refunding the outstanding Cascade Water Alliance Water System Revenue Bonds, 2009B. Motion carried unanimously (6-0).

In addition to approving Resolution 2019-07, motion by Mr. Warren and second by Ms. Pauly to direct Cascade staff to proceed with a public bond offering. Motion carried unanimously (6-0).

C. Motion to adopt Resolution 2019-08

Mr. Clarke discussed Resolution 2019-08 which would authorize additional utility services related to wastewater, sewage, or septage collection with limitation on activities.

Ms. Pauly and other Board Members expressed their support of the resolution. However, Ms. Pauly requested additional time to review the resolution, so she can provide an overview of the information to her City Council. Other Board Members concurred with this recommendation.

Motion by Mr. Warren and second by Ms. Pauly to postpone action on Resolution 2019-08 until the next Board meeting. Motion carried unanimously (6-0).

9. STAFF PRESENTATIONS

A. Financial Audit Results

Presented earlier in the meeting agenda.

10. COMMITTEE REPORTS

- A. Executive Committee – No meetings held.
- B. Finance and Management Committee – Meeting held May 15, 2019. The meeting recap was included in the Board Packet.
- C. Public Affairs Committee – Meeting held May 1, 2019. The meeting recap was included in the Board Packet.
- D. Resource and Management Committee – Meeting held May 9, 2019. The meeting recap was included in the Board packet.

11. NEW BUSINESS

None.

12. NEXT REGULAR MEETING

The next regular Board meeting will be held June 26, 2019, at 3:30 p.m.

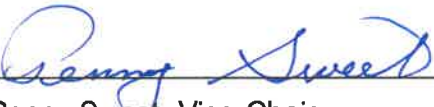
13. ADJOURN

The meeting was adjourned at 4:46 p.m.

APPROVED BY:



John Stokes, Chair



Penny Sweet, Vice-Chair