

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Wednesday, June 19, 2013**

President Branch called the special meeting to order at 8:00 a.m. on Wednesday, June 19, 2013 at the District office at 1121 West Side Highway in Kelso, Washington. Those in attendance were:

Commissioners Ted Branch, Dean Takko and Monte Roden
Kim Adamson, General Manager
Alan Engstrom, Legal Counsel

The Board moved to Executive Session at 8:01 a.m. to interview General Manager Candidate finalists. The Board returned from executive session at 5:30 p.m. and no action was taken.

Staff and audience arrived at 5:30 p.m.
Debbie Vela, Finance Administrator
Vicki Kruse, Office Staff

Audience:

Pat Lloyd

It was moved by Monte Roden, seconded by Dean Takko, to approve the minutes of both of the May 24, 2013 meetings and the June 4, 2013 meeting as drafted. Motion carried.

Kim recommended moving to action item 3 to discuss Interim Management with Pat Lloyd. Kim presented a Memorandum of Understanding that she and Alan Engstrom developed. Mr. Lloyd has reviewed and signed the agreement. Alan recommended that section 8, second paragraph changed wording from *In accordance with paragraph 1* to *through consultation and negotiation*. Changes were handwritten and initialed by all parties. The Board thanked Mr. Lloyd for assisting the District during the transition. Kim asked if Mr. Lloyd would report to the Board on the Internal Controls of the District and make any necessary recommendations.

The Manager Report, which was delivered to the Board prior to the meeting, was the first item of discussion. A copy of said report is attached as a part of this permanent record.

Item 1 – Boundary Review Board. Kim submitted an application to the Boundary Review Board to adjust our boundaries to reflect our current service area. Once formally accepted, it will trigger a 45 day public comment period. At the end of the public comment period, the Board can approve or reject the request.

Item 2 – Bond Purchase. As discussed at last month's meeting, the District uninvested \$1,000,000 from the District's Sewer Capital funds in the Local Government Investment Pool

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and purchased a Federal bond for \$999,911.81 which matures on December 6, 2015. The bond is not callable and pays .32% compound interest which is payable at maturity. It is lower than the current bonds at .8% but higher than the .01% interest in Local Government Investment Pool. Confirmed actual bond amount of \$999,920.88.

Item 3 – Audit. Kim has been working with Monte to modify the District's response to the audit finding following a request from Tina Watkins of the State Auditor's Office. The State Auditor has modified its wording of the finding and requested that the District do the same in its response. The State Auditor's Office acknowledges that the District had implemented changes in the limited time between audits. One item of concern which remains unsettled is the State Auditor's Office wanted the District's financials to reflect water expenses and income going through sewer fund. The District disputes with the statement since water funds were not commingled with sewer funds.

Item 4 – County Feasibility Study. Kim posted a link to the feasibility study for the Board's review. Kim was contacted by staff at Cowlitz County who has requested a meeting on June 24, 2013 to further discuss the feasibility study. Kim requested the meeting after the new General Manager has been hired. After discussion, the Board asked Kim that the new manager schedule a meeting once they have had time to review the study but if an answer is due immediately, the answer is to decline pursuing the study any further.

Item 5 – Kelso Mint Farm Study. Kim and Monte attended a meeting with the Cities of Kelso and Longview to discuss the possibility of the City of Kelso buying into the Mint Farm Water Source. The City of Kelso's wells are nearing the end of their useful life. Neither of the partner owners had any objections to the City of Kelso looking at the Mint Farm Water Source as an option.

Action Items:

Item 1 – Treasurer Resolution 455. It was moved by Monte Roden, seconded by Dean Takko to approve Resolution 455 naming the Finance Administrator as the District's Treasurer under the direction of the General Manager. Motion carried.

Item 2 – TRRWA Board Alternate. Monte suggested naming the Board President as the TRRWA Board Alternate with the ability to appoint another Board member if the President is unavailable. Kim stated the next meeting is July 10, 2013. It was moved by Monte Roden, seconded by Dean Takko to name the President as the TRRWA Board Alternate with the ability to appoint another Board member if the President is unavailable. Motion carried.

Item 3 – MOU for Interim District Management. It was moved by Dean Takko, seconded by Monte Roden to adopt the Memorandum of Understanding between the District and

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Patrick Lloyd, with the change of wording on paragraph 2 to read "through consultation and negotiation". Motion Carried.

Expenditures. Vouchers audited and ratified by the auditing officers as required by RCW 42.24.080, and those reimbursement claims ratified by auditing officers as required by RCW 42.24.90, have been made available to the Board.

As of this date, June 19, 2013, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: May claims in the amount of \$29,454.10; and June invoices in the amount of \$254,606.94, payroll for May. The May Visa statements were delivered electronically prior to the meeting.

Confirmation of Lien Filings. It was moved by Monte Roden, seconded by Dean Takko, to approve the filing of Liens 1500 - 1505. Motion carried.

Other Business. Monte thanked Kim for her years of service and truly appreciates her time at the District and wishes her well in her future endeavors. Kim thanked the Board for the opportunity.

The next regular meeting is scheduled for July 17, 2013 at 4:00 p.m. The meeting was adjourned at 6:15 p.m. The Board will continue the Executive Session from earlier today at a date to yet to be determined.

Ted A. Branch, President

Dean A. Takko, Secretary

Monte J. Roden, Commissioner