



**LAKE STEVENS
SEWER DISTRICT**
Serving You Since 1957

1106 Vernon Road · Suite A,
Lake Stevens, WA 98258
(425) 334-8588 · Fax (425) 335-5947
Web Address: lkstevenssewer.org

Mission Statement: Meeting the challenge of protecting the environment and providing quality sewer service to the community.

**MINUTES
OF SPECIAL MEETING
BOARD OF COMMISSIONERS**

**September 17, 2019
Utility Committee**

Attendees: Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche; Staff: Tonya Christoffersen, Johnathan Dix and Tara Bighouse.

Guests from the City of Lake Stevens: Councilmembers Gary Petershagen, Marcus Tageant, Mayor John Spencer and Gene Brazel.

1. **Called to Order** at 4:00 pm by Commissioner Kosche. He moved into the meeting agenda item "Utility Committee Meeting".
2. **Utility Committee Meeting** – The Committee discussed mutual projects and planning for the Lake Stevens UGA and study areas.
3. **Conclude** – There being no further business, the meeting was concluded at 4:45 pm.

Signed at a regular open public meeting this 26th day of September 2019





Dan Lorentzen, Commissioner



Mariah Low, Secretary and Commissioner



Kevin Kosche, President and Commissioner

VISITOR SIGN-IN

If you would like to address the Board of Commissioners, it will be necessary for you to sign in. Thank you.

Print Name	Signature	Address	Phone	Purpose
Paul Knight				LSSD
Mary Dickinson				
Melonie Gneser				LSSD



**LAKE STEVENS
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**Utility Committee Meeting Minutes
September 17, 2019 4:00 pm**

City of Lake Stevens / Lake Stevens Sewer District
1106 Vernon Road, Suite A, Lake Stevens, Washington

1. **Called to Order:** 4:00 PM by Commissioner Kevin Kosche
2. **Roll Call:**
Attendees Representing the District: Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche; Staff: Tonya Christoffersen, Johnathan Dix and Tara Bighouse.
Attendees Representing the City of Lake Stevens: Councilmember Gary Petershagen and Marcus Tageant, Mayor John Spencer and City Administrator Gene Brazel.
3. **Action Items:**
 - a. **Approval of Meeting Minutes of July 9 and August 6, 2019** – Kevin Kosche noted on the August 6th meeting minutes, there was no quorum during the approval of item 3a so the meeting minutes were not able to be approved. Tonya noted on page two John Spencer's name was incorrectly spelled. Mariah Low moved to approve the July 9 and August 6, 2019 minutes as amended. Gary Petershagen seconded the motion. The Motion passed unanimously.
4. **Public Forum:**
5. **Information Sharing – New Legal Counsel:**
 - a. **Advisory Vote for Bonds** – Kevin Kosche noted in reference to the August letter, this an opportunity to make recommendations and would like to make sure all questions are exhausted. Gary Petershagen asked which letter he is referring to; Kevin replies the August 28th letter from Mayor Spencer. Kevin Kosche noted in paragraph one "Gottlieb noted to Greg Rubstello" if that letter was sent, he did not receive it. John Spencer noted they can provide the letter and explained they tried to reach Dan Gottlieb. He stated, Greg said what is the need to have the resolution referred to as 16K. If this would affect the bond status as tax exempt, it's possible this is a way to resolve the dispute. If 16K is removed it would allow them to move forward and not affect the tax-exempt status on the bonds. John Spencer stated his thought is it wouldn't affect status. Dan Gottlieb, bond council sent an email to Greg Rubstello, the City's attorney with the language to accomplish that. The city's attorney called John with the information and the city's attorney had an issue with choosing the bond counsel. John was ok with it. That is what started the drafting of the letter. The only other thing that was added was asking for a date in moving forward in good faith. Kevin asked what is the issue with 16K? John replied the bonds would have to be diffused before a merger and it's adding a condition to the ILA at an increased merger. Kevin noted as it stands today, we would merge in 2033. John stated future elected officials may agree to merge sooner. Kevin reiterated the issue is stopping the bonds because of the potential to merge sooner. Kevin noted it's interesting the City negotiating with our bond counsel. Kevin agreed this does make the merger in 2033. He added the District does want to make sure the bonds are marketable and yes 16K could block the merger. He believes there are

options moving forward, pulling 16K isn't one of them. Marcus noted ultimately the city is responsible and there isn't an issue talking to bond counsel. Kevin noted he has concerns and objection to mediation at the cost to the rate payers, without the August letter retracted without conditions, we can commit to mediation. Marcus would like to make a motion to select a mediator today. Tonya noted Terry Carroll was selected on the District side for the mediator and this information was given to Kinnon. Marcus believes there are a lot of items to mediate. Kevin added he has been in a few mediations and it doesn't typically offer legal opinion or negotiate a contract and is puzzled on how to mediate a few items. Gary noted David Thompson is the one who spoke to the bond counsel to get some information on a difference of opinion from two different bond counsels with differing opinions. Kevin stated what the mediation should help to resolve whether the city has the authority to modify a resolution. It sounds like differing attorneys' opinions. John Spencer stated there is no need to do that to market the bonds. In terms of the citizens you can go forward and it will not change the marketability, he doesn't believe any bond counsel will tell you that. Kevin noted if you go back to July the bonds were going to go past the unification date and that was rejected by the City. John replied you have bonds that go past the date now. Kevin noted there was a conversation with John regarding the issue so he noted the District will find another path forward. John Spencer added you can get those bonds without 16K and doesn't believe there needs to be a roadblock to stop a potential merger by other councilmembers and commissioners in the future. Take this road block out and don't bind future elected officials. Kevin stated don't dictate bonds and we can move forward. Gary noted the bond counsel stated there is language in an email from bond counsel that they would be ok moving forward with. Kevin stated as long as the District wanted the City to have say on the District bonds. John Spencer stated mediation isn't arbitration. Tonya is confused why this was addressed yesterday with Dave and Dan. When you do this 16K effectively modifies the ILA and it's a matter to move the bonds forward. If you go to the previous bond issue it explains neither the city nor district can predict when a merger will occur. The idea they are not marketable just isn't correct and if there is a struggle then maybe a new bond counsel is needed. The District is in good shape to move forward. It's possible to walk out of this meeting today to move forward. Kevin replied it is, retract the letter with no conditions. John would like to add by removing 16K and amending Resolution No. 969 with bond counsel language, it is not setting a precedence. Marcus asked to table this for today. Gary noted positively there is a quorum. Gary Petershagen made a motion in accordance with the ILA in making a recommendation to the board of commissioners. And the city withdraws its August 26 letter with a modification to resolution 969 removing item 16K and adding the language from by the District bond counsel. Marcus Tageant seconded the Motion. John noted without precedence, three voted yes of the Motion (John Spencer, Marcus Tageant and Gary Petershagen) and three voted no (Kevin Kosche, Mariah Low and Dan Lorentzen). John thinks this is unfortunate that the District must have that language in there. Marcus added it is unfortunate it's from the Districts own bond counsel. Gary would like to recommend going back to your bond counsel for clarification. John added his understanding with a 3-3 vote there is no resolve with this issue and again he states its very unfortunate there is not a path forward. Kevin noted it is unfortunate and he would have liked to see the bonds refinanced. He stated there is a path forward on both sides. Kevin noted if 16k was accepted this wouldn't be an issue. John added 16K puts a barrier in the way of a path forward to merge. As for marketability of these bonds you can

move forward, nothing would have changed on the status. It's clear it could be resolved. Gary added one of the issues he heard was the comment of tax exempt and that is why this came up with the bond counsel. Kevin noted they will circle around with Dan Gottlieb to look at this. If counsel states the marketability is the same, it would address that part but doesn't address the city having authority over the bonds. Gary added this is for the good of the rate payer and this makes it as marketable why would the stumbling block be put out there. Marcus asked the same and why would all three stop something simple and moving forward. Mariah disagrees, the first resolution was stopped and then we went back and found another path. John added he looks forward to the District talking to their bond counsel. It's unacceptable to make a change to the 2005 ILA.

Kevin noted in the spirit of full disclosure he gave the press release to the City; it went out today. Marcus noted if the rates go down is the District going to put out a retract. Gary noted if the District would have done this three months ago there would have been even more savings. Gary asked when the conversation with bond counsel happen and another meeting be scheduled. John stated Wednesday or Thursday next week. Marcus can do Wednesday the 25th. He will double check. Kevin suggested we can make the 25th work. John noted a possible meeting over the phone later this week. Kevin asked Tonya, to call Dan and getting back together how long to have that discussion. She can email Dan Gottlieb and Dave Trageser, who are traveling today and will possibly talk to them tomorrow. Kevin noted he will send an email this week to see where we are can meet. Gary asked to bring full circle on a mediator. Gene stated he talks to Greg daily, but there should not be an issue.

6. **Utility Agreement:**
7. **Schedule the Next Meeting** – The next meeting is scheduled for October 22, 2019.
8. **Adjourn** – Mariah Low moved adjourn; Gary Petershagen seconded the Motion. Kevin Kosche adjourned the meeting at 4:45 pm.

2019 Utility Committee Chair:



Kevin Kosche, Commissioner
Lake Stevens Sewer District