

At the June 21, 2017 Board of Commissioners (BoC) meeting for Lewis County Water & Sewer District #5, Commissioners Virgil Fox and Dennis Eros discussed, approved, and appointed Steven Nikolich to fill the vacant position of Commissioner #2 after Carol Fox submitted a letter at the meeting resigning from her Commissioner's position. Steven Nikolich is a candidate for the Commissioners' position in the upcoming November 2017 Election. Appointing Steven Nikolich Commissioner at this time appears to be an unfair endorsement of Nikolich by District #5 and an attempt by Commissioners Virgil Fox and Dennis Eros to influence the outcome of the election against other candidates. BACKGROUND: Lewis County Water & Sewer District #5 is a small Special Purpose District created to serve exclusively the Birchfield Master Planned Community in Onalaska, WA. Virgil and Carol Fox are the Developers for Birchfield. The Foxes have held the positions of Commissioner since 2003, except for a short period between 2012 and 2013. The Foxes appointed Dennis Eros to his current Commissioner's position in 2016 after the former Commissioner Kristine Carter resigned from her position. Carol Fox submitted her letter of resignation from the position of Commissioner #2 at the June 21, 2017 BoC meeting effective after the meeting was adjourned. Although Commissioners Virgil Fox and Dennis Eros appointed Steven Nikolich, and he accepted, the Commissioners stated Nikolich could not take the Oath of Office and assume his new position as Commissioner until the next BoC meeting. On July 19, 2017, Commissioner Virgil Fox canceled the monthly BoC meeting for District #5 due to the lack of a quorum after Commissioner Dennis Eros failed to attend the meeting. The next scheduled monthly BoC meeting is August 16, 2017. Commissioners Virgil Fox and Dennis Eros agreed that in light of the upcoming November 2017 Election they should choose from among the candidates running for the two open positions of Commissioner. The candidates for Commissioner's position #1 are Dennis Eros and my wife, Deborah Hilliard. The candidates for Commissioner's position #2 are Steven Nikolich and myself (Jimmy Hilliard). FYI: An audio recording of the June 21, 2017 BoC meeting is available.

Lewis County Water and Sewer District #5

921 – C Middle Fork Road

Onalaska WA 98570

Agenda

June 21, 2017

Call to order:

Approval of May 17, 2017 Regular Meeting Minutes

Approval of May 22, 2017 Special Meeting

Approval of Vouchers

Reports:

Financial report

Managers report

Old Business:

Insurance Re: D & O

Legal Representation

New Business:

Misc. Repairs

Good of the Order

Adjournment

New Meeting July 19, 2017

Lewis County Water and Sewer District #5
921 – C Middle Fork Road
Onalaska, WA 98570
Phone 360-864-5225

Minutes of the regularly scheduled June 21, 2017 Commissioners Meeting

In attendance were commissioners Dennis Eros, Virgil Fox. Also in attendance were Jimmy and Deborah Hilliard, Rick and April Toups and Stephen and Marsha Nikolich.

The meeting was called to order at 7 PM by Commissioner VRF.

The first order of business was approval of the May 17, 2017 minutes which were approved unanimous

The next order of business was approval of the May 22, 2017 special meeting which was approved unanimous.

The next order of business was presentation, approval and signing of vouchers. 10 vouchers were approved and signed. The commissioners also signed and approved a list of the vouchers to be included in the minutes. Deborah Hilliard requested that attendees should be given copies of all of the vouchers. VRF questioned to what extent the public should be supplied with various documents that the commissioners were to review. VRF agreed to do appropriate research and answer that question.

Chairman VRF presented the financial report as provided by Northwest Water Systems. The financial report was approved unanimous.

Chairman VRF presented the Managers Report which was approved unanimous.

Chairman VRF made note Commissioner Carol Fox was sick and therefore absent.

Chairman VRF presented various correspondence for review. 1. Stanbrook homes is quitting business. No action taken 2. VRF has solicited and received a bid to do minor repairs from RTD Custom Carpentry LLC. The bid was \$2851.31 including tax. CDE made a motion to approve the bid the motion was passed unanimous. 3 VRF presented copies of letters sent to both Title Guarantee of Lewis County and Lewis County Title requesting that no property sale should be closed without clearance from Lewis County Water and Sewer District #5.

Following up on old business VRF presented a quote for B and O insurance he will conduct further discussion and/or additional quotes with our agent. No action was taken at this meeting.

Chairman VRF opened a letter from Commissioner CAF which stated that she was resigning effective at the end of this June 21 meeting. A discussion followed outlining the remaining commissioners duty to appoint a replacement and acknowledgment that in the upcoming election Deborah Hilliard and Steve Nikolich were running for the position vacated by CAF. CDE suggested that we should appoint Steve Nikolich. Steve Nikolich raised several questions primarily concerning any potential involvement that he would have in the existing lawsuit by the Hilliard's against the district. VRF agreed to discuss that issue within an attorney. After discussion Steve Nikolich stated that he would be willing to be appointed. It was acknowledged that since Commissioner CAF'S resignation was effective the end of this meeting that no appointment could take place until the next meeting. Commissioner VRF agreed to

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review the proper swearing-in procedures for the next meeting.

Good of the order comments:

Jimmy Hilliard presented a 150 or 160 page document apparently containing four comments or concerns. After considerable discussion CDE moved that we should acknowledge Mr. Hilliard's submission that motion was passed unanimous CDE further moved that the Commissioner should Table the Issue and review Mr. Hilliard's presentation and follow up with further action or discussion at the next meeting. The motion was passed unanimously.

Rick Toups questioned whether the lots adjacent to the middle Fork Road (subject of a recent boundary line adjustment) would also be subject to standby fees. Chairman VRF explained that since these lots did not have the "ready to serve capability" they would not be subject to such fees.

Rick Toups raised an additional question regarding the status of accounts receivable. Commissioner VRF acknowledge that Accounts Receivable are too high but the only way that we have to collect relative to standby fees is when the lot is sold pursuing collection through a collection agency doesn't seem like a reasonable solution.

April Toups raised the question concerning past due amounts relative to active customer. This is a reasonable question an additional follow-up should be pursued.

Steve Nikolich initiated the discussion about standby fees Commissioner VRF presented explanations. No conclusion was reached

Rick Toups raised the question about whether or not Murray Farms is paying a water bill or standby fee. Commissioner VRF explained that upon the sale a meter was installed and Murray Farms is now paying for the water that they use. The water to the barn was previously paid for by VRF via his meter

There being no further discussion the meeting was adjourned at approximately 7:45 PM

Respectfully submitted

Virgil Fox Manager