

**MINUTES OF A SPECIAL MEETING OF
THE BOARD OF COMMISSIONERS OF
RONALD WASTEWATER DISTRICT**

January 25, 2013

A special meeting of the Board of Commissioners of Ronald Wastewater District was convened at the District office at 4:00 p.m. on Friday, January 25, 2013 by Board President Wadekamper. In attendance were Commissioners Robert Ransom, Brian Carroll, Richard Matthews, and Arnold Lind; General Manager Michael Derrick; Finance Manager Jen Chen; Scott Edwards of Lane Powell who is representing the District in its appeal of the DOR tax assessment, and Steve Bishop of the accounting firm Bader Martin, who arrived at 5:00 p.m.

EXECUTIVE SESSION

Upon motion by Commissioner Carroll and second by Commissioner Lind, the Board voted 5-0 to go into executive session for one hour to discuss with legal counsel District litigation pursuant to RCW 42.30.110(1)(i). At 5:00 p.m. upon motion by Commissioner Carroll and second by Commissioner Ransom the Board voted 5-0 to extend the executive session for 30 minutes. At 5:30 p.m. upon motion by Commissioner Matthews and second by Commissioner Ransom the Board voted 4-0 with Commissioner Carroll abstaining to extend the executive session for 15 minutes.

BOARD ACTION

At 5:40 p.m. the Board came out of executive session and went back into open session and instructed Mr. Edwards to:

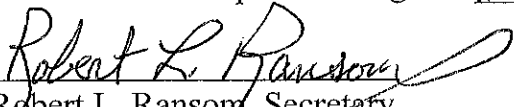
1. Seek an in person meeting with the Department to present a counteroffer to the Department's settlement proposal.
2. Present an offer that (1) is revenue neutral to the Department for periods through December 31, 2012, with (a) no net refund to the District for the audit period and (b) no net payment owed by the District for periods through December 31, 2012 and (2) provides for an increase in the amount of Public Utility Tax paid pending the state's establishment of a method that will apply to all sewer districts – specifically, as part of the settlement, the District would agree to increase the percentage of its “net income” (defined as gross utility charges less treatment costs) on which it pays Public Utility Tax from 9.36% (which it has been using for many years without prior objection from the Department) to 14.0% for tax periods from January 2013

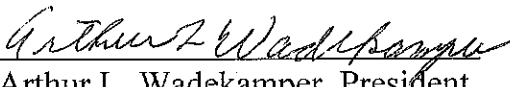
through the effective date of any future new or amended administrative rule or statute establishing a method for sewer districts to determine what portion of their sewerage charges is subject to Public Utility Tax.

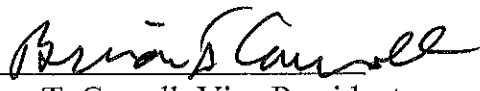
CONCLUSION

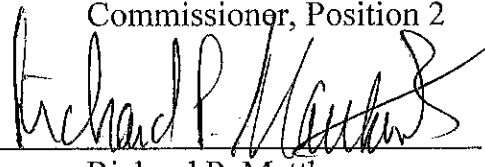
There being no further business, President Wadekamper concluded the meeting at 5:45 p.m.

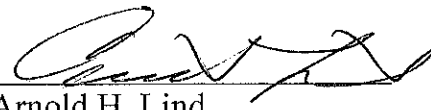
APPROVED in open meeting this 12 day of FEB, 2013.


Robert L. Ransom, Secretary
Commissioner, Position 1


Arthur L. Wadekamper, President
Commissioner, Position 2


Brian T. Carroll, Vice President
Commissioner, Position 3


Richard P. Matthews,
Commissioner, Position 4


Arnold H. Lind,
Commissioner, Position 5