

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
November 17, 2016**

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7 Call Regular

8 Board Meeting: Board President John Garcia called the regular board meeting to order at 4:00 p.m.,
9 Thursday, November 17, 2016.

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11 Present: John Garcia, Board President; Glen Morris, Treasurer; Sandra Mies-Grantham,
12 Secretary; Rob Mills, Member; Staff: Adam Denlinger, General Manager; Joy S King,
13 Office Manager. See sign in sheet for public attendance.

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15 Excused Absences: Karen Otta

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17 Announcements: Sandra Mies-Grantham mentioned she felt unsafe passing on her neighborhood last
18 week when the contractor was working. She felt like the flagger was not certified. John
19 Garcia also expressed concern about the contractor's work at 101.

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21 Public Comments: None

22 Consent

23 Calendar: Items on the consent calendar are Invoice Lists for October/November 2016; minutes of
24 the October 6, 2016 regular board meeting; October/November 2016 Financial
25 Report/Invoices to approve; USDA Phase 3- Project Monitoring Report No 13; USDA
26 ECWAG Project Monitoring Report No.3; Mocon Corp. Schedule 1; Payment Application
27 No. 12; Schedule 2 Payment Application No. 12; General Manager's Report; Rob Mills
28 motioned to approve the consent calendar. Motion Seconded by Glen Morris. Motion
29 carried 4-0.

30 Discussion and
31 Information Item:
32 Phase IV Conceptual
33 Design:

The final Conceptual Design Report has been completed which included portable generators, portable pump station and portable treatment plant as discussed at the October 6, 2016 board meeting.

With the completion of the Conceptual Design Report, the District is now ready to use it as a road map to take the necessary steps to start the project. The first step is to start looking into financing. There's a possibility that the interest rate could go up and it might be advantageous for the District to break the project into phases and obtain funding for each phase. The GM will set up a One Stop meeting with the different agencies that can provide financing for the project. The project could be presented in phases and obtain funding by phases. It was recommended to have the engineer, a board member, and David Ulbricht attend the One Stop meeting with the GM.

Another step that needs to be done is to prepare a Preliminary Engineering (PER) and Environmental Report (ER). The estimated cost for PER is \$88,000 and the ER is \$58,000.

Another step is engaging a relationship with the property owner, David and Jean Young. A letter from Dennis Bartulos, the Young's attorney was received. They have reviewed the Conceptual Design Report and would concur that an easement is the best way to address any District use of their property. The Youngs have some questions and would like to meet with the GM and the engineer. Their goal is to make sure they fully understand the operation and to work toward mutually agreed solutions to address any concerns. The District needs to engage Jeff Hollen, as the SRWD's attorney.

Another step to be done is to do a geotech study of the ground where the HDPE pipes will be installed. It is important to know how stable the soil from the intake location up to the Makai tank location. Once the stability of the soil is known then the construction will be done according to the condition of the soil.

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58 Emergency Pipeline
59 Replacement:

60 Oceania Drive: The Oceania Drive emergency pipe replacement project has been completed. The District
61 received a \$150,000 USDA grant and is in the process of closing the project with USDA.
62 There is sand with rocks that needs to be moved out of the area and the District received

63 permission from the county to do it. The contractor's estimate for removing the sand is
64 about \$3,000.

65 Decision Items:
66 Resolution 1116-01
67 LC-MJNHMP

68 During a recent meeting of staff with Oregon Office of Emergency Management (OEM)
69 and Federal Emergency Management (FEMA) representatives to discuss the SRWD/City
70 of Newport Intertie project closeout, staff learned that future mitigation grant funding
71 consideration will be predicated on the District's involvement and adoption of the Lincoln
72 County Multi-Jurisdictional Natural Hazards Mitigation Plan (LC-MJNHMP). District staff
73 has participated in the planning process and hosted meetings at the District. Robert Mills
74 motioned to approve Resolution No. 1116-01 a resolution adopting the Seal Rock Water
75 District's Representation in the Updates to the Lincoln County Multi-Jurisdictional Natural
76 Hazards Mitigation Plan and make the resolution available to Oregon State OEM and
77 FEMA. Motion seconded by Glen Morris. Motion carried 4-0.

78 Resolution 1116-02
79 Reimbursement
80 Resolution:

81 The District staff has been working with consultants, engineers, and stake holders to
82 complete a Source Water Feasibility study. A Conceptual Level Study for the purpose of
83 developing source water improvements on Beaver Creek has been completed and
84 adopted by the Board of Commissioners on October 6, 2016. The District expects to issue
85 bonds, bond anticipation notes, loans or other obligation and to use the proceeds of the
86 reimbursement obligations to reimburse the District for expenditures it makes from its
87 available funds for the source water improvement project. Glen Morris motioned to adopt
88 Resolution No. 1116-02 a resolution authorizing the reimbursement of expenditure with
89 reimbursement obligation proceeds. Motion seconded by Sandra Mies-Grantham. Motion
90 carried 4-0.

91 Resolution 1116-03
92 Issuance & Sale of
93 G.O. Bonds:

94 Phase 3 project funded by proceeds of interim loan provided by Cashmere Valley Bank
95 has been completed. Adoption of Resolution No. 1116-03 will allow the District to close
96 Phase 3 long term financing with 1.875% interest rate with USDA. The original interest
97 rate was 3.25%. Closing the loan with a lower interest rate will save the District
98 \$1,099,287 in interest payment for the term of the loan. Glen Morris motioned to adopt
99 Resolution 1116-03 A Resolution Providing the Issuance and Sale of the Seal Rock Water
100 District, Oregon Installment Water General Obligation Bond, Phase 3, in the Principal Sum
101 of not to Exceed \$3,451,000 to the United States of America, for the Purpose of Providing
102 a Portion of the Costs of Improvements to the District's Water System; Providing for the
103 Form and Terms of Said Bonds and Authorizing the Payment of Same. Motion seconded
104 by Sandra Mies-Grantham. Motion carried 4-0.
105 With the adoption of Resolution No. 1116-03 the following closing documents were
106 signed. Bond, Transcript Certification, Certificate of Authorized District Representative,
107 Certificate of Incumbency of Members of Board, Certificate Regarding Meetings of Board,
108 Signature, Nonlitigation and General Certificate, Certificate of Debt Limit and GO Bond
109 Authority, No Change in Financial Condition Certificate, Certificate of Bond Delivery and
110 Receipt for Bond Proceeds, Tax Certificate, IRS Form 8038-G, Certification to be
111 Executed at Loan Closing.

112 Performance Review
113 of the GM:

114 During the October 6, 2016 Board meeting each Board Member received a Performance
115 Evaluation form, Activity List, and a GM Responsibilities Chart for their use in evaluating
116 the performance of the GM. Each commissioner completed the Performance Evaluation
117 form and gave them to John Garcia, the President of the Board for tabulation.
118 The performance review of Adam Denlinger, GM was conducted in an open meeting.
119 John Garcia gave a summary of the tabulation from each of the commissioners. The
120 overall performance of the GM is outstanding. Glen Morris recommended to give the GM
121 a step increase and the maximum bonus as provided in the Manager Bonus Policy
122 approved by the Board. The Board discussed some of the achievements of the GM. He
123 has educated the Board of what's going on with the projects and other issues concerning
124 SRWD and other agencies. He has provided leadership and training to SRWD staff that
he can leave on vacation without any worry that the staff can carry on their job. He has
created a pleasant atmosphere among employees. He was successful in bringing in
consultants to work with him to successfully obtain water rights for source water on
Beaver Creek. He was also successful in managing Phase 3 projects and in dealing with

125 the contractor in resolving issues. It was the consensus of the Board to give the GM a
126 step increase and the maximum bonus for his outstanding performance.
127 The GM expressed appreciation to the Board for trusting him and thanked them for their
128 leadership and guidance that lead to the success of the District.

129 Reports, Comments,
130 Correspondence:
131 Employee Luncheon: It was decided to have the annual employee appreciation luncheon on December 8, 2016
132 at 11:30 am. The venue is Izzy's Pizza in Newport. The regular Board meeting will be at
133 1:30 pm. It was the consensus of the Board to give an appreciation bonus for each
134 employee for the same amount as what was given last year.
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136 SDAO Conference: All Board members will attend the conference on Feb. 10-12. It was recommended for the
137 newly appointed commissioner to attend the pre-conference session on Feb. 9, 2017. Rob
138 Mills informed the Board his lodging and conference fee will be taken care of by SDAO.

139 Bob Loeffel Memorial
140 Service: Bob Loeffel passed away and his memorial service will be on Nov 19 at 1:00 pm at the
141 First Presbyterian Church in Newport. He was a longtime patron of the District and served
142 as the President of the Board at one time and also served as a budget committee member
143 for several years.

144 Letter from Dennis
145 Bartuldos: The letter received from Dennis Bartuldos was in behalf of David and Jean Young the
146 property owner of the land in Beaver Creek where the District is looking into putting the
147 intake for source water. It is a formal approach to let the District know that the Youngs are
148 willing to work with the District. They also would like to meet with the GM and the engineer
149 to understand how the project could affect their property.
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151 OWRD: The Oregon Water Resources Department has funded and formed a Place-Based
152 Integrated Water Resources Planning Committee. This committee helps Oregon
153 communities plan for their current and future water needs. The District's GM was asked to
154 be a part of the committee. During the past meeting it was discussed how SRWD was
155 successful in getting a water permit to use Beaver Creek as source water while other
156 agencies have had a difficult time getting a water permit. It is advantageous for the District
157 to be a part of the planning committee and to develop relationships with other surrounding
158 communities like City of Yachats and City of Waldport, since the District is in the process
159 of developing its own source water.
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161 Office Closure: The office will be closed on Thursday & Friday, November 24th and 25th in observance of
162 Thanksgiving Holiday.

163 New SCADA
164 Computer: The computer used for SCADA was obsolete and no longer works with the new software
165 Logmein for field staff to access SCADA through their iPhones. A new computer was
166 ordered and will be installed when available.
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168 Refinancing: An email was received from David Ulbricht informing the Board of the results of his review
169 and analysis to see if it is advantageous for the District to refinance its outstanding debts.
170 Based on his analysis he doesn't see any economic benefit to refinance the District's
171 current debts. The District might save a little in interest but the cost of issuance also
172 increases.
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174 Executive Session: None
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176 Next Board Meeting: December 8, 2016 at 1:30 p.m. Regular Board Meeting.
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178 Adjournment: John Garcia adjourned the meeting at 5:25 pm.
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186 Approved by Secretary

Date