

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
March 9, 2017**

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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, March 9, 2017.

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

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15 Excused Absences: Saundra Mies-Grantham

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17 Announcements: Commissioner Glen Morris announced he will not be able to attend the April 13, 2017
18 Board Meeting.

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20 Public Comments: None

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22 Agenda Calendar: Items on the consent calendar are Invoice Lists for February/March 2017; minutes of the
23 February 16, 2017 regular board meeting; February/March 2017 Financial Report/Invoices
24 to approve; USDA Phase 3- Project Monitoring Report No 17; Mocon's Final Payment
25 Requests for Schedule 1 & 2; General Manager's Report. Glen Morris motioned to
26 approve the consent calendar. Motion Seconded by Rob Mills. Motion carried 4-0.

27 Discussion and
28 Information Item:
29 Long Term Financing
30 For \$2M LOC:

31 The \$2 million Line of Credit (LOC) from Key Bank will mature on April 20, 2017. The
32 amount taken out to date is \$1.6 million leaving \$400,000 that can be used for Phase IV
33 preliminary expenses. Key Bank offered to extend the LOC until April 20, 2018 with a
34 renewal fee of 50 basis point or \$10,000. David Ulbricht, the District's financial advisor
35 who participated through conference call, shared that he reached out to Cashmere Valley
36 Bank for a long-term financing who in turn offered to take out the Key Bank outstanding
37 LOC. The offer consists of a non-revolving line of credit for 3-year interest only payments
38 with variable rates adjusted quarterly. At the end of 3 years, any outstanding principal
39 balance on the LOC would be termed out over a period of 10 years. There was a
40 discussion if the bank can put a cap on the variable interest rate. David Ulbricht will
41 contact and ask the bank. Closing the LOC with Key Bank would need a borrowing
42 resolution which needs to be adopted at a Special Board meeting. Staff will set up the
43 meeting when the borrowing resolution is ready. There was a discussion on the cost of
44 bond counsel who prepares the financing documents.
45 Glen Morris motioned to authorize the GM, Adam Denlinger to pursue long term financing
46 for \$2 million LOC through Cashmere Valley Bank. Rob Mills seconded the motion. Motion
47 carried 4-0.

48 Phase 3 Schedule 1 & 2

49 Close-Out: The District received a letter (see attached) from the contractor requesting reduction in
50 liquidated damages and a requested payment of cost overrun from subcontractors. Final
51 Payment Request reflects \$17,840 in liquidated damages. Staff reviewed the request with
52 USDA engineer and the District's legal counsel before replying to the contractor's letter.
53 The request to reduce the liquidated damages and the request for payment of
54 subcontractor's cost overrun are denied (see attached letter). The project has been
55 completed and a warranty has been received.

56 AMI: District staff, Adam Denlinger and the engineer, Aaron Collet with the City of Newport
57 representative went to the City of Gresham for a tour and presentation of the City's AMI
58 system. The City shared information regarding process of installation and dashboard
59 application. One of the benefits of the AMI is that the City is able to accurately track the
60 flow of water through their system and the reports provided by the AMI system indicate
61 that the city's water loss is at or below 3%. The District's primary objective is to achieve
62 the state's threshold for water loss.
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65 FY 2017-18 Water
66 Rate Adjustments: The Board reviewed the draft proposed rate increases and discussed the financial needs
67 of the District for Phase IV project and reserves that USDA requires for the loans. It was
68 discussed that the District has money in Capital Projects Fund and Water Source Reserve
69 Fund as transfers from the General Fund. The District should be able to use the funds for
70 preliminary expenses for Phase IV projects. The District needs to raise at least \$84,000
71 for the Short-Lived Assets Replacement Reserve Account (SLARRA) to comply with
72 USDA requirement per 2016 G.O. Bond loan agreement. It was the consensus of the
73 Board for staff to prepare for a rate increase hearing.
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75 Resolution 0317-01: This is a resolution authorizing the Seal Rock Water District Board of Commissioners
76 Recommending Restoration Recreational Immunity Rights. Glen Morris motioned to adopt
77 Resolution 0317-01. Motion seconded by Karen Otta. Motion carried 4-0.

78 Chase Park Grants
79 Technical Memo: Tia Cavender of Chase Park Grants was hired by the District to aid in obtaining grants to
80 finance the Phase IV project. The Technical memo she submitted is a summary of the
81 One Stop Meeting that was held in the District's Conference room on February 14, 2017.
82 Her summary is pretty much the same as David Ulbricht's Summary of the One Stop
83 Meeting attended by USDA and IFA representatives. It is recommended to pursue a
84 combination of loans and grants from USDA and IFA to fund the Phase IV-Beaver Creek
85 Source Water project and pursue other available grants. The project strongly qualifies for
86 SB 839 but staff didn't have enough time to meet the application deadline. Tia Cavender
87 would like to pursue to see what other grants the District qualifies for. It was the
88 consensus of the Board to have her provide a proposal.

89 Business Oregon
90 IFA: The IFA loan/grant application is moving through with the Letter of Intent as the first part
91 of the process then it will be followed with an application.

92 Annual Meeting
93 With City of Toledo: The District will host the annual meeting with the City of Toledo staff on April 20, 2017 at
94 10 am at the District Conference Room. Phase IV- Beaver Creek Source Water Project
95 will be discussed. The GM, Adam Denlinger will prepare a presentation for the City
96 Council of the City of Toledo.
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98 Executive Session: None
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100 Next Board Meeting: April 13, 2017 at 4:00 p.m. Regular Board Meeting; April 20, 2017 at 6:00 p.m. Budget
101 Committee Meeting.
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103 Adjournment: Motioned by Glen Morris to adjourn the meeting. John Garcia adjourned the meeting at
104 5:50 p.m.
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116 Approved by Secretary Date