

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
March 12, 2020**

Call Regular Meeting to Order:

President Rob Mills called the regular board meeting to order at 4:04 p.m., Thursday, March 12, 2020.

Present:

Commissioner Rob Mills, President; Commissioner Deanna Gravelle, Treasurer; Commissioner Sandra Mies-Grantham, Secretary; Commissioner Glen Morris, Member; Commissioner Karen Otta, Member; Staff: Adam Denlinger, General Manager; Joy King, Office Manager; Jeff Hollen, Legal Counsel. See sign in sheet for public attendance.

Announcements/Public Comments:

Joy King, OM announced that the bank signature cards are ready to be signed by the commissioners and staff who are signers of the district's bank accounts. This is to update the bank's records removing John Garcia and adding Commissioner Deanna Gravelle who was appointed as a commissioner during the January 9, 2020 board meeting. Commissioner Karen Otta announced that she will not be able to attend the May 14, 2020 board meeting. Adam Denlinger, GM updated the board that a window is being installed to add natural light and a component of safety for the front desk. Resources for this improvement are coming from funds set aside for the building. President Rob Mills discussed the annual review of the employees' files by a board member as outlined in the District's Personnel Policy. He reviewed the employees' files last year and discussed the need to do the review this year. Commissioner Karen Otta is willing to do the annual employees' file review for this year.

Consent Calendar:

Items on the consent calendar are Invoice List for February/March 2020; February 13, 2020 minutes of the regular board meeting; February/March 2020 Financial Report; General Manager's Report. Commissioner Karen Otta motioned to approve the consent calendar. President Rob Mills recommended changing the wording on page 1, line 15 of the February 13, board meeting minutes from "voted out" to "replaced". Motion was seconded by Commissioner Glen Morris with the correction. Motion was passed unanimously.

Discussion and Information Items:

WHA Insurance: Joy King, OM introduced Mr. Steve Silva, a WHA Insurance Field Service Agent who did a presentation introducing the company, what their mission statement is, who they are, what their insurance services are, and how they work with their clients. He also submitted a letter asking to be considered as the district's insurance Agent of Record. WHA Insurance is interested in handling the District's insurance and risk management needs. WHA Insurance is a major supporter of SDAO/SDIS and provides insurance and risk management services for many Special Districts throughout the State of Oregon. The Board wanted to know if staff checked references by talking with other Special Districts who use WHA Insurance services. The GM who attended the SDAO conference in February reported that he did talk with other Special Districts regarding WHA services and he received positive comments. The OM also talked with SDAO/SDIS regarding WHA Insurance and the feedback is also positive. Commissioner Karen Otta motioned to approve WHA Insurance Steve Silva, Loss Control Field Service Agent as Seal Rock Water District Agent of Record. Commissioner Glenn Morris seconded the motion. Motion was passed unanimously. Mr. Steve Silva will email the forms to be signed by the GM tomorrow.

Source Water Project Update:

Staff continues working with representatives from USDA-RD, the District's finance consultant, and Bond Counsel in preparation for executing Phase-4 interim financing. On February 27th the district received 7-bids for the Beaver Creek Source Water project. Notice of Intent to Award was issued to all bidders on February 28th. The District crews removed the remaining trees from the Water Treatment Plant (WTP) site in Makai.

Interim Loan Financing:

Mr. David Ulbricht, SDAO Director of Advisory Services, through telephone conference, updated the board that he sent out RFPs to about 30 financial institutions and seven banks responded. The amount of interim financing is \$9,096,000. This amount includes \$2,547,000 Revenue Bond and \$6,549,000 General Obligation Bond. The seven responses to the RFP are in a summary format for the board's review (see attached). The best proposal is from BB&T Bank (Truist) from the east coast. Mr. Ulbricht recommended accepting their proposal. The district's Bond Counsel has worked with BB&T Bank before and they are comfortable with them. The board wants to know if BB&T Bank will adjust the rate now that the federal government has lowered the rate again. Mr. Ulbricht will ask the bank on Monday, during the teleconference with the SRWD staff, bond counsel, and bank officials, if the bank would adjust the rate.

63 According to the new USDA Program Director and National Office Rep, they are open to closing the \$2,547,000 revenue
64 bond sooner than later. They don't normally do this (normally they wait for substantial project completion), but the National
65 Office Rep is agreeable to close early, so the District can capture the new low interest rates that were recently released.
66 The District could save 1% in total payment if the revenue bond is closed before July 1. Could the interim loan be structured
67 in a way that we could do that? This is a question that needs to be discussed with BB&T Bank during the teleconference on
68 Monday.

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70 **Decision Items:**

71 **Surplus Property:** Oregon Association of Water Utilities (OAWU) submitted a proposal to acquire the district's surplus
72 property, the 2008 Vermeer Trailer Mounted Vac Unit as a trade with leak evaluation and detection of all the district's
73 system using their leak detection equipment. The value of the Vac Unit is approximately \$4,000.00 and the value of a
74 system-wide leak Survey is estimated at \$9,000.00. Commissioner Glen Morris motioned to authorize the district to trade
75 the 2008 Vermeer Trailer Mounted Vac Unit as a trade with OAWU leak evaluation and detection of all the district's system
76 using their leak detection equipment. Commissioner Sandra Mies-Grantham seconded the motion. Motion passed
77 unanimously.

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79 **FY 2018-19 Audit Report:**

80 Joy King, OM reported that the FY 2018-19 Audit Report has been completed with no negative comments and filed with the
81 State Audit Division on February 28, 2020, as the extension time. The audit report has also been filed with Municipal
82 Securities Rulemaking Board (MSRB) through Electronic Municipal Market Access (EMMA) Portal on March 11, 2020. This
83 is to comply with the district's Continuing Disclosure Agreement for the publicly offered Bonds. The Single Audit filing with
84 the Federal Clearing House was completed on March 10, 2020. The deadline for the Continuing Disclosure filing and the
85 Single Audit filing is March 30, 2020.

86 The board discussed the timing of the completion of the audit. It's two consecutive years that the District had to ask for an
87 extension in filing the audit report. District staff had done everything possible to complete the audit on time. Commissioner
88 Glen Morris motioned to accept and approve the FY 2018-19 Audit Report. Commissioner Karen Otta seconded the motion.
89 Motion carried unanimously.

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91 **Notice of Award:**

92 During the day of the bid opening, the District received 7 sealed bids for the project. The base bid amounts were publicly
93 opened and read aloud immediately after 2:00 p.m. on February 27, 2020. All seven bidders were eligible to submit a bid for
94 the project by having attended the mandatory pre-bid meeting, which was held on January 23, 2020. The bid amounts are
95 listed from low to high. R&G Excavation, Inc. \$10,690,000, JW Fowler Co. \$11,903,000, Pacific Excavation, Inc.
96 \$11,990,000, Laskey Clifton Corp. \$13,127,351, K&E Excavating \$13,257,640, McClure & Sons, Inc. \$13,989,025, Emery &
97 Sons, Inc. \$14,957,449. The District intends to proceed with issuing a Notice of Award to R&G Excavating, Inc., after 7 days
98 if no protests are received. There is a shortfall of \$802,000 between the lowest bid which is \$10,690,000 and the engineer's
99 estimate which is \$9,888,000. The budget amount could be moved between contingency and Bond Counsel to cover the
100 shortfall. It was discussed why the engineers estimate is so much lower than the bid. The reason is because there are
101 additional conditions on the county permit regarding the bridge abatement, guard rail, also Lincoln County Public Works
102 Director wants CDF (controlled density fill) and aggregate base for the trenches, and there's need of a booster pump
103 station, and PRV on 123rd Street. Serving as the SRWD Contract Review Board, Commissioner Karen Otta motioned to
104 authorize the District to issue a Notice of Award for the Beaver Creek Source Water Project to R&G Excavation, Inc.
105 Commissioner Glen Morris seconded the motion. Motion was passed unanimously.

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107 **Reports, Comments, and Correspondence:**

108 The GM will attend the Western Governors' Association Workshop in the Dalles on March 18 through the 20th.

109 Budget Committee Meeting is on April 16, 2020, at 6:00 pm.

110 A flyer insert regarding the Beaver Creek Source Water Project will be mailed to the customers as an outreach informing
111 them of the project.

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113 **Executive Session:**

114 President Rob Mills recessed the regular meeting at 6:05 p.m. to go into an Executive Session, pursuant to ORS
115 192.660(2)(h); To consult with legal counsel concerning the legal rights and duties of a public body with regards to current
116 litigation or litigation likely to be filed. Representatives of the news media and designated staff shall be allowed to attend the
117 executive session. All other members of the audience are asked to leave the room. Representatives of the news media are
118 specifically directed not to report on any of the deliberations. No final decisions shall be made in Executive Session.
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Reconvene Regular Meeting:

President Rob Mills adjourned the executive session and reconvened the regular meeting at 6:30 p.m.

Adjournment: Commissioner Sandra Mies-Grantham motioned to adjourn the meeting. President Rob Mills adjourned the meeting at 6:35 p.m.

Next Board Meeting: April 9, 2020, 4:00 p.m. Regular Meeting. April 16, 2020, 6:00 p.m. Budget Committee Meeting.

Approved by Secretary

Date: