

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
July 11, 2019**

Call Regular Board Meeting:

President John Garcia called the regular board meeting to order at 4:00 p.m., Thursday, July 11, 2019.

Present:

Commissioner John Garcia, President; Commissioner Glen Morris, Treasurer; Commissioner Rob Mills, 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.

Excused Absences: Commissioner Sandra Mies-Grantham

Announcements: None

Public Comments: None

Agenda Calendar:

Items on the consent calendar are Invoice Lists for June/July 2019; June 13, 2019 Regular Board Meeting Minutes; June/July 2019 Financial Report/Invoices to approve; USDA Project Monitoring Report No. 45; and General Manager's Report. Commissioner Rob Mills motioned to approve the Consent Calendar. Motion was seconded by Commissioner Glen Morris. Motion was carried 4 – 0.

Discussion and Information Items:

Primary Source Water Project Update:

The public comment period of the District's 404 joint permit with Department of State Lands (DSL) and US Army Corp of Engineers closed on July 3, 2019. Three public comments were received to include comments from Oregon Department of Fish and Wildlife (ODF&W), the Wetland Conservancy, and a Makai property owner. The comments include support of the project but the commenters expressed concerns regarding streamflow, temperature, and impacts to coho. The consultants and staff are putting together a technical response as a requirement of the permit process and will provide the response to DSL within the 25-day response period.

The manager of the Wetland Conservancy feels that the District is not doing enough to educate the community of Beaver Creek regarding the District's Project. On August 23, 2019, the Mid-Coast Water Shed Council will hold a field tour of the Beaver Creek watershed area and has asked the GM, Adam Denlinger, to give a presentation on the District's Source Water Project. This will be a good opportunity for an outreach by inviting the Beaver Creek community to join the tour and attend the project presentation.

Decision Items:

Bond Counsel Engagement Letter and Loan Authorizing Resolutions:

Presented before the Board for review and approval were Bond Counsel Engagement Letter and four resolutions, with regard to the District's Source Water Project.

Commissioner Karen Otta motioned to approve and execute Bond Counsel Engagement Letter in connection with the proposed Revenue Bonds with USDA. Commissioner Rob Mills seconded the motion. Motion was carried 4 – 0.

Commissioner Karen Otta motioned to approve Resolution No. 0719-01, a Resolution of Seal Rock Water District, Oregon, authorizing the issuance of Water Revenue Bonds for a total of not to exceed \$2,600,000, and providing for Publication of Notice. Commissioner Rob Mills seconded the motion. Motion carried 4 – 0.

Included with Resolution No. 0719-01 is Exhibit A, Notice of Revenue Bond Authorization. This notice will be published in the local newspaper on July 19, 2019, with a 60 days notice period. The notice also provides that "If written petitions, signed by not less than five percent (5%) of the District's electors, are filed at the Office of the District on or before September 18, 2019 (the 61st day after the date of publication of the notice), the questions of issuing the revenue bonds shall be placed on the ballot at the next legally available election date."

Commissioner Karen Otta motioned to approve Resolution No. 0719-02, a Resolution of the Seal Rock Water District, Oregon, authorizing a borrowing to provide Interim Financing in an aggregate principal amount not to exceed \$9,096,000. Commissioner Rob Mills seconded the motion. Motion was carried 4 – 0.

64 Commissioner Karen Otta motioned to approve Resolution No. 0719-03, in a USDA-RUS Bulletin 1780-27 Form, a
65 Resolution of the Board of Commissioners of the Seal Rock Water District Authorizing and Providing for the incurrence of
66 indebtedness for the purpose of providing a portion of the cost of acquiring, constructing, enlarging, improving, and or
67 extending its Beaver Creek Water Source Improvements in the amount of \$2,547,000. Commissioner Glen Morris
68 seconded the motion. Motion was carried 4 – 0.

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70 Commissioner Karen Otta motioned to approve Resolution No. 0719-04, in a USDA-RUS Bulletin 1780-27 Form, a
71 Resolution of the Board of Commissioners of the Seal Rock Water District Authorizing and Providing for the incurrence of
72 indebtedness for the purpose of providing a portion of the cost of acquiring, constructing, enlarging, improving, and or
73 extending its Beaver Creek Water Source Improvements in the amount of \$6,549,000. Commissioner Glen Morris
74 seconded the motion. Motion was carried 4 – 0.

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76 **Reports/Comments:**

77 USDA Letter of Conditions (LOC) executed on July 2, 2019.

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79 One of the conditions the District has to comply with is to contribute \$112,000 annually to the Short-lived Assets
80 Replacement Account (SLARA). This could be used to replace assets with 5 to 15 years of life and it doesn't need approval
81 from USDA for funds to be expended.

82
83 Some of the things the Board needs to consider that affects the future rates to meet debt obligations are:
84 The annual savings from financing past debts which have been annually transferred to Capital Project Fund and Water
85 Source Fund estimated at \$230,000.

86 The savings in the cost of purchasing water from the City of Toledo which is between \$380,000 -\$400,000 annually.
87 The annual contribution to SLARA as a requirement of USDA which is about \$112,000.

88 The new annual contribution to Debt Service Reserve as a requirement of USDA for the Revenue Bond to be issued, which
89 is \$12,580.

90 The new O&M expenses in relation to the new water treatment system which we won't be able to actually quantify until after
91 a year of operations when actual data will be available.

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93 Schedule Strategic Planning Work Session – First Quarter of 2020:

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95 The District has signed a contract with Dig Deep, the consultants who will help guide the District in doing strategic planning
96 for the future. It was discussed that the work session should be in January or February. The GM will coordinate the date of
97 the work session when all Board members will be able to attend. The work session will be between 4-6 hours to be
98 attended by the consultants, attorney, Board, and staff. The District will establish vision and priorities. These priorities
99 include updating the Master Plan which will become obsolete when the Source Water Project is completed; completing a
100 rate study, updating the District map book and upgrading the smaller and fragile lines in various locations.

101
102 **Recessed Regular Board Meeting to go into Executive Session:**

103 President John Garcia recessed the regular board meeting at 5:05 pm and called the Executive Session to order per ORS
104 192.660(2)(h) To consult with legal counsel concerning the legal rights and duties of a public body with regards to current
105 litigation or litigation likely to be filed; and (e) To conduct deliberations with persons designated by the governing body with
106 regards to real property transactions.

107
108 **Adjourned Executive Session and Reconvened the Regular Session:**

109 President John Garcia adjourned the Executive Session at 5:40 p.m. and reconvened the Regular Session.
110 The Board discussed to recess the regular board meeting to reconvene when more information is available from a property
111 owner who will come from Florida to meet with the GM to discuss easement on her property in the Makai community.

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113 **Recess:** President John Garcia recessed the meeting at 5:45 p.m.

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115 **Next Board Meeting:** August 8, 2019, at 4:00 p.m. Regular Board Meeting.

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125 Approved by Secretary

_____ Date