

**CLACKAMAS RIVER WATER BOARD OF COMMISSIONERS
REGULAR BOARD MEETING
BOARD INDEX OF AUDIOTAPE
NOVEMBER 12, 2015**

COMMISSIONERS PRESENT:

Ken Humberston, President
Hugh Kalani, Secretary
Naomi Angier
David McNeel
Larry Sowa

STAFF PRESENT:

Lee Moore, General Manager
Carol Bryck, Chief Financial Officer
Cindy Richards, SWA Administrative Assistant

CRW Employees: Bob George, Rob Cummings

VISITORS: Deanna Boast, Warren Mitchell, David & Lynn Perry, David Robertson & Fred Philpot (*Lewis, Young, Robertson & Burningham*)

Call to Order

The meeting was called to order at 6:00 pm by President Humberston. The pledge of allegiance was recited.

MOTION: Hugh Kalani moved to approve the agenda. Naomi Angier seconded the motion.

MOTION CARRIED 5-0

Ayes: Angier, Humberston, Kalani, McNeel, Sowa

Nays:

Abstentions: None

Public Comment

None

Agenda Item 1.0: **Presentation of Next Steps for Bond Process – by David Robertson of Lewis, Young, Robertson & Burningham**

Moore summarized that preparing for the bond process had been staff's main priority and that he invited Lewis, Young, Robertson & Burningham over to present on the process and provide the Board with the opportunity to ask questions. The agenda for the evening was light in order to focus on the bond process.

David Robertson of Lewis, Young, Robertson & Burningham introduced himself. He handed out an updated calendar and said he thought it would be helpful to review the calendar and the next steps in this meeting, as well as to present the resolution. Robertson introduced his colleague, Fred Philpot.

Robertson referred to calendar and summarized that the process started off a couple months ago working with staff. The Board adopted a reimbursement resolution last month, allowing the District to reimburse itself for a variety of costs. The agency had sought bids from perspective underwriters for the next party to join the team. Five responses were received from the RFP process and after they

canvased who's in the market, Robertson recommended DA Davidson to fill the role for the District.

Robertson said that he and Philpot had had a productive meeting with staff earlier in the day. He will share the document from that meeting with the Board when it is in a more solid form and it will be used to market the bonds to the marketplace. He discussed the credit summary of the district and commented that he thought it might actually be higher. He recommended visiting crediting agencies during the first week of January. Robertson backtracked and stated that he missed a step in the process and that was giving notice to rate payers on the intent to issue bonds. After talking to bond council, Robertson made the recommendation to give notice for the "full scope," approving the entire project, up to \$45 million.

Robertson stated that notice will be published in the local newspaper and rate payers will be given 60 days to make comments. At the January 14 Board meeting the supplemental resolution will be adopted. Upon adoption of that resolution, Robertson said "everything will be finalized." The pricing of the bonds will take place on February 3 and interest rates will be locked in at that time. He commented that that time is a good time historically to price bonds. Around March 1, the funds will be available and staff can begin building.

Robertson explained principle and interest payments. He made recommendations as to the writing agency and bond insurance agency. He defined the involvement of the Board as: approving the notice to issue bonds; approving the supplemental resolution (Jan. 14); and pricing the bonds. He explained the process for pricing bonds.

Kalani asked if the District will be affected by the fed's potential rate increase in December. Robertson replied that the increase has been anticipated for the last year and it hasn't happened, but if it does in December it will only affect the short term rates within the first five years. Philpot commented that in his experience with market changes he's had to reschedule or delay depending on how the market changes, but unfortunately it's based on speculation. Kalani asked if an increase in the rate would make the bond more desirable to investors. Robertson said yes, it would be more desirable to investors but not the district. Robertson concluded that he tried to give extra room in the calendar but not much.

Humberston asked Robertson to comment on the likelihood of an increased rating for the District. Robertson said he thought it was likely. The District used to be AA but has fallen to an A; however, he believed the agency has made strides such as in implementing rate increases. He added that improvements to the south side reduce liability on other agencies to provide water which shows strong management. There has been a focus on paying attention to management and policies which would also improve the likelihood of a higher rating. Philpot commented that rating agencies will consider the actions the Board has taken

recently but they also look historically and wonder if it's gone far enough. Humberston asked for additional questions. There were none. Robertson concluded that the District has a great staff that he is looking forward to working with.

Moore stated as point of clarification that the 60-day notice to the public doesn't replace the public hearing which will take place in mid-December.

Moore stated that the third party review will be forthcoming at the December 3 meeting scheduled on the Board calendar. Sowa asked if this calendar is an update from the one in packet. Moore replied affirmatively. There was a brief discussion about what dates on the calendar may have changed. Moore commented that the bond sale date is unchanged but it is an activity calendar associated with the actual bonding process, and Board calendar shows dates specific to the Board. Philpot affirmed that the closing and pricing dates of the bonds don't move.

Moore summarized that at the last meeting the Board passed the reimbursement resolution. Moore said staff isn't waiting to do the planning activity, so when we get to the point we're talking about the release of money we're "not running flat footed," we basically have three things running at the same time.

Moore asked Robertson and Philpot to discuss drawing immediately on bond proceeds. Robertson said there are federal tax laws that require money to be spent in a certain amount of time (a three year period), and within the first six months the District will have to spend 5%, and within the first year it's 20%. He affirmed that he had worked with staff to find out what can be comfortably spent in the first three years. Moore commented that that challenge is consistent with what the Board has directed staff to do.

The 152nd Street Reservoir will be the first project we bring online and that will get us in that 5% window. Sowa asked if we've moved from looking at others to help us build that reservoir. Moore confirmed yes, but we will talk more specifically when we review project plans, and added that there may be a third reservoir that will be included in the plan but it will be much smaller. Sowa asked where the third reservoir would be. George described the Redland Reservoir site.

Robertson concluded that he's impressed with staff and the strides that they have made. McNeel asked which DA Davidson office it will be out of. Robertson replied that it will be out of Portland. Moore commented that the agency wanted a local presence to balance the team out nicely.

MOTION: No motion necessary.

Agenda Item 2.0 **Authorize Commissioner Kalani as the Board Representative for the bonding project-** *Lee E. Moore, Sr., General Manager*

MOTION: Commissioner McNeel moved to authorize Kalani as the Board Representative for the bonding project. Commissioner Angier seconded the motion.

MOTION CARRIED 5-0

Ayes: Angier, Humberston, Kalani, McNeel, Sowa
Nays:
Abstentions: None.

Agenda Item 3.0 **Resolution 07-2016 Authorizing the Issuance of Revenue Bonds and Directing the Publishing of a Notice of Intent to Issue Revenue Bonds in Compliance with Oregon Statutes –*Lee E. Moore, Sr., General Manager***

MOTION: Commissioner Kalani moved to adopt Resolution 07-2016, Authorizing the Issuance of Revenue Bonds and Directing the Publishing of a Notice of Intent to Issue Revenue Bonds in Compliance with Oregon Statutes. Commissioner Angier seconded the motion.

MOTION CARRIED 5-0

Ayes: Angier, Humberston, Kalani, McNeel, Sowa
Nays:
Abstentions: None.

Agenda Item 4.0 **Direct staff to retain a consultant to review the viability of the bonding project- *Lee E. Moore, Sr. General Manager***

MOTION: Commissioner Kalani moved to direct staff to retain a consultant to review the viability of the bonding project. Commissioner Angier seconded the motion.

Sowa asked who that person might be. Moore commented that staff is talking with FCS Group's senior partner who has agreed to come out of retirement for the project. Sowa asked what engineer would be brought on board. Moore said it's the same one that's been in discussions. Sowa asked if the representatives needed approval. Moore said no, but staff will bring a supplemental budget in the spring and it can be addressed at that time.

MOTION CARRIED 5-0

Ayes: Angier, Humberston, Kalani, McNeel, Sowa
Nays:
Abstentions: None.

Consent Agenda

CA-1: Gross Payroll and Account Paid: October 2015

CA-2: Cash Position and Transfers: October 2015

CA-3: 9720 SE Eckler Ave., Clackamas Oregon- CRW "Rules and Regulations" Chapter 8 –
Water Service exception request- *Bob George, Chief Engineer*

CA-4: Camp Withycombe, Clackamas Oregon- CRW "Rules and Regulations" Chapter 8 &
11 – Temporary Irrigation Water Service exception request – *Bob George, Chief Engineer*

MOTION: Commissioner Kalani moved the Board approve the Consent Agenda as presented. David McNeel seconded the motion.

MOTION CARRIED 5-0

Ayes: Angier, Humberston, Kalani, McNeel, Sowa

Nays:

Abstentions: None.

Agenda Item 5.0: Management Report – *Lee E. Moore, Sr*

Moore stated that in a previous work session the Board had discussed dispensing with the management report for this meeting to allow more time to discuss the Bond Project. He offered to either go over the report or dispense with it given that it's in writing. Sowa said he was in favor of skipping it. McNeel agreed. Humberston asked if skipping discussion of the management report would be acceptable by the rest of board. The Board agreed by consensus. Humberston said he had a comment about A5 and complimented staff on their incredible amount of work on the report as well as the work on the respective projects explained in the report. Humberston went on to say that it was quite a work list and staff should be commended. Kalani agreed. Moore said he would share the sentiments with staff. He added that once a year staff tries to do a year in review and even staff was impressed by how much work had been done this year.

Agenda Item 6.0: Commissioner Reports and Reimbursements – *Naomi Angier, Ken Humberston, Hugh Kalani, Dave McNeel & Larry Sowa*

Humberston reminded the Board to turn in reimbursements in a timely manner.

Moore reminded the Board of the General Manager Applicant interviews that would be taking place the following Monday. He reported that the process has been reduced to two applicants as the Board wanted to go through the staff filter first. Moore stated that time had been set aside from 8:00a.m to 1:00p.m. but that

he didn't expect it to take that much time and asked what the Board would like to do regarding the schedule. McNeel reported that he couldn't make it during that timeframe. Moore asked if McNeel would rather defer the process to the other four commissioners or if he would like to reschedule. McNeel said it would be his preference to reschedule and asked for written reports from staff. Moore offered to bring in staff to answer questions directly. Moore said one possibility is to schedule it for 4:00p.m. Humberston said he wants everyone involved in the process and asked if the entire Board could do 4:00p.m. on Monday. The Board agreed by consensus. Sowa asked how many applicants interviewed. Moore said five. Humberston suggested that the process begin with written notes from staff, followed by the interviews and then a discussion with staff after and asked if the Board agreed with that. The Board agreed by consensus. Moore commented that everyone has to agree to either look at the notes before the interviews or after to make sure everyone is being dealt with the same. Moore committed to giving the Board the questions asked, then starting the interviews at 4:30p.m. He added that he can also provide the Board with summary notes and asked if they wanted them before or after the interviews. Humberston summarized that the Board agreed to have notes in advance. Moore said he would send notes to the Board late Friday for review over the weekend

Meeting adjourned at 6:57pm

An executive session was held at 7:30p.m. to Discuss information or records that are exempt by law from public inspection pursuant to ORS 192.660 (2) (f) and 192.502 (9).