

**ROCKWOOD WATER PEOPLE'S UTILITY DISTRICT
MINUTES, REGULAR MEETING OF THE BOARD
March 20, 2024
Zoom Video Conference**

Board members present: Larry Dixon, Tom Lewis, Steve Okazaki, Kathy Zimmerman

Staff present: Kari Duncan, General Manager (GM); Andy Crocker, District Superintendent (DS); Jeremy Hudson, District Engineer (DE); Daniel Zimmerman, Senior Accountant (SA); Nyla Clark, Government Affairs Coordinator (GAC), Jay Breen, Assistant Superintendent Operations (ASO).

Guests present: Eric Cole

President Steve Okazaki called the meeting to order at 6:04 p.m.

APPROVAL OF THE AGENDA

President Okazaki asked if there were any changes or additions to the agenda. There were no changes.

Tom Lewis moved to approve the agenda. **Larry Dixon** seconded the motion. The motion was approved; none opposed.

APPROVAL OF THE CONSENT AGENDA

President Okazaki asked if there were any changes or updates to the consent agenda. There were no changes.

Tom Lewis moved to approve the consent agenda. **Larry Dixon** seconded the motion. The motion was approved; none opposed.

APPROVAL OF MINUTES

President Okazaki asked if there were any changes to the minutes. There were no changes.

Kathy Zimmerman moved to approve the minutes from the February 28, 2024 regular Board meeting. **Tom Lewis** seconded the motion. The motion was approved; none opposed.

APPROVAL OF BILLS

President Okazaki asked if there were any questions about the bills. The Board discussed their questions.

Larry Dixon moved to approve the bills as presented. **Tom Lewis** seconded the motion. The motion was approved; none opposed.

PUBLIC COMMENT

There were no public comments.

PORTLAND METER READING INTERGOVERNMENTAL AGREEMENT DRAFT

The District has provided meter reading data to the City of Portland for the purpose of calculating Rockwood water customer sewer charges under Intergovernmental Agreement (IGA)

No. 30005863, dated August 1, 2017, with the Portland Water Bureau. This agreement expires on June 30, 2024. This year, the Portland Water Bureau has proposed that the Bureau of Environmental Services (BES) take over this IGA, so the new IGA will be between BES and Rockwood. The Portland Water Bureau is still the billing agency for the BES, so the customer Sewer/Stormwater bills will be issued by the Portland Water Bureau.

This IGA covers a two-year time period, from July 1, 2024, through June 30 2026, after which conditions will change sufficiently to merit a new IGA. By 2026, the District's transition to an Automated Metering Infrastructure (AMI) system, and a proposal by Portland to explore the option of Rockwood performing the billing services for sewer and stormwater for the Portland Customers within Rockwood's service district have the potential to significantly change the conditions of the IGA, therefore it is proposed that a new agreement be developed by that time. The board discusses. No decision was made, this topic will be discussed again at the April board meeting.

POSITIVE ARBITRAGE DISCUSSION

Positive arbitrage is defined as the interest earned on the investment of tax exempt Bond funds and, the interest on investment of designated debt reserve funds that is above the interest rate of the Bond itself. Even though the District spent down all the bond proceeds as of March 2023 the results showed that because of the District's Debt Reserve Fund, positive arbitrage has been building up, reaching a total of \$49,011.39 by November 2023. Positive arbitrage must be paid to the IRS by the bondholder five years after the date of the bond issuance. The District will need to file its final report with the IRS as of June 2026.

It has been recommended to modify the existing Financial Policy to remove the debt reserve funding requirement in Policy G.3, which states "The District will maintain a Debt Service Reserve Fund which maintains sufficient funds to cover debt service for no less than one year in advance of payment." This modification will eliminate future arbitrage relating to the 2021 Bond issuance. Importantly, this adjustment will not adversely impact the stipulations outlined in the 2021 Bond issuance, as there exists no explicit mandate to maintain a debt reserve fund. The funds held within the Debt Reserve Fund 301 would be transferred to the General Fund 101. This can be accomplished by temporarily suspending the policy until a permanent change is enacted and approving a resolution that transfers the funds.

Once the funds are moved out of the reserve fund 301, BLX will perform a final calculation to determine the District's total exposure to Positive Arbitrage and put forth an investment strategy with dollars and duration through the purchase of United States Treasury Securities- State and Local Government Series ("SLGS"). SLGS are a special type of low yield investment offered only to state and local governments as a means to mitigate positive arbitrage.

Discussion Ensued.

DEBT POLICY SUSPENSION AND POLICY AMENDMENT

Tom Lewis moved to temporarily suspend the policy Appendix 6, G.3. that states "The District shall maintain a Debt Service Reserve Fund which maintains sufficient funds to cover debt service for no less than one year in advance of payment. Kathy Zimmerman seconded the motion. The motion was approved; none opposed.

**RESOLUTION NO. RWPUD 23/24-005 RESOLUTION TO TRANSFER
APPROPRIATIONS FOR FISCAL YEAR 2023/2024**

Kathy Zimmerman moved to adopt Resolution No. RWPUD 23/24-005 resolution to transfer appropriations for fiscal year 2023/2024. Larry Dixon seconded the motion. The motion was approved; none opposed.

DRAFT WATER RATE MODEL DISCUSSION

GM Duncan and SA Zimmerman gave a presentation of the preliminary finance model report and preliminary results. Discussion ensued.

FOR THE GOOD OF THE ORDER

DS Crocker announced that the District is currently hiring for two Water Worker in Training / Water Worker I positions.

GM Duncan shared that Cindy Schmunk and Rita Thompson are both retiring from Rockwood Water. The District is having a retirement party for both employees on Thursday, April 4, 2024.

Larry Dixon asked for an update on the drilling at 223rd and Stark (Cascade Well 6). DE Hudson shared that the team is starting to drill back down to the designed aquifer depths this week. At this time we do not have any updated information about the amount of water that will be found.

GAC Clark shared that the District will be hosting a tour with the Budget Committee and Board to see District projects and learn more about work being done. The tour will be on Tuesday, April 4.

President Okazaki congratulated DS Crocker for his work on the Oregon Utility Notification Center Board of Directors. President Okazaki also congratulated GM Duncan on attending the AWWA Fly In again this year.

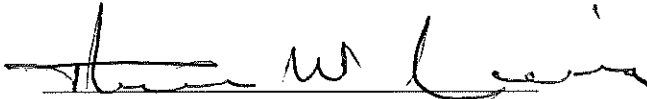
NEXT MEETING

President Okazaki reminded everyone the next Board meeting will be Wednesday, April 24, 2024 at 6:00 p.m.

ADJOURNMENT

Larry Dixon made a motion to adjourn the meeting. Larry Dixon seconded the motion. The motion was approved; none opposed.

The meeting was adjourned at 7:46 p.m.


Secretary