

**HIGHLAND PINES DOMESTIC WATER IMPROVEMENT DISTRICT
GOVERNING BOARD MEETING
MARCH 9, 2021
PUBLIC SESSION MINUTES**

1. **CALL TO ORDER:** Board Chair Celia Carr called the meeting to order at approximately 10:00 a.m. Due to the COVID 19 Pandemic, the meeting was conducted remotely by telephone conference – with all attendees calling into the conference call.

2. **ROLL CALL OF BOARD MEMBERS:**

Celia Carr, Board Chair – Present
Sandra McClintock, Vice Chair – Present
David Cook, Board Member – Present
Bryan Crossley, Treasurer – Present
Patti Ferguson, Board Member – Present

All of whom participated in the meeting via telephone conference call, thus constituting a quorum.

Also attending the meeting via telephone conference call were: William R. Whittington, District Attorney of Boyle, Pecharich, Cline, Whittington, and Stallings PLLC (“BPCWS”); Natalie Galgano-Pinkley, District Bookkeeper/Administrator of Municipal Accounts & Consulting, LP (“MAC”) and Dave Dirren of Sunrise Engineering. Members of the public attending the meeting were: Peter Tyson, Casey Fromm, Fred Ferguson and Herb Burkey.

3. **APPROVAL OF MINUTES:** Director McClintock made a motion to approve the minutes of the February 25, 2021 Regular Session. Director Ferguson seconded. The motion passed unanimously.

4. **CALL TO THE PUBLIC:** A call to the public was made for comments relating to District matters. Mr. Peter Tyson commented that the path near the water tank was being blocked by a neighboring resident on land that is leased from the Forest Service. He asked if the Board was aware of the situation and what they intended to do. Board Chair Carr replied the Board is aware of the situation, but the matter is not on the agenda so they could not discuss it. She would place the matter on the next meeting agenda for discussion.

5. **REPORTS AND CORRESPONDENCE:**

A. **Chair Report:** Board Chair Carr summarized the February 2021 maintenance report from Fann Environmental. She mentioned that the water meters were read at the end of February, so the bills mailed in March will include January and February water use, billed at an adjusted rate. Fann also noted that the emergency generator ran for about 15 minutes during a short power outage, they completed two blue staking projects, and re-read 5 meters for high water consumption.

B. **Administrative Report:** The first administrative item was the additional billing for repairs done at 5964 Sleepy Hollow Drive. Mr. Casey Fromm addressed the Board regarding the invoice he received for leak repairs completed at his property. He relayed to the Board his interactions and discussions when the repairs were being made, and his understanding that the repairs were done to the meter and on the District’s side of the meter. Director McClintock stated she spoke with Rob from Fann Environmental in preparation for this meeting, and confirmed the repairs were on the District’s side of the line and meter. Director McClintock made a motion that the Highland Pines DWID pay the charges attributed to the repairs done at 5964 Sleepy Hollow Drive in the amount of \$2,113.47, since the repairs were due to a leaky water meter. Director Cook commented that the repair notes mentioned the meter was still

spinning and reminded Mr. Fromm to fix any leaks on his side prior to turning the water back on. Director Crossley seconded the motion. The motion passed unanimously.

Ms. Galgano-Pinkley gave the Board a brief update on the fire hydrant insurance repair claim. She followed up with the insurance company after the last Board meeting on recovering the water loss charge and removing the depreciation from the insurance's offer. She has not received a response from them.

Ms. Galgano-Pinkley next informed the Board that the Bonneville's had dropped off the check for settling their high-water bill account. The check has been deposited at the bank and the lien will be released from the property once the check has cleared.

6. BUSINESS:

Casey Fromm, Peter Tyson and Herb Burkey all left the teleconference at this time.

A. Open Meeting Law and Board Powers Training Session presented by William Whittington, Esq. Mr. Whittington provided the Board with a training packet and gave the Board a brief training session on open meeting law procedures and board powers. He also familiarized the Board with the topics and situations to watch for to stay compliant.

B. Discussion and Possible Action re: approval of all WIFA forms required for funding of the main water transmission line/Madizell infrastructure project. Board Chair Carr gave the Board a high level summary of the draft WIFA loan documents and their exhibits received prior to the meeting. She reviewed the attachments with the estimated payment schedules and required sources of repayment. She noted one of the exhibits is a tax compliance statement which she thought may be best signed by the Treasurer. Board Chair Carr also noted that WIFA has asked for a legal opinion to be provided by the District's attorney.

Director Ferguson asked about the Girl Scout Camp paying for their portion of the project and the interest rate for the loan. Board Chair Carr noted that the new Girl Scout agreement does include a provision that they will pay their proportionate share of the project cost – but does not specify the dollar amount. Director Ferguson noted she is going to look into some alternate funding methods that may be available for future projects so the Board can be prepared going forward. It was also noted that the estimated interest rate for the loan included WIFA's administrative fee and was a very reasonable rate.

Director McClintock made a motion that the Board Chair and Treasurer be authorized to sign all of the required documents for the WIFA loan, including but not limited to the Loan Agreement, the addendums and exhibits thereto, and to execute any collateral documents thereto, including but not limited to the Highland Pines DWID Borrowing Resolution dated March 9, 2021. Director Crossley seconded the motion.

Mr. Whittington advised the Board that he has begun his review of the documents, which include several complex exhibits. The Loan documents include a number of warranties and representations made by the Board. He recommends that all Board Members read the documents so they know what is being approved. Mr. Whittington has reached out to WIFA regarding a few of his questions on the documents. In order to provide his legal opinion to WIFA, he is required to do a certain amount of due diligence. The due diligence will require some additional documents to be signed and approved by the Board. The documents are not completed yet since he is still in the process of reviewing the information, so a special Board meeting will need to be held to complete those due diligence documents prior to submitting his opinion to WIFA.

The Board then voted on the motion as follows:

Sandra McClintock – Voted Yes
David Cook– Voted Yes
Patti Ferguson– Voted Yes
Bryan Crossley– Voted Yes
Celia Carr– Voted Yes

The motion passed unanimously.

- C. Discussion and Possible Action re: Parcel 100-01-030A Request to Amend Boundaries of HPDWID.** Board Chair Carr gave the Board an update on the request. Mr. Whittington has sent a response letter providing the property owners and their counsel some additional information regarding annexation, including the City Impact Fees and the upcoming project to the system that the Board has considered when making past annexation decisions. The Board will keep the matter on the April agenda in case a response is received.
- D. Discussion and Possible Action re: Risk Analysis/Business Interruption/Income Replacement and 2021-2022 budget reserve determinations.** Board Chair Carr mentioned to the Board that the GFOA has a lot of information and best practices on their website that may be helpful for the Board to review. She also provided the Board with Mr. Whittington’s recommendation on reserves – a general recommendation of 15-20% contingencies per year; but he has seen reserves go as high as 50% depending on each District’s specific situation. Director Crossley also provided the Board with information on Business Interruption insurance.

Director Crossley asked the Board for any risks they identified that may create interruptions to the District’s income. The Board discussed several risks including: contamination; aging infrastructure and breakage; human interference with District operations/assets; vandalism or destruction; an event that would cause a large majority of their residents to be unable to pay their obligations; and fire or an act of God. These may not all fall within in the current analysis model, but were brought up as potential issues to the District’s operations.

Director Crossley went on to explain that if the District’s business was interrupted by one of the discussed risks, they could cover the lost income with insurance or self-insure with their reserves. The District would also do its best to avoid the risk as much as possible. Director Crossley presented the Board with his Risk Analysis of District fixed versus variable operating expenses for the last fiscal year and the current year so far – July through December. He noted that water use income covers the expense of purchasing water, so the cost of purchasing water can be excluded from the exposure analysis. He included WIFA and contractual items as fixed expenses – expenses that would continue to be incurred even if the District is not providing any water. He estimated the District’s exposure on fixed expenses is approximately \$165,000 per year. Per this analysis, the District can self-insure for a year with \$165,000 in reserves. Director Crossley noted the District currently has approximately two years coverage of fixed expenses.

Director Ferguson asked if it would be prudent to self-insure for both fixed and variable expenses, but not the cost of purchasing/providing water. Director Crossley noted this model would be an extreme case where they weren’t providing water service for a whole year, but in the risk analysis scenario the variable expenses would not be incurred if they were not providing any water service. The idea was discussed of holding reserve funds for different items, not just larger general reserves. The Board did not want to lock themselves into only being able to use reserves for certain projects if they specifically earmarked them. Director Ferguson suggested that the Board later consider proposals for business interruption insurance to see if that is a better way for the District to be prepared for the risks they face. The Board

noted they would like to consider the cost vs. the benefit of a possible insurance policy at a future meeting when they had more time to discuss.

- E. Discussion and Possible Action re: Operating Reserve Goals and Amount on Bookkeeper's Monthly Report.** The Board considered how to have their financial position and reserves easily noted on the Bookkeeper's report. Ms. Galgano-Pinkley had previously used a "month's reserve" calculation. The Board discussed that this may not be the best illustration of the information for them. They mentioned possibly using a fixed vs. variable graph or analysis including only fixed expenses. Ms. Galgano-Pinkley said she would work on a different presentation of the information that better suited the Board's discussions and information required.
- F. Discussion and Possible Action re: Global Information System and Cost Analysis Proposal.** Dave Dirren is still working on preparing this, and will have numbers for consideration at the April meeting.
- G. Discussion and Possible Action re: Upcoming HPDWID administrative, operations and engineering contract renewals.** Board Chair Carr briefly reviewed the District's current contracts. The District is about one year into the contract with Municipal Accounts & Consulting. The contract does not expire – it continues until a party gives notice to terminate the contract. The Board Chair asked for an annual review to touch base on the contracts' terms and the Board's satisfaction. She noted they were happy with services, and Municipal Accounts is not asking for a rate increase at this time.

Board Chair Carr next mentioned that Fann Environmental will be asking for a rate increase prior to their contract expiring in October. This is their only increase in 8 years. Fann will be asking for a 4% increase with their next addendum, which will be reviewed at a future Board meeting.

Board Chair Carr also reviewed the Sunrise Engineering Contract. Since the WIFA project requires more administrative time, construction observation, contractor interviews and all the federal requirements, Sunrise will also have an addendum for Board review and approval at a future meeting. The addendum will update the transmission line project budget for all the WIFA required items and update their fee schedule. Mr. Dirren noted there is a lot of time that will go into certifying the District is complying with all the WIFA requirements.

Mr. Whittington noted their firm has no plans to raise rates in the near future, but would approach the Board with that request when the time came. Director Crossley asked the Board Chair to work with Mr. Whittington for a reasonably expected budget for legal fees for the next fiscal year.

- 7. FUTURE MEETING DATES:** The Board Chair mentioned the upcoming meeting dates. Pending COVID, the next meeting will be held at either the Library, at Municipal Accounts & Consulting's office or via telephone conference. The next meetings are tentatively scheduled for April 13th at 10:00 am and May 13th at 10:00 am – location to be determined.
- 8. ADJOURNMENT:** There being no further discussion, the meeting was adjourned at 12:02 p.m.