ROCKWOOD WATER P.U.D.
MINUTES, REGULAR MEETING OF THE BOARD
21 DECEMBER 2004
Rockwood Water Boardroom

Board members present: Sandra Ramaker, Herb Brown, Stephen McElroy, Larry Dixon, and Don McCarthy.

Staff present: Harvey Barnes, District Manager (DM); Mike Baker, District Superintendent (DS); Kathy Stine, Administrative Secretary (AS).

Guests present: Jeanne Orcutt, Pat Brown, Art Landis, Robert Paine, Maris Strautmanis and Randy McElroy.

President Herb Brown called the meeting to order at 7:03 p.m.

APPROVAL OF THE AGENDA

DM Barnes asked the Board to reschedule Item 6, the Audit Report due to Roger Korvola, the audit presenter, being later than expected. He asked if Roger could give the report upon his arrival.

Don McCarthy moved to approve the agenda with a change in scheduling. Larry Dixon seconded the motion. The motion was approved; none opposed.

APPROVAL OF THE CONSENT AGENDA

Steve McElroy moved to approve the consent agenda. Sandra Ramaker seconded the motion. The motion was approved; none opposed.

APPROVAL OF THE MINUTES

Jeanne Orcutt asked for a correction to her comment on page 3, third to the last paragraph, in the November 16 minutes.

Larry Dixon moved to approve the November 16, Regular Meeting Minutes with the correction. Don McCarthy seconded the motion. The motion was approved; none opposed.

APPROVAL OF THE BILLS

Jeanne Orcutt referred to pages in the Financial Report and asked for an explanation on several payments issued. **DM Barnes** explained most of her concerns. He referred her to Cheryl Colley, the District's Senior Accountant for one question which he did not have the available information.

Steve McElroy moved to approve the bills. Don McCarthy seconded the motion. The motion was approved; none opposed.

PUBLIC COMMENT ON NON-AGENDA ITEMS

Herb Brown told Board members about the recent passing of Ray Beach, who was a Rockwood Water Budget Committee Member for several years. Ray was an active citizen and participant in many Rockwood Water PUD functions. **Brown** shared information on the time and place where the funeral would be held and commented on how much Ray will be missed.

Pat Brown spoke about the annexation of Clackamas River Water (CRW) to Rockwood Water District, and noted the complexities involved with this project. She referred back when Rockwood Water was a small District. **Ms. Brown** spoke of the work involved to develop it into a People's Utility District, and the challenges associated with this change. She looks forward to the CRW annexation with voters' approval in 2005.

Orcutt asked about Certification of Elections and if the county had carried this process out. **DM Barnes** replied yes it had been done; he received abstracts from the county showing elected Board member names. He signed the canvassing report and has received the Certificates of Election the county sent to him. During the next Board meeting in January 2005, Board members will be sworn in and certificates distributed.

Orcutt inquired about new wells located behind the administration building and asked how soon they will be in operation. **DM Barnes** said testing is progressing satisfactory and the wells should be in use by the first part of January, 2005.

Orcutt asked if Microchip Technology consumes the same amount of water as Fujitsu used when they were our customer. **DM Barnes** replied no. Their plant does not use as large of a capacity, he added they are Rockwood Water's largest customer.

REVIEW & APPROVAL OF 2003/04 AUDIT REPORT

Roger Korvola reported on the audit report and explained it is listed in several categories: assets/liabilities, net assets, capital, investments, etc. He continued by saying his firm is required by law, to comment on certain items. He distributed colored charts representing a number of items: expenses, increases-decreases, breakdown of revenues, water sales, materials/services, employee replacement, expenditures, cash flow, and investments. He talked about the importance of communication between auditor and client. His firm's responsibility is to audit financial statements, give correct accounting estimates and audit adjustments.

Korvola found no exceptions with Rockwood Water's financial statements, which meant the report is a good one and in a minority category from the rest of their clients. He said the audit opinion was "unqualified" the highest level accountants are able to give on any financial statement.

Don McCarthy moved to approve the audit report. Sandra Ramaker seconded the motion. The motion was approved; none opposed.

CONSIDER LETTER OF SUPPORT OF WATER RIGHTS

DM Barnes said an issue arose from a lawsuit filed in the City of Coos Bay, Oregon concerning water rights. The court ruled once a water district has applied for water rights, it has 5 years to engineer, design and complete the project for their use. **DM Barnes** recommended an amendment to the water rights law. He would like to see a similar process utilized such as land use laws (LCDC), which extend beyond 20 years or more. Enclosed in the packet is sample text of a letter expressing support for an amendment. **DM Barnes** doesn't know of any water district who would oppose support of this letter.

Sandra Ramaker moved for approval of a letter of support for water rights. She recommended it be signed by Board President, Herb Brown. Larry Dixon seconded the motion. The motion was approved; none opposed.

POLICY CHANGE/DRAFT RESOLUTION 04/05-003 TO AMEND POLICY MANUEL

DM Barnes pointed out a change in the Office Supervisor job description to include the word "receptionist" because it is also part of the job. He suggested the job descriptions should be read, studied and moved forward to the next meeting in January 2005, as a policy amendment. The Board agreed.

POLICY CHANGE/SPECIAL CHARGES

DM Barnes referred to an insert in the packet, Appendix IV (b) a section dealing with Special Charges. He specified the word "dishonored check" be changed to "dishonored payment" because of different type payment options now available (automatic debit, credit card).

The Board's consensus was for this item to be added to next month's agenda for consideration.

REGIONAL WATER SUPPLY PLAN UPDATE

DM Barnes explained the main purpose of this plan is to focus on where water sources are located, how they are distributed and what is available to meet demand in the regions. It has been an ongoing project lead by several Consortium Board Members for some years. **DM Barnes** asked the board if they would like to approve this plan or wait until the next meeting in January 2005. He noted the thickness of the document and the need to know if there are any real disagreements before it is approved. The Board agreed it should be put on the agenda for next month in order to have preparation time for reading the entire plan.

AMEND CONSORTIUM IGA

DM Barnes reported the agreement has several amendments to the bylaws. He explained that of two packets distributed, one was redlined and the other one clean, to show where changes were made. The biggest change is to eliminate some groups involved and consolidate meetings in order to avoid repetition. The Board agreed to study it and discuss the issue at the next board meeting.

BOARD RECESSED FOR EXECUTIVE SESSION AT 8:08 PM
BOARD RECONVENED AT 8:30 PM

ACTION ON EXECUTIVE SESSION ITEMS

Sandra Ramaker stated the Board and Manager requested information from Attorney Clark Balfour regarding a letter of complaint from Fran Hyson. The letter referred to Board President, Herb Brown. Mr. Balfour's opinion on the matter stated that no laws were broken and no policy violated. Sandra Ramaker said the situation could have been handled in a more sensitive manner however, since there was no merit to the allegations, no action would be taken. A copy of the letter with the attorney's statement is available for those interested in his response.

SCHEDULE JANUARY MEETING

DM Barnes stated statute requires the January Board meeting to be set at the December Board meeting. **Herb Brown** asked for the next meeting to remain as previously scheduled for January 18, 2005 leaving it subject to change in the future.

Sandra Ramaker moved to approve January 18, 2005 as being the next board meeting date. Don McCarthy seconded the motion. The motion was approved; none opposed.

FOR THE GOOD OF THE ORDER

DM Barnes reported operations as running smoothly and without financial difficulty. He said at the January 2005 meeting a master draft plan will be presented. Marie Smith, Murray, Smith & Associates, will take part in a discussion on an extensive water model and will show what needs to be done for completion of the plan. **DM Barnes** will give a mid-year financial update.

Steve McElroy extended his wishes for everyone to have a safe and merry Christmas season.

Sandra Ramaker thanked the District for the opportunity to attend the OWUC 2004 Water Resources Symposium. She found it very enlightening. She is looking forward to next year with good things in store.

Herb Brown shared his appreciation of participating as Rockwood Water's Board President. He recalled 15 years earlier, when a petition was instrumented to start a PUD, and how some people in the room tonight had taken part in the process. **Brown** said it took hard work; he felt it is was a good endeavor and was glad to be a part of it. He wished everyone a good new year.

ADJOURNMENT

Larry Dixon moved the meeting be adjourned. Steve McElroy seconded the motion. The motion was approved; none opposed.

The meeting was adjourned at 8:38 p.m.

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Secretary