

Rhododendron Water Association

Annual Meeting May 20, 2017

Resort at the Mountain-Trees Room

68010 E Fairway Ave

Welches OR 97067

1 **PRESENT:** Steve Graeper; Merv Novinger; Bill Nylund; Bob Phillips; John Young; Ralph Pitt
2 Others present: David Jacob, Water Master; Laura Patty, Executive Secretary

3 31 members signed the sign in sheet

4 **ABSENT:** Board Member Dan Holm (excused)

5 **CALL MEETING TO ORDER**

6 **Quorum Determination**

7 Graeper determined a quorum was present for the meeting to proceed.

8 **Welcome and Opening Remarks**

9 President Steve Graeper opened the meeting at 2:10 PM. Graeper thanked everyone for attending and
10 announced that RWA was providing the stuffed focaccia and beverages for the meeting as a way to say
11 thank you to the membership.

12 He then introduced the RWA Board of Directors: Ralph Pitt, Vice President/Treasurer; Merv Novinger,
13 Secretary; Board Members, Robert Phillips; Bill Nylund; and John Young

14 He went on to introduce Water Master/System Engineer, David Jacob; and Executive Secretary Laura
15 Patty and praised them for their dedicated service to RWA.

16 **SECRETARY'S REPORT**

17 **Approval of 2016 Annual Meeting Minutes**

18 Graeper noted that a Robert's Rules of Order now state that the reading of the minutes is unnecessary as
19 long as the minutes have been distributed and made readily available. Carol Haugk moved and Barbara
20 Novinger seconded **a motion to accept the minutes as circulated.** Motion carried with no dissention.

21 **PRESIDENT'S REPORT**

22 **RWA accomplishments to date**

23 Graeper reviewed the Capital Improvement projects that have been completed to date and stated that now
24 RWA is looking forward to the future. He announced that RWA obtained a \$400,000 Line of Credit from
25 CoBank in November 2016 to facilitate some much needed, but very expensive Capital Improvements.
26 Those improvements are a 135,000-gallon water storage tank in the Woodlands neighborhood and a Slow
27 Sand Filtration system at the treatment plant. Graeper then went on to announce that after the Line of
28 Credit was established, the State Drinking Water Revolving Loan Fund, managed through BIZ OREGON
29 (Oregon Business Development Department), approved RWA's application for a \$650,000 low interest
30 (1.72%) 30-year loan. He also announced that RWA would be eligible for up to 50% loan principal
31 forgiveness, if certain criteria are met during construction. He explained what a blessing it was to get this
32 loan and that there would be no abnormal rate increases or special assessments in order to service the loan.
33 He expects that the entire balance could possibly be paid back in 10 years or less.

34 **INTRODUCTION OF GUEST SPEAKER**

35 Graeper introduced the guest speaker, Oregon Representative for District 52, the Honorable Mark Johnson,
36 and his wife, Melodi. Representative Johnson joked that they came in spite of the nice sunny weather and
37 even enjoyed the opportunity to take in some skiing up on the Mountain before the meeting. Their home is
38 in Hood River and Rep. Johnson shared that he had just toured the Hood River Water Facility and
39 followed the system back to the very source of the water. We in Oregon are very lucky to have such
40 abundance of clean water.

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1 About the Legislative session activities, he explained that about 3,400 bills have been considered. The
2 most difficult issues are waiting to be addressed, taxes, and transportation funding. Oregon has received
3 more revenue this period than any time in history and yet we are 1.4 billion dollars short for a balanced for
4 the next biennium. A Business Gross Receipts Tax, similar to Measure 97 that was voted down last
5 session, is still under consideration, but is somewhat controversial. On transportation funding, the present
6 motor fuels tax is not sufficient to maintain our roads and bridges. He expects the legislature to pass a
7 major road improvement-funding bill before the end of the session.

8 **EXECUTIVE SECRETARY AND TREASURER'S REPORT**

9 **2016 Year-end Financials**

10 Laura Patty gave an overview of the 2016 Financials. The 2016 financials are available on the web site,
11 but the bottom line is that RWA looks very good financially.

12 **2017 Financials YTD**

13 There have not been any unexpected financial obligations so far this year and Profit & Loss seems to be
14 right on track with what the Board has budgeted. Overall, the financial status of RWA is extremely sound
15 and the Board is paying very close attention to the financials as they enter into the large Capital
16 Improvement projects.

17 **Account updates, billing changes**

18 Last year RWA eliminated monthly residential billing. Patty said that quarterly payments are still allowed
19 and the Board authorized credit card payments last year. Those actions have helped keep receivables down
20 from previous years. Also, RWA is hiring a new web master and the web page may soon be set up to
21 accept PayPal payments.

22 **Executive Administrator Independent Contract**

23 Bill Nylund explained that the Board felt the need to hire an Independent Contractor to act an Executive
24 Administrator overseeing the Capital Improvement projects, loan documentation, and loan disbursements.
25 The Board believed that these responsibilities were over and above the stand duties of any volunteer Board
26 member. After extensive discussion in Executive Session, the Board offered the position to current
27 President, Steve Graeper. Graeper will act as an Independent Contractor and will report to the Board as
28 such. When reporting as the Executive Administrator, Graeper will hand the duties of the President over to
29 Vice-President Pitt. Nylund explained that the Board has already approved an Independent Contractor
30 agreement with Graeper.

31 **RWA Financial Assistance Program**

32 Robert Phillips explained that the Board is considering a Financial Assistance Program to help the few
33 RWA members that might need assistance paying their annual water bill. He explained that the proposed
34 assistance program would be strictly voluntary and would be funded through donations and contributions
35 from members and would not use any member dues. It would be a win-win for the Association and the
36 members being helped. It would eliminate expensive re-billing and collection charges; it would help the
37 member maintain water service; and the Association will be able to count on all funds projected in the
38 annual budget.

39 **Investment in Municipal Bond Fund for Capital Improvement Projects**

40 Pitt reported on our use of investments to fund our Capital Improvement Projects. Investments in
41 Certificates of Deposit and Municipal Bonds reported one year ago at this meeting totaled \$77,594.
42 Currently, RWA has two CDs and a Municipal Bond Fund:

43 One CD matures in September in the amount \$35,390.10 earning 1.04% annual interest.

44 Another 15 month CD purchased this February for \$50,000 at 1.2%, when annualized is about 1%.

45 The Ameriprise Government/Municipal Bond Fund, purchased in December 2012 for \$42,500, is

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1 currently valued at \$44,326.05, an increase of 4.3%. It is now yielding between 3 and 4% annually.
2 One of our construction loan covenants requires that we hold \$30,000 in reserve. This fund
3 satisfies that requirement and brings the total amount of our investments to \$129,716.15, an
4 increase of \$52,000 over last year.

5 **WATER MASTER REPORT**

6 **2016 Consumer Confidence Report**

7 Jacob reported that the 2016 Consumer Confidence Report is on the RWA website. No infractions or
8 violations have been reported. RWA received the Best Tasting Surface Water in Oregon Award in 2012
9 and 2014. We continue to enter contests and always figure in the top three. There was a question regarding
10 Lead in our drinking water. Graeper and Jacob reassured everyone that we do not have any lead in our
11 system. We are required to test for lead every 3 years. Lead in drinking water was a recent topic at a
12 Hoodland Area Water Coalition meeting that was well presented by Chris Wanner, Head of Portland
13 Water Bureau.

14 **BUSINESS MEETING**

15 **New Water Storage Tank Location, Construction scheduled for 2017**

16 Graeper and Jacob went into some detail describing the new 135,000-gallon Water Storage Tank/
17 Reservoir that is proposed for construction off Hofeldt Road in Woodlands. Construction is slated for
18 Summer 2017. The addition of this tank will greatly increase our storage capacity and allow RWA to
19 “weather any storm” if there are filtration difficulties at the treatment plant. It will also feature a Turbine
20 Generator that is designed to produce electricity making to run the pumps. The carbon footprint will be
21 relatively neutral.

22 **New Sand Filter System**

23 Graeper and Jacob also described the new Sand Filtration system RWA proposes to build at the water
24 treatment plant. This will greatly decrease our filtration costs over time.

25 **Completion of Service Metering Project**

26 As part of the requirements for financing, RWA needs to complete the metering project of all service lines.
27 We have approximately 50 more meters to install and the cost for installing these last few meters is figured
28 into the financing package. Graeper assured everyone that the meters are not going to be read for billing
29 purposes. Instead, they are used to narrow down leaks within the system. Often, leaks are discovered in
30 unoccupied residential buildings and metering gives RWA the capability of identifying and shutting off
31 these leaks and wasting valuable water.

32 **State Drinking Water Revolving loan funds to finance construction**

33 As mentioned earlier in the meeting, RWA has obtained a very low interest (1.72%) 30-year loan to
34 finance the Capital Improvements. This financing allows RWA the opportunity to get these proposed
35 projects completed and on-line sooner than expected. The projections in the 10-year budget forecast
36 indicate that the loan could possibly be totally paid back within 10 years without any special assessments
37 or unusual rate increases beside the standard 3% rate increase every other year.

38 **Absorbing the Zigzag Ranger Station complex**

39 The Zigzag Ranger Station has requested that they become a part of the RWA system. They currently have
40 their own well and separate water system, but their transmission pipes do not meet Federal specifications.
41 They will be re-piping their entire system and then tying into the RWA system for their water supply. With
42 the addition of the 135,000-gallon tank, this additional demand on the RWA system should not be a
43 problem. They will be metered and billed just like all commercial accounts. They will then use their
44 current water source for filling fire suppression tankers.

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1 **Hoodland Area Water Companies (HAWC)**

2 Graeper explained that there are over 58 water systems in a 45 square-mile area from Alder Creek to
3 Government Camp. HAWC is a group of system operators and board members formed to bring these
4 systems together at twice yearly meetings to discuss topics of mutual interest and concern. HAWC is also
5 making it possible for systems to join ORWARN (Oregon Water/Wastewater Agency Response Network
6 together and if needed, provide water, services or supplies to each other in case of an emergency. The
7 meetings have been well received.

8 **RESULTS OF BALLOTING**

9 Executive Secretary Laura Patty announced that Steven Graeper and Dan Holm have been re-elected for
10 the Board by the membership.

11 **DOOR PRIZES**

12 As a way to say Thank you for attending, RWA awarded four lucky ticket holders Door Prizes, which
13 were assembled as the result of a donation from Hoodland Fire District.

14 **MEMBER QUESTIONS/SUGGESTIONS**

15 There was a comment from the audience that they were pleased that the water system is finally being run
16 as professional operation. Many concurred with a round of applause. The RWA Board of Directors
17 appreciates the accolades and the compliment. Makes serving on the Board all worthwhile.

18 **ADJOURNMENT**

19 Graeper adjourned the meeting at 3:10PM.