



**OAK LODGE WATER SERVICES
BOARD OF DIRECTORS
SPECIAL MEETING MINUTES
DECEMBER 12, 2023**

Board of Directors

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| Susan Keil | Chair |
| Kevin Williams | Vice Chair |
| Paul Gornick | Treasurer |
| Ginny Van Loo | Director |
| Heidi Bullock | Director |

Oak Lodge Water Services Staff

| | |
|------------------|---|
| Sarah Jo Chaplen | General Manager |
| Brad Albert | Public Works Director/District Engineer (PWD) |
| Gail Stevens | Finance Director |
| Aaron Janicke | Assistant District Engineer |
| Laural Casey | District Recorder |
| Alexa Morris | Outreach and Communications Specialist |

Consultants & Organizational Representatives

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|-----------------|------------------------------|
| Tommy Brooks | Cable Huston |
| Laura Westmeyer | Cable Huston |
| Gulgun Ugur | Hawkins, Delafield, and Wood |
| Duncan Brown | PFM Financial Advisors |
| Maggie Marshall | PFM Financial Advisors |

1. Call to Order & Hybrid Meeting Facilitation Protocols

Chair Keil called the meeting to order at 3:00 p.m.

2. Call for Public Comment

Chair Keil acknowledged the attendance of Budget Committee Representatives Robert Weber and Mark Elliott.

There were no verbal comments.

3. Consideration of Customer-Focused Values for Borrowing Decision-Making

General Manager Chaplen explained how asset management decisions reflect the organization's values. With infrastructure assets being the largest expenditures, the current Board's decisions bind the organization for long periods of time. There are many funding options available to OLWS based on the

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types of capital projects. General Manager Chaplen overviewed the Board's areas of impact through policy decisions, including the current funding practices and a potential future rate stabilization fund.

There was discussion about customer-focused values, mainly the two options outlined by General Manager Chaplen:

- lowest rates versus lowest costs, or
- certainty versus uncertainty.

General Manager Chaplen explained how these values drive funding decisions through market fluctuations and provide stability to the customer and the organization.

The Board asked questions regarding:

- Where the grant money goes,
- How to keep project costs down, and
- Capital project prioritization.

Treasurer Gornick arrived at 3:33 p.m.

General Manager Chaplen promised to provide the Board with experience-driven recommendations and the best data available, and asked that the Board make decisions based on mutual trust and collective experience, stating the best decisions result from those made together rather than as an individual.

4. Presentation of Borrowing Choices by PFM Financial Advisors and Hawkins, Delafield & Wood

Financial Advisor Duncan Brown provided an overview of debt financing. Bond Counsel Gulgun Ugur explained the role of Bond Counsel. Financial Advisor Brown outlined the role of Financial Advisors, existing OLWS debt, and a recommendation based on a comparison of financing methods. OLWS' needs were summarized, and Financial Advisor Brown outlined a series of debt scenarios based on the borrowing opportunities available to OLWS.

The Board asked clarifying questions regarding:

- Bonding authority,
- Bond types,
- Debt limits,
- Debt consolidation,
- Funding timelines from application to expenditure,
- Capital project prioritization,
- The customer rate impacts of the Water Master Plan,
- WIFIA loan project requirements,
- The interest rate impact on customer rates based on the proposed borrowing scenarios, and
- Debt prepayment options.

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5. Consideration of Borrowing Choices

There was a discussion regarding how to narrow down the funding options. General Manager Chaplen asked for Board consensus on the types of funding. There was none. Staff were told to make a recommendation to the Board.

The Board asked for input from the present Budget Committee representatives, who asked questions regarding the FY 2024 rate increase and how organizational cashflow (customer rates) impacts the budget and funding processes.

General Manager Chaplen summarized the Board’s values as being interested in customer rate smoothing using the borrowing options with lower long-term costs. The Infrastructure Subcommittee and Financial Advisors will work independently to bring recommendations to the Board for borrowing decisions.

6. Presentation of Outreach Plan and Budget Calendar

General Manager Chaplen presented the Outreach Plan for the upcoming budget cycle.

The Board asked clarifying questions regarding the cost and regulatory requirements of individual mailings.

The Board provided feedback on the proposed Budget Calendar and asked whether the Budget Committee had been confirmed for the upcoming year.

7. Adjourn Meeting

Chair Keil adjourned the meeting at 5:35 p.m.

Respectfully submitted,

DocuSigned by:
Susan Keil
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Susan Keil
Chair, Board of Directors

Date: 1/18/2024

DocuSigned by:
Kevin Williams
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Kevin Williams
Vice Chair, Board of Directors

Date: 1/16/2024