

## Curran-Gardner Townships Public Water District

3384 Hazlett Road | Springfield, Illinois 62707-2522 | 217.546.3981

Special Meeting – Wednesday, June 21, 2017 – 6:30 p.m.

*Audio for the meeting found here: <http://www.currangardner.com/>*

**Members:** Chairman Mitchell, Vice Chairman Folder, Trustee Oschwald, Trustee Valois, Trustee Mayes, Trustee Dorr, Trustee Hammitt, Engineer Middendorf, Treasurer Elsner, Office Manager Graff and Secretary Ryg. Excused: Plant Manager Nelson.

**Guests:** none

**I.** *The meeting opened first with the Pledge of Allegiance.*

**II.** A discussion and review was had on USDA Rural Development loan documentation and required forms/reporting pending submission.

Chairman Mitchell asked Treasurer Elsner and Office Manager Graff about the Letter of Conditions needed for the loan along with the 17.80-3 guide.

Trustee Oschwald asked what other documentation was needed to fulfill the USDA Rural Development agreement.

Engineer Middendorf said that the assembly and review of documents was due late last week. In reviewing the certificates of insurance, the contractor's various coverage amounts needed to be restructured. CGTPWD and MECO reached out the contractors to rectify this.

A hard copy of the contract will be bound and sent to Attorney O'Keefe for review and approval.

**III.** *Board action to fully fund bond reserve*

Chairman Mitchell turned over the meeting to Trustee Eric Oschwald.

To summarize, CoBank will be providing the funds for the construction of the plant. They will be paid off at the completion of the project by the USDA-Rural Development loan. Prior to that event, the USDA-Rural Development is requiring action from the District.

Trustee Oschwald explained that USDA-Rural Development's underwriting of our capacity to repay the debt found that our liquidity position was strong enough to require us to invest \$412,360 of our unrestricted funds into the plant project. There were a couple options made available; lower the loan amount by \$412,360; fully fund the required reserve for the new loan of \$159,360; increase the balance in the District's Depreciation Account a/k/a Short Lived Asset account; or a combination of all options. Trustee Oschwald led the discussion and recommended fully funding the required reserve account and use the balance to 'fund-up' our depreciation account. These 2 options appear to allow the District to control its cash as well as it lowers the potential rate increase to be imposed on our customers.

Trustee Oschwald made a motion to fully fund the 2018 Bond Reserve for \$159,360 from the District's unrestricted account. Trustee Mayes second the motion. A discussion was had

explaining that fully funding the reserve saves approximately \$2.75 per customer, per month. A roll call vote was taken:

1. Vice Chair Folder: Yes
2. Trustee Valois: Yes
3. Trustee Hammitt: Yes
4. Chairman Mitchell: Yes
5. Trustee Dorr: Yes
6. Trustee Mayes: Yes
7. Trustee Oswald: Yes

With seven yes votes, this motion passed.

#### *IV. Board action to transfer Water District unrestricted funds to the depreciation account*

Trustee Oswald made a motion to approve the movement of \$253,000 from the District's unrestricted account to the depreciation account (also known as the SLA [Short Lived Account]). Trustee Valois second the motion. The \$253,000 completes Rural Development's requirement to use \$412,360 of District funds for the project. A roll call vote was taken:

1. Vice Chair Folder: Yes
2. Trustee Valois: Yes
3. Trustee Hammitt: Yes
4. Chairman Mitchell: Yes
5. Trustee Dorr: Yes
6. Trustee Mayes: Yes
7. Trustee Oswald: Yes

With seven yes votes, this motion passed.

Treasurer Elsner asked Trustee Oswald about the timeframe which he answered immediately to show good faith.

#### *V. Options for rate increase (discuss, determine and/or set rate increase)*

Trustee Oswald asked the Board to review the handout titled "Estimated Financial Projection Incorporating Water Treatment Plant Expansion". This document was prepared and analyzed by Jane Rushford of MECO and Bobette Dunphy at USDA Rural Development. They examined all documentation and found that an increase of \$7.46 per-month per-customer would suffice for the repayment of the USDA Rural Development loan.

Engineer Middendorf said the handout was used to formalize the two parts of this equation. The first part is committing to the debt recovery amount or the repayment. The second part is to take a more formalized approach which is an official rate increase to customers assuring to USDA Rural Development that there is capacity to repay the debt obligation.

In the beginning of this plant expansion development, it was speculated that a rate increase would be at approximately \$12.60 per customer each month to support the debt service, but due to the Board's stringent savings over the last twenty-four months, the potential rate increase dropped by over \$5/month to a possible increase of \$7.46 per customer each month. This was savings of over 30%.

Trustee Valois said that the District earned a very good interest rate of 2.25%. It was locked in early before the rates went up.

Chairman Mitchell made a motion to increase water rates to \$7.46 per customer each month.

Trustee Dorr second the motion. It was agreed that the rate increase would be called an “assessment”. A roll call vote was taken:

1. Vice Chair Folder: Yes
2. Trustee Valois: Yes
3. Trustee Hammitt: Yes
4. Chairman Mitchell: Yes
5. Trustee Dorr: Yes
6. Trustee Mayes: Yes
7. Trustee Oswald: Yes

With seven yes votes, this motion passed.

A motion was made by Trustee Oswald to tier the rate increase over a 12 month period. From August of 2017 to January of 2018 (6 months) to a starting assessment of \$2.00 per customer, per month; then, from February of 2018 to July of 2018 (6 months) the assessment would increase to \$4.50 per customer, per month; lastly, from August of 2018 and on the assessment would stabilize at \$7.46 per customer, per month. Trustee Mayes second the motion. A discussion was had on the tiered system going into the newsletter and billing section to let customers know of this assessment. This information will also be added to the website. A roll call vote was taken:

1. Vice Chair Folder: Yes
2. Trustee Valois: Yes
3. Trustee Hammitt: Yes
4. Chairman Mitchell: Yes
5. Trustee Dorr: Yes
6. Trustee Mayes: Yes
7. Trustee Oswald: Yes

With seven yes votes, this motion passed.

Trustee Oswald asked the Board to look at the Intergovernmental Agreement Rates and the wholesale rates. Vice Chair Folder asked about Ordinance Twelve which includes bulk water rates.

Vice Chair Folder will put the bulk wholesale rates on the agenda for next month. Chairman Mitchell asked Business Manager Graff to study this.

Chairman Mitchell adjourned the meeting at 8:15 p.m.