



## Special Meeting-Board of Directors

Thursday, October 3, 2019, 11:00 a.m.

LU LU's Conference Room

606 Columbia Point Dr., Richland, WA 99352

## Minutes

President Dennis called the meeting to order at 11:00 a.m. and Mr. Freeman called roll.

### Directors Present:

Dean Dennis, President  
Gene Huffman, Vice President  
Kirk Rathbun  
David McKenzie  
Raman Venkata

### Staff Present:

Chuck Freeman, District Manager  
Jason McShane, Engineering/Operations Manager  
Kipp Drummond, Comptroller/Treasurer  
Seth Defoe, Land & Water Resources Manager  
Melissa Olheiser, Accountant II  
Ben Woodard, Asst Engineering/Ops Manager  
Dan Tissell, Staff Engineer  
Lori Gibson, Executive Assistant  
Brad Crawford, IT & Purchasing Specialist  
Doris Rakowski, Executive Assistant

### Other Persons Present:

John Crotty, Legal Counsel  
Jeb Spengler, Piper Jaffray

Observer: None

**CONFIRMATION OF AGENDA: Vice President Huffman moved to approve the agenda. Director McKenzie seconded the motion and it carried unanimously.**

### PRESENTATION:

**Piper Jaffray - Capital Improvement Projects Financing Alternatives:** Mr. Drummond introduced Mr. Spengler.

Mr. Spengler distributed and referred to a Piper Jaffray packet titled "Board Retreat Bond Planning Materials", and spoke briefly about Piper Jaffray. He said he would be available after today to answer questions that might arise.

Mr. Spengler provided a bond market update, referring to the Treasury Rate History and AAA MMD Rate History in the Piper Jaffray handout. He said it was updated last week. He summarized that, from an interest rate point of view, this was a good time to borrow money.

Mr. Spengler referred to the "30-Year General Obligation Tax-Exempt Credit Spreads" page in the Piper Jaffray handout and spoke about credit spreads. He said KID's would be determined by the District's bond credit rating. The process of obtaining bond ratings was discussed.

In response to a question from Mr. Drummond, Mr. Spengler spoke about why the competitive bond process was probably not best for a small entity.

Mr. Spengler referred to the "Municipal market Flows & 30-Day Visible Supply" page in the Piper Jaffray handout and spoke about the current imbalance in the market. He said there was a lot of money available, compared to the amount of bonds available to investors.

Mr. Drummond distributed a page and discussed the charts titled "Potential Revenue Streams to cover Bonding/Loans for Capital Projects" and "Cash Flow required to make annual bond interest and principle payments for 30 year bonds at 4% annual interest".

In response to a question from Mr. Freeman, Mr. Spengler spoke about the general timeframe and milestones for spending money obtained from bonds. Restrictions on use of the money obtained from the bond were also discussed.

Mr. Spengler referred to the “Types of Municipal Bonds – What revenues are pledged to repay bondholders” section in the Piper Jaffray handout and spoke about different types of bonds including, Limited Tax General Obligation Bonds, Unlimited Tax General Obligation Bonds, Revenue Bonds, and Assessment-Backed Bonds.

Mr. Spengler referred to the “Disclosure” section in the Piper Jaffray handout and spoke about the Official Statement regarding the link between the bond issuer and the investor. He briefly listed essential parts of the Official Statement. The presentation of revenue streams in the statement was discussed.

Mr. Spengler referred to and reviewed the “Bond Ratings” section of the Piper Jaffray handout.

Mr. Spengler referred to and presented the “Ongoing Issuer Responsibilities (Post-Issuance)” section of the Piper Jaffray handout.

Information available on the website <https://emma.msrb.org> was briefly discussed.

Discussing ensued regarding:

- Development of internal financial restrictions and account tracking
- Surety bonds
- Interest rates and timing of borrowing
- Impact of size of issuance on rates and taxes was briefly discussed.

At 11:55 a.m., the Board and staff thanked Mr. Spengler for his presentation. Mr. Spengler left the meeting.

President Dennis called a short break.

At 12:10 p.m., the meeting resumed in open session.

#### **WORKSHOP:**

**Video Theme Discussion:** Mr. Freeman reported that Sandbox was selected by the RFP (Request for Proposals) process for video production for the district. He played videos provided by Sandbox to showcase their work.

Mr. Freeman spoke about KID’s need to tell its story with the 30-second and five-minute videos Sandbox would produce. He said KID wanted the videos to impact the public’s perception of KID.

The group brainstormed about themes for the planned five-minute video. Ideas included:

- Equity/fairness to customers
- History/education of KID
- Urban forest identifier
- Our water source
- Living in the desert
- Yakima Basin/Project
- Environmental community

- Drought/sustainability
- Fish habitat
- Future economic expansion
- History of system modernization & improvements (before & after)
- Impact of IP
- Animal Safety
- Aging Infrastructure
- Basin politics
- Squelching misinformation/rumors
- Focus on future water rights & supply
- Why irrigation water (vs. potable)

The intended audiences, including customer, environmental community, the rest of Washington State, national entities, and the tribes were briefly discussed.

Possible timing for creating the video was discussed, with consideration to district relationships with other entities.

Director McKenzie spoke about the need to educate certain audiences regarding the Integrated Plan.

An old KID video was shown for comparison. Dated portions of the video were briefly discussed.

Possible use of videos at presentations, such as a planned presentation to the Department of Ecology, was discussed.

**EXECUTIVE SESSION:** At 1:08 p.m., Mr. Freeman announced on behalf of the presiding officer that the Board would go into executive session for approximately two hours to consider the selection of a site or the acquisition of real estate by lease or purchase, pursuant to RCW 42.30.110(1)(b), and to discuss with legal counsel representing the agency potential litigation, in the form of litigation or legal risks of a proposed action or current practice that the agency has identified when public discussion of the litigation or legal risks is likely to result in an adverse legal or financial consequence to the agency pursuant to RCW 42.30.110(1)(i)(iii).

At 2:50 p.m., the meeting returned to open session.

The Board thanked staff for their work.

**Director McKenzie moved to adjourn at 2:53 p.m. Vice President Huffman seconded the motion. All present voted in favor and the motion carried.**

Attest:

Witness:

  
 \_\_\_\_\_  
 Dean Dennis, Board President  
 Approved October 15, 2019

  
 \_\_\_\_\_  
 Charles Freeman, District Manager

Prepared by Doris Rakowski