

COOS BAY-NORTH BEND WATER BOARD
P O BOX 539 – 2305 Ocean Boulevard
Coos Bay, Oregon 97420

Minutes
Regular Board Meeting

November 4, 2021
7:00 a.m.

Coos Bay-North Bend Water Board met in open session in the Board Room at the above address, date, and time with Chair Dr. Charles Sharps presiding. Other Board members present: Greg Solarz, Melissa Cribbins and Bob Dillard. Board members absent: None. Water Board staff present: Ivan D. Thomas, General Manager; Bryan Tichota, Customer Relations Supervisor; Jeff Howes, Finance Director; and Karen Parker, Administrative Assistant. Board Legal Counsel Jim Coffey was absent. Media present: None. Chair Sharps opened the meeting at 7:00 a.m. and asked Mr. Howes to lead the Board and assembly in the Pledge of Allegiance.

Chair Sharps asked if there were any corrections or additions to the October 21, 2021, Regular Board meeting minutes. Mr. Dillard moved the minutes be approved as written. The motion was seconded by Mr. Solarz and passed unanimously.

Chair Sharps asked if there were any public comments, and there were none.

Regarding the proposed Professional Services Contract with Crow Clay & Associates for construction management and administration services for safety and security improvements to the Water Board's Service Center, Mr. Thomas stated last fiscal year Crow/Clay & Associates designed safety and security improvements for the Water Board Service Center. The designed improvements include installation of a walk up window and redesign of the customer lobby to better serve our on foot customers while keeping staff safe in instances where physical distancing requirements and customer walk in scenarios apply. The improvements also include installation of protection bollards in front of the service center where cars have physically hit the building in the past. Replacement of all the Water Board doors with a FOB access system is also included. This system would require each Water Board employee, vendor, or volunteer allowed in the building to carry a wireless key FOB for access into the building.

Crow/Clay has submitted a proposal to prepare construction documents to administer this project from beginning to end. Crow/Clay's submittal includes bidding the project, holding the bid opening, assist in awarding the contract to a qualified contractor, and providing oversight to ensure conformance during our project. When the project is bid, staff and Crow/Clay would bring this back to the Board of Directors for award of the project to the responsible bidder.

The quote for these services total \$15,300. Mr. Dillard inquired what the estimated cost of the project totals. Mr. Thomas stated approximately \$180,000 which is included in the current fiscal year's budget. Mr. Dillard asked what the design costs total. Mr. Thomas stated the design costs are approximately \$7,500.

After a brief discussion, motion was made by Mr. Solarz to authorize the General Manager to enter into a Professional Services Contract with Crow/Clay & Associates in the amount of \$15,300 for construction management and administration services for improvements to the Water Board Service Center. The motion was seconded by Ms. Cribbins and passed unanimously.

Regarding the FY2020-21 Actuarial Valuation Report prepared by Milliman, Finance Director Jeff Howes stated Milliman has completed their 2021 review of the closed pension plan. They are suggesting three assumption changes as are reflected in the valuation:

- 1) Investment return assumption;
- 2) Mortality improvement assumption; and
- 3) Retirement assumption

"Rate of return assumption": Milliman reviewed current asset allocation against a survey of rate of return assumptions from 24 investment consultants for each asset class, which produced a median expected rate of return of 5.61% annually over 20 years. Milliman suggests the Board use a range of 5.0% - 5.6% for the rate of return. Staff agrees with this assessment and suggests setting the rate of return at 5.5% moving the Board closer to the suggested 5.0%.

"Mortality improvement assumption": In the 2019 actuarial review, Milliman suggested the assumption to determine life expectancy should use then current Oregon PERS assumption tables in effect at that time. Since then, PERS has updated their tables and an update is suggested. From Milliman's 2021 assumptions memo: "The base tables for the General Service employees and retirees remain the same, but the mortality improvement scale has been updated to reflect the most recent data available at the time of the most recent study." Staff agrees with this recommendation to use the most up to date Oregon PERS mortality improvement scale.

"Retirement assumption": Milliman suggests this should be updated from "35% of active members will retire at 85 points, and the remainder at age 65" to "35% of active members will retire each year after attaining 85 points, and the remainder at age 65". Staff agrees with this suggestion.

Mr. Howes stated in looking at the comparisons from the last valuation report on July 1, 2019 to the July 1, 2021 valuation, the Board went from 84 percent funding to a 94 percent funding. In addition, the market return was also very favorable.

Additionally, the Water Board will need to decide what level of contribution to continue to make to the plan over the next valuation period. If the Board continues with the current contributions this is greater than the 5.5 percent that is being proposed. Staff suggests continuing the current contribution to the fund of \$18,185 monthly and 14.49% of subject wages for active members over the next two years (July 1, 2022 to June 30, 2024). The current contribution schedule provides a higher than expected contribution over two years than the updated recommended contribution developed by Milliman based on the suggested assumption changes. This is due to a positive investment experience over the past two years and a historically conservative approach to investment in the plan.

After a brief discussion, Ms. Cribbins moved to adopt the 2021 Actuarial Valuation report prepared by Milliman accepting the discussed assumptions and investment strategies for the next valuation period. The motion was seconded by Mr. Dillard and passed unanimously.

The Board's next regular meeting was set for Thursday, November 18, 2021, at 7:00 a.m.

Updates were given as follows:

- Springbrook – When the upgrade occurs the Water Board's credit card payment system will be shut down for 3 days and notification will be given to customers. The upgrade is scheduled to occur at the end of January.
- Ingersol and Shorewood Pump Stations and Reservoir Telemetry upgrades – These projects are complete.
- Automated Meter Reading – Staff is moving forward and has installed 140 out of 900 new meters. This involves the Shinglehouse area. Letters are sent out to households prior to the new meter being installed. The completion date for installation of all 900 meters is targeted for the beginning of January.

At 7:25 a.m. Chair Sharps directed they go into executive session for the purpose of discussing potential litigation pursuant to ORS 192.660(2)(h) and personnel issues pursuant to ORS 192.660(2)(a). They returned to open session at 7:58 a.m. There being no other business to come before the Board, Chair Sharps adjourned the meeting at 7:59 a.m.

Approved: _____, 2021

By: _____
Chair Charles Sharps, Ph. D.

ATTEST: _____