

**OAK LODGE SANITARY DISTRICT
BOARD OF DIRECTORS
MINUTES OF THE REGULAR MEETING
February 12, 2008 – Amended**

CALL TO ORDER President Paul Savas called the Regular Meeting of the Board of Directors of Oak Lodge Sanitary District in Clackamas County, Oregon to order at 6:30 p.m. in the District office, 14611 SE River Road, Milwaukie, Oregon.

PERSONS PRESENT Declaration of a Quorum: Directors present were Paul Savas, President; William Wild, Vice President; Jim Martin and Doug Woods.

Director Seigneur arrived at 6:40 p.m.
Staff present were J. Michael Read, General Manager; Brett Arvidson, Manager of Planning and Engineering; Clark Balfour, Attorney for the District and Faith Paddock, Administrative Services Manager.

OTHERS PRESENT Thelma Haggemiller, 3405 SE Westview Road, Milwaukie, Oregon 97267
Henry Schmidt, 14201 SE Bunnell Street, Milwaukie, Oregon 97267
Jerry Foy, 15242 SE Fair Oaks Avenue, Milwaukie, Oregon 97267
Sylvia Milne, 1864 SE Anspach Street, Milwaukie, Oregon 97267
Lynn Fisher, 16133 SE River Road, Milwaukie, Oregon 97267
Leonard Waldemar, 5025 SE El Centro Way, Milwaukie, Oregon 97267
Tom Foeller, 2949 SE Walta Vista Court, Milwaukie, Oregon 97267
Greg Leedy, 13755 SE Fair Oaks Drive, Milwaukie, Oregon 97267
Henry Schmidt, 14201 SE Bunnell Street, Milwaukie, Oregon 97267
Dave Benfield, Oak Lodge Sanitary District
John Lang, Consultant
Dave Green, CH2M Hill

APPOINTMENTS M/S Wild/Martin Appoint Oak Lodge Sanitary District General Manager J. Michael Read to serve as both the District Secretary and Budget Officer for Fiscal Year 2008-2009. The question was called and the motion passed unanimously.

RESOLUTIONS – BANK
ACCOUNT
INFORMATION
CHANGES: Adopt M/S Wild/Woods Adopt Resolution No. 08-01 to change authorized signers of U.S. Bank National Association A Depository of Oak Lodge Sanitary District for payment of checks, drafts, and other orders for the payment of money drawn in the name of Oak Lodge Sanitary District. The question was called and the motion passed unanimously.

M/S Wild/ Martin Adopt Resolution No. 08-02 to change authorized signers of Wells Fargo Bank a Depository of Oak Lodge Sanitary District for payment of checks, drafts, and other orders for the payment of money drawn in the name of Oak Lodge Sanitary District. The question was called and the motion passed unanimously.

M/S Wild/ Martin Adopt Resolution No. 08-03 to change authorized signers of Wells Fargo Brokerage Services LLC an Institutional Brokerage bank for Oak Lodge Sanitary District. The question was called and the motion passed unanimously.

M/S Wild/ Martin Adopt Resolution No. 08-04 to change authorized signers from the Oregon State Treasury Local Government Investment Pool an External Investment Pool of Oak Lodge Sanitary District. The question was called and the motion passed unanimously.

M/S Wild/Martin Adopt Resolution No. 08-05 to change authorized signers of Seattle-Northwest Securities Corporation an Investment Banking Firm for Oak Lodge Sanitary District. The question was called and the motion passed unanimously.

RIVER FOREST LAKE
CONDITION AND
FUNCTIONAL VALUES
STUDY – NEXT STEPS:
Brett Arvidson

Mr. Arvidson stated that a copy of the River Forest Lake Functional Study was provided to the Board in January 2008. Mr. Arvidson updated the Board on the results of the study and stated that the District is currently working to analyze the best approach to assisting the residents and community with the issues regarding the lake. Mr. Arvidson reminded the Board of previous discussions regarding the lake being privately owned, therefore, the District's responsibility and obligation to fix the existing problems with the lake are still being evaluated. Mr. Arvidson spoke briefly about the biology of the lake and that the lake has an issue with blue-green algae. There were questions asked by the Board regarding the District's obligation to report the condition of the lake to the State of Oregon.

General Manager, J. Michael Read stated that he had a meeting with Mr. Myron Martwick, the President of the River Forest Lake Homeowners Association to discuss setting up a meeting with resident members of the association to talk about the findings of the study. It is staff's intention to have a meeting with the residents of the River Forest Lake and the project consultant to give the residents an opportunity to ask questions about the findings in the study. Mr. Read further stated that the meeting with the residents would address the issue of the hazards associated with blue-green algae.

PUMP STATION NO. 4
PROJECT CHANGE
ORDER – APPROVAL:
Brett Arvidson

Mr. Arvidson stated that there were two change orders for the Pump Station No. 4 Project related to the electrical service provided by Portland General Electric (PGE). Portland General Electric required a change in the electrical services, which then required the contractor to lay approximately 150' of conduit, which was not anticipated in the original scope of work. **The contract amount for this project is \$183,980.00; however, with the two change orders the project cost has increased an additional \$12,856.12.*

M/S Woods/Seigneur Move to authorize General Manager, J. Michael

Read, to sign a change order with Stettler Supply Company in the amount of \$12,856.12. The question was called and the motion passed unanimously.

TRUCK MOUNTED
HIGH PRESSURE
SEWER CLEANER
REPLACEMENT –
APPROVAL: Brett
Arvidson

President Savas expressed his concerns regarding the number of line items in the budget that are over the estimated amount for the year. Specifically, he is concerned that money is being absorbed into other areas or projects that were not anticipated or planned for during the budget process last year. President Savas and other members of the Board asked questions of staff regarding whether or not the District could wait to purchase a new hydro-cleaner vehicle.

Mr. Arvidson, Manager of Planning and Engineering, stated that the District's hydro-cleaner PTO pump is not working very well and the money to purchase the new vehicle has been budgeted for this year in capital expenditures. This is a critical piece of equipment to the District. Mr. Arvidson stated that the truck is seventeen (17) years old and the District is putting money into repairs on the vehicle more frequently due to breakdowns.

Mr. Read stated that the capital budget is in good shape; however, the management team has been working on preparing the 2008-2009 budget for the upcoming year and working to get a better understanding of where the District stands with respect to the capital and operating budget for this year. Staff will have a report for the Board at their March 11, 2008, Regular meeting to review the current revenue and expenditures for this year.

M/S Woods/Seigneur Move to accept the selection committee's recommendation to purchase a Truck Mounted High Pressure Sewer Cleaner from General Equipment Company, and authorize staff to issue a purchase order. The question was called and the motion passed unanimously.

CONSENT AGENDA:
Approval

President Savas called for discussion and approval of the Consent Agenda.

MONTHLY REPORTS:
Acceptance

Director Woods stated that the minutes of the Board's January 8, 2008, Regular meeting need be amended to show that Director Woods made the nomination of William Wild for Vice President, not Director Martin.

Internal Reports

M/S Seigneur/Wild Approve the January 8, 2008, Regular meeting minutes as amended; approve the January 2, 2008, Special Meeting minutes; approve the January 2, 2008, Executive Session minutes; approve the January 8, Executive Session minutes; approve the January 10, 2008, Special Meeting minutes; approve the January 10, 2008, Executive Session minutes; approve the January 15, 2008, Special Meeting minutes; and approve the January 15, 2008, Executive Session minutes. The question was called and motion passed unanimously.

External Reports

There were questions from Director Woods to staff regarding payments to Assured Technology Solutions, Tyler Technologies, and other expenses paid in the month of December 2007.

Mr. Read stated that in the past, Kent Squires, former General Manager for the District, was responsible for handling the investments for the District; however, Mr. Read would like to discuss with the Board at their March 11, 2008, Regular meeting the need to hire a professional investment counselor to handle the District's investments portfolio. The need to borrow money in the future for the rehabilitation of the treatment plant will require professional bond counsel to evaluate the need for bond insurance and financial resources for the implementation of the Master Plan.

M/S Woods/Seigneur Approve the monthly reports for December 2007. The question was called and the motion passed unanimously.

CORRESPONDENCE
REVIEW:

There was no correspondence for review.

GENERAL MANAGER
REPORTS: J. Michael
Read

Mr. Read reported on the Community Partners Wastewater Task Force Working Group, which met in session this week. The purpose of the group is to analyze whether or not there is a collaborative approach possible to re-evaluate opportunities to regionalize wastewater treatment in Clackamas County. The members of this task force will ultimately be asked to create a partnership agreement between wastewater service providers in the north Clackamas County area to capture the fiscal benefits of economies of scale inherent in large capital investments needed for wastewater services. It is the committee's intent to have a conclusion in defining and developing the principles for a collective agreement between North Clackamas service providers by April 1, 2008. The next meeting of the Community Partners Wastewater Task Force will be February 21 from 4 to 6 p.m. in the WES conference room at the Sunnybrook Service Center (9101 SE Sunnybrook Blvd, Clackamas - fourth floor).

There was a lengthy discussion regarding the different options being reviewed by the task force as possible solutions for the regionalization of wastewater treatment for the County. Mr. Read passed around a rate chart that was prepared by Water Environment Services portraying various agencies anticipated rate increases over the next 15-20 years. President Savas was very concerned and expressed his disappointment with the inaccurate information being used by Clackamas County in predicting future rates for Oak Lodge Sanitary District. President Savas recommended that staff draft a letter and send it to Mr. Mike Kuenzi, Director of Water Environment Services regarding the need to have accurate rate information disseminated to interested parties. President Savas wants the information corrected before the rate chart is distributed to the public at an open house or some other community meeting.

M/S Seigneur/Wild Authorize staff to draft a letter to Mr. Mike Kuenzi, Director of Water Environment Services, regarding the need to have accurate

rate charts and information for Oak Lodge Sanitary District. The question was called and the motion passed unanimously.

Mr. Read updated the Board on the National Clean Water Policy Forum, which is being held from May 4 -7 in Washington DC. This forum is a think tank for future legislative and regulatory issues and is hosted by WEF and NACWA Government Affairs committees. Mr. Read will be attending this year and he asked that the Board be thinking about the District's legislative agenda and District issues that the Board would like to have conveyed at the federal government level which he can bring forward in these sessions and in visits to the Oregon Congressional delegation.

DIRECTOR REPORTS:

President Savas updated the Board on the recent developments with the Clackamas County Coordinating Committee (C4).

President Savas stated that the Clackamas County Service District No.1/Community Wastewater Solutions Committee has been renamed to the Community Partners Wastewater Task Force Working Group and future agendas should reflect the change.

Directors Wild and Martin attended the Jennings Lodge Citizen Planning Organization meeting. At the meeting, Directors updated members of the committee about the hiring of General Manager, J. Michael Read and the retirement of former General Manager, Kent Squires. The committee is very pleased with the Board's involvement in their monthly meetings. They would like Mr. Read, the District's new General Manager to attend their next meeting if possible.

Mr. Read introduced Mr. Dave Benfield, as the interim Operations Manager for the District.

PROJECT STATUS REPORTS:

Mr. Arvidson reported that the Bar Screens replacement project is underway and nearly complete. There is some landscaping that needs to be done; however, that work is scheduled for spring when the weather improves.

Mr. Arvidson reported that the Stringfield Park design is almost complete. The District has applied for the Metro Neighborhood Improvements grant. The grant application is due by mid March. There was a brief discussion regarding the cost share for the improvements to the Stringfield property.

Mr. Arvidson reported that the first workshop of the Value Planning process began yesterday. The next workshop is scheduled for Thursday, February 14, 2008. Copies of the revised agenda for the meeting on Thursday, February 14, 2008, were passed out to the Board.

Consultant John Lang presented the Board with draft goals for the OLSD Master Plan implementation, which were developed by the Board at their

January 29, 2008 goal setting session. Mr. Lang suggested the Board review the proposed goals and forward their suggested revisions to him. The Value Planning Team will be evaluating their ideas against the goals at the Thursday, February 14, 2008, Value Planning session. In addition, Mr. Lang recommended the Board adopt the final version of the goals at their March 11, 2008, Regular meeting.

The Board and Mr. Lang discussed changes to the proposed goals. Mr. Lang will make the Board's recommended changes and present a final draft at the Thursday, February 14, 2008, planning session.

PUBLIC COMMENT PERIOD

Sylvia Milne
1864 SE Anspach Street,
Milwaukie, Oregon 97267

Ms. Sylvia Milne stated that she was not notified about the Board's Special Meeting for goal setting and she wondered if she is on the mailing list for notification. In addition, Ms. Milne asked if the MPCAC goals were incorporated or discussed during the Special Meeting. Mr. Arvidson stated that the Master Plan Community Advisory Committee (MPCAC) goals were discussed and there are plans to re-engage the committee in future discussions regarding the Master Planning process.

Jerry Foy
15242 SE Fair Oaks Ave.
Milwaukie, Oregon 97267

President Savas answered Ms. Milne stating that staff will verify that she is on the mailing list for meeting notifications.

Jerry Foy asked questions regarding the value planning committee and the purpose of the committee.

Mr. Read stated that the purpose behind the value planning process is to examine and evaluate all possible options available to the District and whether there are cost savings to be realized by the District in exploring options outside of what has already been discussed in the initial phases of the master planning process.

OTHER BUSINESS

There were no other comments.

DIRECTOR COMMENTS

Director Woods stated that he attended the Special Districts Association annual conference and he found the conference to be well attended with good information provided to attendees.

BOARD REQUESTS: Directors

There were no Board requests.

MONTHLY EXPENSES

M/S Wild/Seigneur Approve the December 2007 monthly expenditures in the amount of \$1,372,503.46. The question was called and the motion passed unanimously.

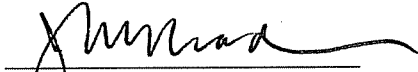
ADJOURN REGULAR
SESSION

There being no further business to come before the Oak Lodge Sanitary
District Board of Directors, President Savas adjourned the meeting at 9:11
p.m.



Paul W. Savas, President of the Board

Attest:



J. Michael Read, Secretary