

LINCOLN PIPESTONE RURAL WATER SYSTEM

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MEETING MINUTES

February 23, 2009

The regular scheduled meeting of the Lincoln Pipestone Rural Water (LPRW) System Board of Commissioners was held at the LPRW office in Lake Benton on Monday, February 23, 2009 starting at 10:00 a.m. Chairman Bill Ufkin called the meeting to order with Commissioners Earl DeWilde, Frank Engels, Mitch Kling, Rod Spronk, Jerry Lonneman, Norris Peterson, Ken Buysse, Jan Moen, Henry Van Dyke and Joe Weber present. Also present were Board Attorney, Ron Schramel; DGR engineer, Darin Schriever; Field Superintendents, Don Drietz and Tom Muller; and CEO, Dennis Healy. Affinity Hills development representatives Jim Munson, Pam Sieverson and Larry Pierce met with the Board at 1:30 p.m.

Agenda: M/S/P DeWilde/Engels to approve the Agenda as published.

Minutes: M/S/P Weber/Buysse to approve the minutes of the January 26, 2009 Regular Board meeting.

Treasurer's Report: M/S/P Lonneman/Van Dyke to approve the Treasurer's report as presented.

Bills: M/S/P Engels/Peterson to approve the following bills for payment:

- DeWild Grant Reckert and Associates Company: General Services #90 = \$10,331.30; Jackson-Nobles Water Supply Project – ppe #16 = \$14,218.78; New Water Source Development – ppe #7 - \$15,127.09; 2008-10 Expansion Project – ppe #2 - \$6,306.35
- McDonald, Gudmestad & Schramel: General Legal Services = \$2,714.80
- Regions Corporate Trust Services: Lewis & Clark Bond payment and fees = \$161,131.91

Attorney's Report: Ron Schramel reported that the Jackson Nobles Water Supply Project interim financing bond has been authorized by Nobles County and is being processed. Nobles County land acquisitions are proceeding on schedule.

Regional Water Development:

- **Wood Lake area pump test:** An agreement has been reached with the VanLerberghe family to use their irrigation wells for our aquifer pump test. The test will start in the next 2 weeks.
- **Water Purchase Agreement:** A proposed "Water Purchase Agreement" between LPRW and Osceola County Rural Water System was discussed, and minor changes suggested by Ron Schramel were incorporated into the Agreement. Healy explained that temporary financing would be the preferred way to finance the down payment on the "Water Purchase Agreement" if it can be arranged with minimal cost. The amount needed is \$628,398.00 for no more than two years. M/S/P Lonneman/Spronk to authorize CEO Dennis Healy to work with bond council, Mary Frances Skala and First Security Bank to arrange financing for the "Water Purchase Agreement" down payment.
- **Water Exploration:** A suggestion from Red Rock Rural Water System to jointly explore for water between Fulda and Windom was discussed and may be considered later.

Engineer's Report: Darin Schriever provided the engineer's report:

- **Jackson-Nobles Water Supply Project:** Darin Schriever reported that final engineering is being completed on the Project, and advertisement for bids should be started in the near future.
- **2008-10 Expansion Project:** The Project will move forward when USDA-RD financing is finalized.
- **New Water Source Development Project:** The Wood Lake area pump test will use existing wells so a change order will be needed to determine a price. DGR will get a quote from the contractor but the work needs to be completed before the next Board meeting. M/S/P Peterson/Buysse to authorize Healy to evaluate the contractor's quote and decide if the contractor should proceed.
- **Long-Range Planning Project:** DGR staff will work with LPRW staff to prepare the long-range plan documents.
- **Water Storage Inspection & Maintenance:** Long-term storage tank inspection and maintenance practices were discussed, and Healy suggested that a more consistent process should be considered. M/S/P DeWilde/Peterson to request a proposal from DGR to inspect and oversee maintenance of water towers and ground storage reservoirs.

Field Superintendents' Report: Don Drietz reported that he is setting up well monitoring sites for the Wood Lake area aquifer test. Tom Muller requested that capacity charge policies be clarified, and the Board indicated that the 600,000-gallon per capacity unit/year fee is based on peak use of 50,000 gallons per month and that peak use is the primary concern.

Affinity Hills Subdivision: LPRW, the City of Lynd and the Affinity Hills developers have an agreement for LPRW to do water hookups and sell water within Affinity Hills until June 1, 2028 when the City of Lynd will assume ownership and control of the water system within the Affinity Hills development. The current Affinity Hills developers represented by Jim Munson, Pam Sieverson and Larry Pierce met with the Board to request a buyout of the original agreement if the City of Lynd is in agreement. Since Affinity Hills is in the City of Lynd this would be more consistent with LPRW operations in other cities. The Board reviewed several buyout options based on information provided by the developers and CEO, Dennis Healy. To date, 26 rural water hookups have been purchased, and 57 to 87 lots remain to be developed. M/S/P Lonneman/Kling to accept a buyout of \$481,000 in addition to the hookup charges collected by LPRW at completion of an agreement, and the City and developer will pay all costs to locate a new city meter on the north side of the City of Lynd. This offer is valid for 6 months subject to acceptance by both the developers and the City of Lynd.

CEO's Report:

- The Lewis & Clark project may benefit from additional federal funding to move the project forward more quickly. The Phase Two of the water treatment plant is being designed for bid this spring, and Phase One construction is underway.
- One new hookup for a new house in Pipestone County was considered. M/S/P Spronk/Weber to approve a new residential hookup in Section 20 of Burke Township.
- There is no new information on the status of the new irrigation permits near the Holland WTP.
- Nobles County has agreed to issues interim bonds for the Jackson Nobles Water Supply Project.
- A "Water Planning Conference" for county officials on February 13th was well received by the attendees.
- The annual meeting with the DNR and other agencies on February 18th went well, and no significant problems were identified.
- The Board reviewed a proposed "JOINT STATEMENT OF POLICY" between Worthington Public Utilities and LPRW dealing with the "Provision of Water Service in and Around the City of Worthington." The Policy is similar to the agreement we have with Marshall Municipal Utilities. M/S/P Weber/Engels to approve the "JOINT STATEMENT OF POLICY" between Worthington Public Utilities and LPRW dealing with the "Provision of Water Service in and Around the City of Worthington."

Committee Reports: The following committee reports were given:

Executive Committee: No report.

Personnel Committee: No report.

Budget & Finance Committee: No report.

Water Resources and Equipment Committee: No report.

Minnesota Rural Water Association, Board Representative: No report.

Minnesota Governmental Agency Finance Group: No report.

Lewis & Clark Minnesota Joint Powers Board: No Report.

Other

- The Board discussed laptop computers and directed Healy to prepare a proposal for the Board to consider.
- Schedules for MRWA Conference in St. Cloud, March 3rd – 5th were distributed and discussed.

Adjournment: M/S/P Lonneman/Kling to adjourn the meeting at 4:00 p.m. The next Regular Board meeting will be Monday, March 30, 2009 at 10:00 a.m.

Ken Buysse, Secretary