

LINCOLN PIPESTONE RURAL WATER SYSTEM

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MEETING MINUTES

March 30, 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, March 30, 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; auditor, Matt Taubert; First Security Bank-Lake Benton President, Gary Williams; Field Superintendents, Don Drietz and Tom Muller; and CEO, Dennis Healy.

Agenda: M/S/P Buysse/Spronk to approve the Agenda with the addition of a discussion of Board computers.

Minutes: M/S/P Engels/DeWilde to approve the minutes of the February 23, 2009 Regular Board meeting and the March 19, 2009 special teleconference meeting.

Treasurer's Report: M/S/P Weber/Peterson to approve the Treasurer's report as presented.

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

- DeWild Grant Reckert and Associates Company: General Services #91 = \$6,336.25; Jackson-Nobles Water Supply Project – ppe #17 = \$14,516.00; New Water Source Development – ppe #8 - \$571.50; 2008-10 Expansion Project – ppe #3 - \$3,838.20
- McDonald, Gudmestad & Schramel: General Legal Services = \$1,333.00; Jackson-Nobles Water Supply Project = \$1,695.90

Audit Report: Matt Taubert of Meulebroeck, Taubert & Co. presented the 2008 INDEPENDENT AUDITOR'S REPORT for Board consideration. Taubert reported an increase in Retained Earnings of \$918,415, and he reported that there were no Audit Findings. The LPRW staff was complemented on the quality of the records and financial documentation. M/S/P Peterson/Spronk to approve the 2008 INDEPENDENT AUDITOR'S REPORT.

Attorney's Report: Ron Schramel reported that the Jackson Nobles Water Supply Project interim financing bond hearing has been scheduled for May 13th. Nobles County land acquisitions will be completed in the near future.

Regional Water Development:

- **Water Purchase Agreement:** The "Water Purchase Agreement" between LPRW and Osceola County Rural Water System (OCRWS) has been approved by OCRWS, and was reviewed and discussed by the LPRW Board. M/S/P Spronk/Lonneman to approve the "Water Purchase Agreement" between LPRW and Osceola County Rural Water System, and authorize the Chairman and Secretary to sign the Agreement. M/S/P Engels/Kling to authorize the CEO forward the executed Agreement to OCRWS along with the first installment payment of \$628,398.00.
- **Temporary Financing:** First Security Bank-Lake Benton President, Gary Williams met with the Board to discuss the terms of a loan to provide temporary financing for the first installment payment required by the "Water Purchase Agreement" between LPRW and Osceola County Rural Water. The terms offered are a loan of \$630,000.00 at a rate of 3.250% due on 12-31-2009. M/S/P Spronk/Van Dyke to accept the loan, and to authorize the Board officers to execute the loan documents.

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

- **Jackson-Nobles Water Supply Project:** Darin Schriever reported that OCRWS bids have come in below estimates so far, and design on LPRW facilities is moving forward. The Rushmore Water Tower should be ready to bid as soon as authorization is received from USDA Rural Development. M/S/P Spronk/Buysse to authorize advertisement for Rushmore Water Tower bids as soon as authorization is received from USDA Rural Development, and authorize staff to set dates for advertising, bid opening and award as appropriate. The 12" Transmission Pipeline Project should be ready to bid as soon as authorization is received from USDA Rural Development. M/S/P Weber/Kling to authorize advertisement for 12" Transmission Pipeline Project bids as soon as authorization is received from USDA

Rural Development, and authorize staff to set dates for advertising, bid opening and award as appropriate. The Metering and Booster Stations are being designed and the SCADA upgrades are under development.

- **2008-10 Expansion Project:** The Project will move forward when USDA-RD financing is finalized. The Expansion Project will be financed with stimulus funds, and the additional regulations involved will increase the cost of construction.
- **New Water Source Development Project:** Pump testing is completed in the Wood Lake area and additional exploration will be done in Murray County when road restrictions are done. A contract change order to extend the contract time and reduce the total cost was reviewed. M/S/P Lonneman/Van Dyke to approve Change Order #3 to the Steffl Drilling & Pump contract.
- **Long-Range Planning Project:** DGR staff is working with LPRW staff to prepare the long-range plan documents.
- **Water Storage Inspection & Maintenance:** A Comprehensive Tank Maintenance Plan proposal from DGR was review and discussed. M/S/P Buysse/DeWilde to approve the Comprehensive Tank Maintenance Plan proposal from DGR to inspect and oversee maintenance of water towers and ground storage reservoirs.
- **Holland Water Treatment Plant discharge permit:** The MPCA has notified us that we need to develop a plan to treat the discharge water from the RO treatment process. DGR and LPRW staff will work with MPCA to find out what is needed.

Field Superintendents' Report: Don Drietz and Tom Muller reported that operations are going smoothly.

CEO's Report:

- The Lewis & Clark project continues to move forward, and hopes are high that additional funds will become available.
- Three new hookups were considered. M/S/P Lonneman/Engels to approve two hookups in Lincoln County and one in Lyon County. The hundreds of hookups expected as part of the 2008-10 Expansion Project were discussed, and Healy requested that staff be given authority to approve "Project" hookups. M/S/P Lonneman/Buysse to authorize LPRW staff to approve "Project" hookups.
- It appears that the new irrigation permits near the Holland WTP will be issued by the DNR.
- 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 Kling/DeWilde to authorize the Board Officers to sign 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 asked staff to prepare a presentation on laptop computers for the next Board meeting.
- Healy requested authorization to purchase 2 replacement pickups as per the 2009 Budget. M/S/P Peterson/Moen to authorize Healy to trade in 2 pickups for new models per the 2009 Budget.

Adjournment: M/S/P Kling/Van Dyke to adjourn the meeting at 2:40 p.m. The next Regular Board meeting will be Monday, April 20, 2009 at 7:00 p.m.

Ken Buysse, Secretary