

LINCOLN PIPESTONE RURAL WATER SYSTEM

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MEETING MINUTES March 29, 2010

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 29, 2010 starting at 10:00 a.m. Chairman Joe Weber called the meeting to order with Commissioners , , , , Rod Spronk, Norris Peterson, Ken Buysse, Henry Van Dyke and present. Also present were Board Attorney, ; DGR engineer, ; Meulebroeck, Taubert & Co. CPA, ; Field Superintendents, Don Drietz and Tom Muller; and CEO, Dennis Healy.

Agenda: M/S/P Kling/Peterson to approve the Agenda as presented.

Minutes: M/S/P Ufkin/Engels to approve the minutes of the February 22, 2010 Regular Board meeting, and the March 12th and March 19th Special Conference Call meeting.

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

Bills: M/S/P Lonneman/Buysse to approve the following bills for payment:

- DeWild Grant Reckert and Associates Company: General Services #103 = \$5,432.50; Jackson-Nobles Water Supply Project – ppe #29 = \$18,761.00; New Water Source Development – ppe #20 - \$193.50; 2008-10 Expansion Project – ppe #15 - \$47,608.50
- McDonald, Gudmestad & Schramel: General Legal Services = \$1,566.30; Jackson Nobles Water Supply Project = \$29.00
- Salonek Concrete & Construction, Inc.: Jackson Nobles Project – Schedule 4, ppe #2 = \$10,701.75
- CB&I, Inc.: Jackson Nobles Project – Schedule 2, ppe #8 = \$164,217.95
- US Bank Corporate Trust Services: Nobles County GO Temporary Bonds, Interest only = \$127,500.00
- Wells Fargo Securities: Generator Lease Payment #15 of 20 = \$12,799.15

2009 Audit Report: , CPA presented the 2009 Audit Report to the Board of Commissioners and staff. Taubert described the 2009 Audit Report as a “clean audit” as there were no audit findings or other issues reported. The Board had some questions about depreciation policies that Taubert will research, and Board training to increase understanding of the audit and financial reports was discussed. M/S/P Peterson/Kling to accept the 2009 Audit Report.

Attorney's Report: reported on the following issues.

- The Pipestone County Refunding Bond looks like it will proceed because the \$130,000 minimum savings goal can be met. Dennis Healy will be meeting with the Pipestone County Board on April 6th to discuss the Bond issue. M/S/P Ufkin/Spronk to adopt a RESOLUTION REGARDING THE ISSUANCE, SALE AND DELIVERY OF GENERAL OBLIGATION WATER REVENUE REFUNDING BONDS, SERIES 2010A OF PIPESTONE COUNTY, MINNESOTA.
- Schramel presented a proposed Policy covering Board Appointment and Reappointment procedures. After discussion and minor changes the Board approved the Policy. M/S/P Spronk/DeWilde to adopt the REAPPOINTMENT/APPOINTMENT PROCEDURES FOR LPRW BOARD MEMBERS.
- The petition opposing South Dakota DENR Application No. 7178-3 to irrigate 400 acres next to the Verdi well field was discussed, and Healy was directed to request a time extension to all us to prepare for the hearing. A proposal from Liesch Associates to prepare hydrological information was reviewed. M/S/P Engels/Kling to approve the “Consulting Services Agreement” with Liesch Associates, and authorize Healy to sign the agreement.

Engineer's Report: discussed the following items:

- **Jackson-Nobles Water Supply Project:** The Rushmore tower is proceeding on schedule, and the 12-inch Transmission Line is completed. The Highway 60 Booster and State Line Meter Station Project construction has started, and a Change Order addressing several small items with a net increase of \$1,624.00 was reviewed. M/S/P Lonneman/Buysse to approve Change Order #1 to add \$1,624.00 for several small changes to the Salonek Concrete and Construction contract on the Highway 60 Booster and State Line Meter Station Project. The Mainline Improvements Project bid opening was on March 9th, and bids were awarded to Winter Brothers Underground on March 19th. SCADA improvements were moved to the 2008-10 Project for budget purposes. OCRWS improvements are proceeding.
- **2008-10 Expansion Project:** The Phase 1 North Area Expansion Project bid opening was on March 9th, and bids were awarded to Eatherly Constructors on March 12th. The Phase 1 South Area Expansion Project and the Lismore Booster Project will be ready to advertise soon. SCADA work is proceeding, and other specs are being prepared.
- **New Water Source Development Project:** Work will begin when access to all well sites have been acquired.
- **Long-Range Plan:** Work has started on preparation of a long-range plan for LPRW.
- **Holland Discharge Permit:** The Board emphasized the need for quick completion of a plan to address MPCA permit issues, and suggested that LPRW consider using another consultant if DGR does not have the staff to complete the work in a timely manner.
- **Additional Financing for the Jackson Nobles Project:** Healy reported that although the Mainline Improvements Project bid has been awarded, additional funds will be required to complete the Project. USDA Rural Development has offered an additional \$200,000 grant if LPRW issues an additional \$800,000 in General Obligation Debt. This debt as well as the original project debt can be issued using "Build America" bonds that would lower the interest cost by about 30% if the bonds are issued before the end of 2010. General Obligation bonds must be issued through the counties, but the alternative of issuing Revenue Bonds would be considerably more expensive because there would be no grant funding and interest rates would be higher. M/S/P Kling/Engels to request that Nobles County issue \$800,000 in General Obligation bonds on behalf of LPRW so LPRW would qualify for \$200,000 in grant financing.

Field Superintendents' Report: Tom Muller reported that they are busy with easements and preparation for construction in Nobles County. Don Drietz reported that easements, preparation for construction, and preparation for well drilling are major activities in the north part of the System.

CEO's Report:

- The Lewis & Clark project is moving forward, and FY2011 federal funding is being sought.
- The City of Hadley has requested a quote for a rural water hookup, and they were referred by USDA Rural Development. M/S/P DeWilde/Lonneman to authorize discussions with Hadley for a rural water hookup.
- The MRWA Conference was very informative.
- The South Dakota DENR hearing on Application 7178-3 to irrigate 400 acres next to the Verdi well field is set for is scheduled for May 5th, but we can request an automatic postponement. M/S/P Lonneman/Peterson to request an automatic postponement of the hearing on Application 7178-3.
- Healy requested authorization to purchase 3 replacement pickups and 1 new pickup as included in the 2010 Budget. M/S/P Engels/Buysse to authorize the CEO to purchase 3 replacement pickups and 1 new pickup as included in the 2010 Budget.
- The National Rural Water Conference was discussed, and Spronk, Ufkin and Healy expressed interest in attending.

Committee Reports: reported on Yellow Medicine County Water Task Force activities. reported on MRWA finance program activities. Rod Spronk reported on MRWA activities including personnel and Board officer changes, and the lobbying trip to Washington as a MRWA representative.

Other

- Healy reported to the Board that Don Drietz has submitted his resignation as Field Superintendent although he would like to stay on in a different capacity. Healy recommended that: 1) Don Drietz be transferred to a new “System-wide Field Superintendent” to make use of his experience to support the area Field Superintendents; 2) promote Kyle Thooft to Field Superintendent for the north area because of his experience in the expansion area; and 3) refill the north Operator position with Michael Scheiber who was interviewed for the job when it was first filled and fill the south Operator position as budgeted. had to leave the meeting at 4:00. The Board discussed the recommendations extensively with the CEO and Field Superintendents. M/S/P Peterson/Buysse to approve the transfer of Don Drietz to a new “System-wide Field Superintendent” position, and authorize the hire of Michael Scheiber as a Water System Operator. Nine Commissioners voted in favor of the motion, abstained, and was absent. M/S/P Buysse/Kling to appoint Kyle Thooft to the north Field Superintendent position starting at the Step 1, Year 10 pay level with the provision that no Step increases will be granted until he has obtained his Class B water operators license. Nine Commissioners voted in favor of the motion, abstained, and was absent.

Adjournment: M/S/P Kling/Buysse to adjourn the meeting at 4:50 p.m. The next Regular Board meeting will be Monday, April 26, 2010 at 7:00 p.m.

, Secretary