

# LINCOLN PIPESTONE RURAL WATER SYSTEM

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## MEETING MINUTES August 25, 2008

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, August 25, 2008 starting at 6:30 p.m. Chairman called the meeting to order with Commissioners , , , Jerry Lonneman, Norris Peterson, Ken Buysse, Leonard Swenson, , , and Henry Van Dyke present. Also present were Board Attorney, ; DGR engineer, ; , Doug Westerman, Jay Michelson, and Mike Curly from RRRWS; Field Superintendents, Don Drietz and Tom Muller; and CEO, Dennis Healy.

**Agenda:** M/S/P Peterson/Van Dyke to approve the Agenda with the addition of discussions with Red Rock RWS about Nobles County development.

**RRRWS Discussions:** The Executive Committee discussions were reviewed, and all parties expressed their commitment to continued cooperation. M/S/P Weber/Engels to communicate our commitment to purchase water from OCRWS if RRRWS decides that they cannot make the purchase. The Board agreed to review the feasibility of serving the RRRWS expansion area if requested by the RRRWS Board.

**Minutes:** M/S/P Weber/Buysse to approve the minutes of the July 28, 2008 Regular Board and August 18, 2008 joint Budget Committee meetings.

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

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

- DeWild Grant Reckert and Associates Company: General Services #84 = \$3,022.11; South End Improvements ppe #11 - \$33,448.00; New Water Source Development ppe #1 = \$1,584.00
- McDonald, Gudmestad & Schramel: General Legal Services = \$1,015.80
- Leggette, Brashears & Graham: Water Source Exploration Project, #2808055 = \$23,984.74
- Wenck Associates: Topeka Shiner Habitat, #1680-03 = \$1,824.70
- Regions Corporate Trust Services: MGFA Series A-2006-2 Bonds = \$72,627.60

**Attorney's Report:** presented and discussed a resolution provided by Fryberger Law Firm to allow LPRW to be reimbursed for expenses incurred prior to the issue of bonds for the 2008-09 Expansion Project. M/S/P Weber/Lonneman to approve the following Resolution and to authorize the Chairman and Secretary to sign same.

### ***RESOLUTION MAKING A DECLARATION OF OFFICIAL INTENT UNDER U.S. TREASURY REGULATIONS SECTION 1.150-2***

*WHEREAS, the Internal Revenue Code of 1986, as amended, and Treasury Regulations Section 1.150-2 promulgated thereunder (the "Reimbursement Rules"), require that in order for a municipality to use the proceeds of an issue of tax-exempt obligations to reimburse an original expenditure paid before the issue date of the obligations, a municipality must adopt an official intent for the original expenditure not later than 60 days after payment thereof; and*

*WHEREAS, Lincoln Pipestone Rural Water System, (the "Obligor") intends to finance improvements to and expansion of its drinking water treatment and distribution system (the "Project"), from proceeds of an issue of tax-exempt obligations (the "Obligations"); and*

*WHEREAS, it may be necessary for the Obligor to temporarily finance certain costs of the Project by using either working capital and cash reserves which will be needed for other purposes or temporary loans from financial institutions or others prior to the issuance of the Obligations.*

*NOW, THEREFORE, be it resolved by the Obligor as follows:*

1. *The maximum principal amount of the Obligations is \$10,853,000.*
2. *The Obligor reasonably expects to incur expenditures with respect to the Project in advance of issuance of the Obligations.*
3. *The Obligor reasonably expects that expenditures for the Project will be reimbursed from the proceeds of the Obligations.*
4. *The reimbursement will occur not later than 18 months after the later of the date the original expenditure was paid or the date the Project is placed in service or abandoned, but in no event more than three years after the original expenditure is paid.*
5. *The Obligor has not previously adopted a resolution under the Reimbursement Rules for a project, the costs of which were not paid from the proceeds of an issue of tax-exempt bonds.*

**Engineer's Report:** reported on the following topics.

- **Water Source Exploration:** The water exploration bid opening will be 10:30 a.m. on Friday, August 29, 2008 at the LPRW office, and a conference call has been set for 11:00 a.m. so the Board can review and act on the bids.

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

**CEO's Report:**

- Lewis & Clark Regional Water System has received the Minnesota funding, and both the U.S. House and Senate are proposing funding levels at or above this years level.
- Healy presented a list of 5 hookup requests for Board consideration. M/S/P Lonneman/Engels to approve the 5 hookup requests as presented.
- Land acquisition in Nobles County is completed.
- Healy will look at the costs and funding to do the RRRWS project in Nobles and Jackson Counties in case we are asked to assume responsibility for the project. It will be discussed at the next Budget meeting, and the Board set the meeting for 5:30 p.m. on Monday, September 15, 2008 at the Ivanhoe Community Center.
- Hookup charges and assessment rates for the 2008-09 Improvement Project were discussed. Lonneman and Buysse withdrew their tabled motion from the July 28<sup>th</sup> meeting. M/S/P Lonneman/Kling to set the 2008-09 Improvement Project hookup rates at \$15,000 for the basic hookup and \$6,000 for additional Capacity Units, and to set assessment rates at 5.9% over 38 years, and to set none project hookup rates at the same level effective January 1, 2008 without the option to assess the hookup costs. Healy will examine the project costs to see if the included quantities should be adjusted.
- Healy reported on the permitting process of irrigation projects in the Holland WTP vicinity. We will continue to monitor these activities.
- Healy reported that health insurance rates would increase by 3% in 2009. This is much lower than previous years, and lower than expected.
- The Board authorized Healy to find and hire someone to fill the Enterprise Technician position.

**Committee Reports:** The following committee reports were given: The Committees will meet to work on the 2009 Budget on September 15<sup>th</sup>, and Healy will prepare cost and revenue projections for the proposed expansion projects.

**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.

**Adjournment:** M/S/P Engels/Van Dyke to adjourn the meeting at 9:45 p.m. The next Regular Board meeting will be Monday, September 29, 2008 at 7:00 p.m.

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, Secretary