

LINCOLN PIPESTONE RURAL WATER SYSTEM

East Highway 14, P.O. Box 188, Lake Benton, MN 56149
(507) 368-4248 or (800) 462-0309 fax (507) 368-4573 email: lprw@itctel.com

MEETING MINUTES

September 26, 2011

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, September 26th, 2011 starting at 7:00 p.m. Chairman Joe Weber called the meeting to order with Commissioners Earl DeWilde, Frank Engels, Rod Spronk, Mitch Kling, Jerry Lonneman, Jan Moen, Norris Peterson, Ken Buysse, Bill Ufkin, and Henry Van Dyke present. Also present were Board Attorney, Ron Schramel; and CEO, Dennis Healy.

Agenda: M/S/P Ufkin/Lonneman to approve the Agenda.

Minutes: M/S/P Engels/Kling to approve the minutes of the August 29th Regular Board meeting.

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

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

- DeWild Grant Reckert and Associates Company: General Services #42 = \$1,333.95; New Water Source Development – ppe #38 = \$45,975.18; 2008-10 Expansion Project – ppe #33 \$19,281.75
- McDonald & Schramel: General Legal Services = \$883.00; 2008-10 Expansion = \$30.00
- Carstensen Contracting, Inc.: 08-10 Project; South Area-Phase 1, ppe #11 = \$355,141.12; 08-10 Project; 08-10 Project; Internal User Additions, ppe #5 = \$197,790.93. 08-10 Project; Seeding Part B, ppe #6 = \$41,349.31.
- Area Lawn Works: 08-10 Project; North Area Seeding Part A, #3=\$71,209.71.
- Quality Controls Final, \$22,009.90

Attorney's Report: Ron Schramel discussed the proposed "Community Water Service Agreement" between LPRW and the City of Vesta. This Contract states that LPRW will allow Vesta to connect to the LPRW System for the sum of \$511,610.00. This Agreement states that Vesta can either pay the full amount of \$511,610.00 within 15 days after water is first supplied to Vesta or LPRW will provided temporary financing for up to 3 years. The terms of the temporary financing consist of the City making interest only payments of \$2,131.71 per month during this 3 year period. After the end of the 3 year term, Vesta has a choice to either fully pay the principal amount owed or to elect to permanently finance the connection through LPRW. Terms of the permanent financing shall be annual payment of \$30,330.40 for a period of 38 years. The interest rate for both the permanent and temporary financing will be 5%.

This Agreement also states that the City of Vesta will pay a \$1.95 per thousand gallons of water until June 1, 2012, thereafter LPRW may adjust the rate upward or downward pursuant to rate studies conducted by LPRW. This is a 40-year contract. Ron Schramel recommended that the Board approve this Agreement.
M/S/P Engels/DeWilde to approve the Community Water Service Agreement with Vesta.

Ron Schramel also gave a report regarding Swedes Forest 19 Calcareous FEN. This FEN became an issue because it is located near some of the proposed production wells LPRW installed for the Northeast Water Development Project. At the meeting on August 29, 2011, the Board instructed Ron Schramel to do some research regarding this FEN to ascertain when it was identified as a FEN and if it is still considered a FEN.

Ron Schramel reported that based on his research this FEN was first identified by a DNR Botanist in 1991. The DNR visited this FEN again in 1993 and water chemistry data was obtained during that visit, which confirmed this was a calcareous FEN.

A DNR Plant Ecologist visited the site again in 1999. During this visit the DNR Ecologist noted heavy ground water seepage which is typical of a calcareous FEN but he was unable to find any plant species which are associated with a calcareous FEN. The DNR has not visited the site since 1999, however they are tentatively planning to conduct another field review within a few weeks to collect additional data. The DNR's position is that this area is still a protected calcareous FEN.

Ron Schramel noted that once an area is established as a calcareous FEN, it is protected both by the Minnesota Wet Lands Conservation Act and by the Minnesota Endangered Species Law.

Dennis Healy reported that when they conducted the well test it did affect this FEN, therefore it was likely the DNR would not allow us to use the proposed production wells because these wells may impact this calcareous FEN which is a violation of the Minnesota Wet Lands Conservation Act.

Engineer's Report:

- **Jackson-Nobles Water Supply Project** The 1 year warranty inspection for the Rushmore Tower (CB&I) was completed. Tank and Coatings are in good condition.

- **2008-2010 Expansion Project**
 1. North Area Expansion Phase 1 –Project Complete
 2. South Area Expansion Phase 1 – Contractor continues to make good progress. Substantial completion deadline is Nov. 1, 2011, and should be attainable. Intend to add a few more pipe extensions and services in order to maximize contract.
 3. SCADA Work – Quality Control & Integration – Final papers are in process.
 4. Seeding Part A (North) – Area Lawn Works Work is complete.
 5. Seeding Part B (South) – Carstensen Contracting Work is continuing as needed.
 6. Internal Users Additions – Carstensen Contracting Steady progress is being made. Crew may move to South project temporarily to help finish up.
 7. Seaforth Connection – Winter Brothers Underground Work is complete.

- **New Water Source Development** Area 2 Well Field Development – Steffl Drilling and Pump – work is substantially complete.

- **Long Range Planning Study** Some work was done to consider water transmission across the north end of the system.

- **Holland Discharge Permit** – No recent work.

M/S/P Buysee/Peterson to approve change order #1(Final) Area Lawn Works: add \$17,700.87.

M/S/P Moen/Van Dyke to approve Steffl Drilling pay ppe #6 for \$53,880.70.

M/S/P Ufkin/Engels to approve Steffl Drilling & Pump change order #8 adding \$24,546.00.

Field Superintendents' Report: The field superintendents were not available for report.

CEO's Report:

- The Lewis & Clark RWS – No big issues at this time.
- City Hook-ups – Seaforth is operating soon. Brewster - meters have been ordered for the meter station.
- Wellhead Protection update
- Other business – Operations look good.

Committee Reports:

Executive Committee: No report

Personnel Committee: Jan Moen reported there are 5 job applicants which will be considered for the open position. Dennis will find a date to bring in the candidates.

Budget & Finance Committee: Norris Peterson reported the budget committee met in August to discuss the budget.

Water Resources and Equipment Committee: No report

Minnesota Rural Water Association, Board Representative: No report

Minnesota Governmental Agency Finance Group: No report

Southwest/West Central Service Cooperative: No report

Lewis and Clark Rural Water Board: No report
Lewis & Clark Minnesota Joint Powers Board: No report

Adjournment: M/S/P Kling/Buysee to adjourn the meeting. The next Regular Board meeting will be Monday, October 31, 2011 at 7:00 p.m.

Respectfully submitted,

Janice Moen, Secretary