

Lincoln Pipestone Rural Water

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Meeting Minutes

November 30th, 2020

The regular scheduled meeting of the Lincoln Pipestone Rural Water (LPRW) System Board of Commissioners was held at the LPRW office in Lake Benton using WebEx video/teleconferencing on Monday, November 30th, 2020, starting at 10:02 AM. Board Chairman Mitch Kling conducted roll call for the Member Commissioners at the start of the board meeting to establish a quorum with Commissioners Glen Grant, Bill Ufkin, Jerry Lonneman, Earl DeWilde, Frank Engels, Randy Kraus, Rod Spronk, Jan Moen, and Brent Feikema. Joining later were Commissioners Joe Weber and Bill Ufkin. Also attending were DGR Engineer Darin Schriever, Kinner and Co. Nathan Kinner, Board Attorney Ron Schramel, Field Supervisor Tom Muller, Enterprise Technician Jodi Greer, General Manager Jason Overby, Lyon County Commissioner Gary Crowley and George Eilertson with Northland Securities.

Agenda: *M/S Spronk/Engels to approve the agenda. Upon a roll call, Aye: 8, Nay: 0, Absent: 2 (Weber, Ufkin). Motion carried.*

Commissioner Joe Weber joined the meeting.

Minutes: *M/S Grant/Lonneman approve minutes from the October 2020 Board Meeting. Upon a roll call, Aye: 9, Nay: 0, Absent: 1 (Ufkin). Motion carried.*

Engineer's Report: Darin Schriever presented Engineering Report for November. Additional items included the following:

- SCADA Upgrades

M/S Feikema/Lonneman to approve PPE#5 for \$110,137.16 to Thompson Electric. Upon a roll call, Aye: 9, Nay: 0, Absent: 1 (Ufkin). Motion carried.

- Tyler-Russell pipeline

M/S DeWilde/Moen to approve PPE#4 for \$178,913.80 to Winter Contracting LLC. Upon roll call, Aye: 9, Nay: 0, Absent: (Ufkin). Motion carried.

Commissioner Lonneman inquired about funding for the Lincoln PS improvements. Improvements will be pulled from the board-assigned CIP reserve fund. Commissioner DeWilde asked about the Well Interference Plan with the DNR. Schriever indicated that a draft plan has been submitted for DNR approval, as part of the permitting process.

Operations Report: Muller presented the November Operations Report, highlighting some of the activities in the system.

Commissioner Ufkin joined the meeting. After the report was given, Muller left the meeting to assist in a water leak.

Manager's Report: Overby presented the November Manager's Report. GM noted the changed dates for the MRWA Annual Conference to August of 2021. Lewis & Clark RWS is informally checking with other member systems if they are interested in buying/selling of unneeded expanded capacity. Lonneman said he would follow up on this.

GM introduced George Eilertson to review bond refunding with Nobles County.

Nobles County Series 2011A and 2011B Bonds Refinancing: George Eilertson, Public Finance Director with Northland Securities, and finance agent for Nobles County, presented information on the refinancing of the Nobles County Bonds (2011A and 2011B) into a single bond (Series 2020B) and answered questions. Final interest rates were locked in at 1.98%. Kinner asked about the number of bidders and variability in annual bond interest rates. Eilertson noted that four (4) parties bid on the bond and that it is common to see "front-end loaded" structure with annual interest rates in municipal bonds; having lower rates later in the bond life. Commissioner Spronk inquired about the possibility of refunding the Pipestone County \$9.89M Bond. Although the interest rate for this bond is low at 2.25%, Eilertson said he will investigate and provide a response to this inquiry.

Attorney's Report: Schramel discussed district court judgement and approval of reappointments for Commissioners Frank Engels, Janice Moen, and J. Brent Feikema. Schramel also provided preliminary information on 2020 hookups and assessments. Assessment Hearing is scheduled for December 23rd. Schramel also discussed the settlement with the Schroeder party regarding utility easement. Schroeders have accepted LPRW's offer of water service installation to Margaret Schroeder, with no additional costs incurred, and for the party to fully sign utility easement covering existing pipeline.

Treasurer's Report: Kinner presented the Treasurer's Report for November.

M/S Lonneman/Weber to approve Treasurer's Report, as presented. Upon a roll call, Aye: 10, Nay: 0. Motion carried.

Paid Bills:

M/S Ufkin/Engels to approve payment on checks #6243-6376, excluding voided checks #6297, #6317, and #6352. Upon a roll call, Aye: 10, Nay:0. Motion carried.

Pending Bills:

- DeWild Grant Reckert and Associates Company:
 - General Services = \$1,006.00
 - 2016 Improvements-Pro. #2 = \$10,797.00

- North Area Water Source = \$491.50
- Schramel Law Office:
 - General Services = \$2,074.27
 - Project #2 = \$1,012.65
 - North Area Water Source = \$567.00
- Northland Securities
 - Nobles County Series 2012A = \$157,088.75
 - Pipestone County Series 2016A = \$114,352.50
- Ehlers Bond Trust Service
 - Lincoln County Series 2013A = \$386,067.50
- US Bank
 - Lincoln County Series 2012 = \$244,900.00 (to be paid if full bond payoff is not approved)

M/S Engels/Grant to approve paying pending bills as presented. Upon a roll call, Aye: 10, Nay: 0. Motion carried.

Committee Reports:

- **Executive Committee:** Nothing to report.
- **Personnel Committee:** Nothing to report. Will schedule to meet prior to next Board meeting.
- **Budget and Finance Committee:**

M/S Feikema/Kraus to approve the minutes of the Budget-Finance Comm. Meeting from November 10th, 2020. Upon a roll call, Aye: 10, Nay: 0. Motion carried.

- Bond Payoffs – Debt Reduction. Kinner discussed various bond payoffs for Board consideration.

M/S Ufkin/Weber to pay in full the Jackson-Nobles (Nobles County) \$800,000 “Supplemental” GO Revenue Bond, Series 2010A (USDA-RD Loan #91-29); the Nobles County \$1,595,000 GO Crossover Refunding Bond, Series 2012A; and the Lincoln County \$1,050,000 GO Refunding Bond, Series 2012, before the end of calendar year 2020. Upon a roll call, Aye: 10, Nay: 0. Motion carried.

- Rural Customer Capacity Charge.

M/S Moen/Engels to transfer from the General Fund to the System Improvements/Capacity/Hookup Account a total of \$723,000 stemming from rural customer extra capacity charges dating back to January 1, 2016 to present; and to include all future rural customer capacity charges be assigned to the System Improvements/Capacity/Hookup Account. Upon a roll call, Aye: 10, Nay: 0. Motion carried.

- FY21 Budget. Kinner reviewed the proposed FY21 Budget, including base/volumetric rate increases, employee payroll/benefits, and debt service reduction.

M/S Engels/Feikema to approve the 2021 Budget, as presented, with the following assigned increases to the monthly base and volumetric water rates effective July 1, 2021, as follows:

Base (Monthly Minimum): \$0.50 increase (\$33.75, starting 7/1/21)

Volumetric:

- *0-5,000 gal/month = \$2.79 (increase of \$0.06)*
- *5,000-10,000 gal/month = \$2.84 (increase of \$0.06)*
- *10,000-20,000 gal/month = \$2.89 (increase of \$0.06)*
- *20,000+ gal/month = \$2.89 (increase of \$0.06)*
- *Bulk/Municipal (flat per 1,000 gal/month) = \$2.82 (increase of \$0.08)*

Upon a roll call, Aye: 9, Nay: 1 (Ufkin). Motion carried.

- **Water Resources and Equipment Committee:** Nothing to report.
- **Joint Powers Board Representative:** Commissioner Lonneman updated Board on the buying/selling of L&C members individual share(s) of 15MG expansion.

Other Business:

- LPRW PCI-DSS Policy and Procedures (Policy Revision).

M/S Lonneman/Grant to adopt the revised PCI-DSS Policy, as presented. Upon roll call, Aye: 10, Nay: 0. Motion carried.

- December Board Meeting.

M/S Ufkin/Moen to change the December Board Meeting to December 14th at 9am. Upon roll call, Aye: 9, Nay: 1 (Lonneman). Motion carried.

Public Comment: Lyon Co Commissioner Gary Crowley indicated how pleased on the effectiveness of the LPRW's virtual meeting format. George Eilertson updated board with preliminary calculations on refunding of the Pipestone Co \$9.89M Bond. Annual debt service may increase approximately \$50,000, but may consider savings of \$1.5M over a shortened term of loan. Analysis will be provided at next meeting.

Commissioner Ufkin suggested LPRW should reach out to the City of Dawson to keep them informed.

Adjournment: *M/S Spronk/Feikema to adjourn board meeting at 1:00 pm. Upon a roll call, Aye: 10, Nay: 0. Motion carried.*

Respectfully Submitted,

Randy Kraus, LPRW Board Secretary