

# **Lincoln Pipestone Rural Water**

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## **Meeting Minutes**

**August 31<sup>st</sup>, 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, August 31<sup>st</sup>, 2020, starting at 5:10pm. Commissioner and Vice-Chairman Joe Weber conducted roll call for Member Commissioners at the start of the board meeting to establish a quorum with Commissioners Glen Grant, Bill Ufkin, Earl DeWilde, Frank Engels, Randy Kraus, Brent Feikema, Rod Spronk, and Jan Moen. Absent was Commissioners Jerry Lonneman and Mitch Kling. Also participating was Board Attorney Ron Schramel, DGR Engineer Darin Schriever, Kinner and Co. Nathan Kinner, Field Supervisor Tom Muller, Enterprise Technician Jodi Greer, General Manager Jason Overby, and Lyon County Commissioner Rick Anderson.

**Agenda:** *M/S Feikema/DeWilde to approve the agenda, as presented. Upon a roll call, Aye: 8, Nay: 0, Absent: 2. Motion carried.*

**Minutes:** *M/S Ufkin/Grant to approve minutes from the July 2020 Board Meeting. Upon a roll call, Aye: 8, Nay: 0, Absent: 2. Motion carried.*

**Engineer's Report:** Darin Schriever presented Engineering Report for August.

- SCADA Upgrades.

*M/S Engels/Kraus to accept CO#2 with Thompson Electric in the amount of a \$5,364.90 deduct for final fiber quantity adjustments and adding fiber installation pay item #11. Upon a roll call, Aye: 8, Nay: 0, Absent: 2. Motion carried.*

*M/S Moen/Feikema to approve PPE#2 in the amount of \$373,733.91 to Thompson Electric, subject to RD concurrence. Upon a roll call, Aye: 8, Nay: 0, Absent: 2. Motion carried.*

- Tyler-Russell Pipeline.

*M/S Ufkin/Grant to accept CO#1 with Winter Contracting, LLC in the amount of \$10,251.15 for pipeline routing adjustments and modifications to PRV station piping. Upon roll call, Aye: 8, Nay: 0, Absent: 2. Motion carried.*

*M/S Engels/DeWilde to approve PPE#1 in the amount of \$894,668.32 to Winter Contracting, LLC, subject to RD concurrence. Upon roll call, Aye: 8, Nay: 0, Absent: 2. Motion carried.*

Commissioner Jerry Lonneman and Commissioner and Board Chair Mitch Kling joined the meeting by phone.

**Operations Report:** August Operations Report was presented by Tom Muller. Commissioner Spronk thanked Muller for fence repair and cleanup work around the Chandler Tower.

**Manager's Report:** August Manager's Report was presented Jason Overby. Overby noted that three (3) additional CD's with 4M will be maturing in September; as well as pursuing refinancing options for higher interest rate bonds with USDA-RD. Ufkin inquired about using Assessment reserves (restricted) to pay off bonds possibly prior to refinancing. Overby and Kinner will research options. Committee-level discussions will be scheduled in September to address municipal water purchase agreements and refinancing opportunities.

**Attorney's Report:** Ron Schramel discussed letters received by LPRW regarding an easement by Worthington that was never signed by the landowner; and that the kin of the original landowner are requesting payment for an easement. Schramel has sent a response letter to the owner's attorney.

**Treasurer's Report:** Nathan Kinner presented the Treasurer's Report for August. A new line item on the P&L statements show Capacity Charges and Other Fees that include monthly capacity overages and late payment fees. Also, Board-designated fund accounts (i.e. short-term, long-term, System-improvements, tank) may be reallocated at end of year.

*M/S Engels/Kraus to approve Treasurer's Report for July 2020, as presented. Upon a roll call, Aye: 10, Nay:0. Motion carried.*

**Paid Bills:**

*M/S Feikema/Lonneman to approve payment on checks #5888-6021, excluding voided check #6005. Upon a roll call, Aye: 10, Nay: 0. Motion carried.*

**Pending Bills:**

- DeWild Grant Reckert and Associates Company:
  - General Services = \$1881.00
  - 2016 Improvements-Pro. #2 = \$24,178.00
  - North Area Water Source = \$11,488.00
  
- Schramel Law Office:
  - General Services = \$1,015.00
  - Project #2 = \$1,480.24

*M/S Grant/Engels 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.
- **Budget and Finance Committee:** Nothing to report.
- **Water Resources and Equipment Committee:** Nothing to report.
- **Joint Powers Board Representative:** Lonneman stated the L&CRWS will increase water rates by one (1) cent on the volumetric side, but the base will remain the same starting in September. L&CRWS has also determined a 0.4% COLA increase for labor.

**Other Business:**

- Consent & Crossing Agreement with Buffalo Ridge Wind, LLC.  
*M/S Lonneman/Kling to approve the Consent and Crossing Agreement with Buffalo Ridge Wind, LLC. Upon a roll call, Aye: 10, Nay: 0. Motion carried.*

- L&CRWS True-Up Costs for Capacity Upsizing.

At the July Monthly Meeting, the LPRW Board approved final ‘true-up’ payment with L&CRWS in the amount of \$141,639.87. Since then, a formula correction by L&CRWS has revised all member “true-up” costs by a minimal amount. As of their August 27<sup>th</sup> Directors Meeting, a new total cost to LPRW has been established at \$143,547.09, an increase of \$1,907.22. With approval of this adjustment by the LPRW Board, payment is scheduled to be made the week of September 21<sup>st</sup>.

The above ‘true-up’ costs only addresses the amount owed for LPRW’s remaining unpaid cost of original capacity. It does not address the amount of LPRW’s share of the Iowa (i.e. State’s cost share) capacity that the MN members obtained from communities dropping out and making available additional capacity. Earlier, this was agreed upon by the three remaining MN members not to pay this in the hopes that Federal reimbursement back to Minnesota might cover the Iowa state’s cost share amount (approximately \$589,053 total with \$171,035 being LPRW’s charge). This amount will continue to be indexed each year for inflation until the Federal reimbursement to the individual states occurs.

*M/S Ufkin/DeWilde to rescind the July 2020 motion approving payment of \$141,639.87 to L&CRWS for true-up costs associated with upsizing of capacity. Upon a roll call, Aye: 10, Nay: 0. Motion carried.*

*M/S Moen/Engels to approve payment for the revised total of \$143,547.09 to L&CRWS for true-up costs associated with upsizing of capacity. Upon a roll call, Aye: 10, Nay: 0. Motion carried.*

At the request of L&CRWS Executive Director Troy Larson, a straw poll was conducted of LPRW Commissioners in favor/opposition of pursuing LPRW's calculated share of the 15 MGD expansion of capacity.

*M/S Ufkin/Kraus to express interest in LPRW's share of the expanded 15 MGD with L&CRWS, acknowledging that at this time no commitment is made. Upon a roll call, Aye: 10, Nay: 0. Motion carried.*

*M/S Lonneman/Ufkin to express interest in any unallocated portion of another L&CRWS Member's share of the expanded 15 MGD; acknowledging that unallocated capacity may be offered at a prorated share to all members. Upon a roll call, Aye: 10, Nay: 0. Motion carried.*

Lonneman requested that a follow-up response be sent to L&CRWS regarding these decisions.

Lonneman also discussed pursuing via the Joint Powers Board the Federal reimbursement for the State of Minnesota's funding advancement to help pay for JPB Members portion of the future 15 MGD expansion. And for this to be done by JPB Members through legislative action with the State of Minnesota expressing the need for additional water capacity and funding of water infrastructure.

**Public Comment:** Lyon County Commissioner Rick Anderson asked about the status of the Tyler-to-Russell pipeline project. Schriever provided progress update of the pipeline project. Commissioner DeWilde visited with Lyon County Commissioner Gary Crowley in which he provided positive feedback towards the LPRW organization. LPRW Board Members expressed sympathy and condolences to Chairman Mitch Kling on the passing of his sister recently.

**Adjournment:** *M/S Lonneman/Engels to adjourn board meeting at 7:17 pm. Upon a roll call, Aye: 10, Nay: 0. Motion carried.*

Respectfully Submitted,

Randy Kraus, LPRW Board Secretary