

Lincoln-Pipestone Rural Water System

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Meeting Minutes

August 28th, 2023

The regular scheduled meeting of the Lincoln Pipestone Rural Water (LPRW) System Board of Commissioners was held at the LPRW Office in Lake Benton, MN, on Monday, August 28, 2023; and was available for viewing/participating via Zoom video/teleconferencing. The meeting was called to order at 3:00 PM by Board Chair Joe Weber. A quorum was established with Commissioners Bill Ufkin, Earl DeWilde, Peter Petersen, Mitch Kling, Randy Kraus, Brent Feikema, Jan Moen, Frank Engels, Rod Spronk and Jerry Lonneman in attendance. Also attending were Board Attorney Ron Schramel, Lyon County Commissioner Rick Anderson, Nathan Kinner (Kinner and Co.), DGR Engineer Darin Schriever, Enterprise Technician Jodi Greer, Field Supervisor Tom Muller, General Manager Jason Overby, and Tyson Vogt and Matt Weiss from DesignArc Group. Jeff Van Buren (USDA-Rural Development) joined via Zoom link.

Agenda: *M/S Ufkin/Petersen to approve the agenda. Motion carried unanimously.*

Minutes: *M/S Spronk/DeWilde to approve the minutes from the July 2023 Regular Monthly Board Meeting. Motion carried unanimously.*

Office/Shop Complex Final Design: Matt Weiss and Tyson Vogt (DesignArc Group, Brookings, SD) presented the final design for the new office/shop complex. Chair Weber asked about options for project delivery method. Schramel indicated that due to anticipated cost over \$175,000, LPRW must go through a public notification and bidding process. Construction-manager-at-risk (CMAR) option has already passed. Chair Weber then asked if local contractors can be hired. Schramel noted that a general contractor will be secured and that they must carry appropriate insurance and security. Weiss said project/bid documents will be sent to approximately 15 bid markets. Commissioner Ufkin asked about construction markets. Vogt noted material availability has stabilized, but prices have not declined. Bidding for a targeted spring construction start would be more favorable. Weiss indicated that if dirtwork/geothermal could be started this fall, remaining construction could take 10-12 months.

Regarding funding of this project, Overby noted that \$3M has been reassigned from existing accounts into a special project fund account, as directed by the board. This account will continue to grow with monthly deposits, as assigned. Kinner suggested looking at internal options for funding the shortfall instead of securing bonded financing.

Lonneman then asked about the ratio of costs between the office and shop. Weiss said about one-third (\$2M) for the office, and two-thirds (\$4M) for the shop. Other questions pertaining to detailed design features were asked by the Commissioners.

M/S Kling/Engels to accept the final design of the Office/Shop Complex, as presented by DesignArc Group. Motion carried unanimously.

M/S DeWilde/Ufkin to authorize staff to proceed with the bid process for the Office/Shop Complex. Motion carried unanimously.

Engineer's Report: Darin Schriever (DGR) presented the Engineers Report for August. Items discussed further included:

- NAWS Project. DNR Appropriations permit has been approved. Meeting scheduled with MPCA on Tuesday over the anti-degradation study.
- USDA-RD Funding for NAWS Project (Jeff Van Buren). Jeff reviewed the Letter of Conditions for the Loan-Grant funding package. RD requires to have contract(s) with a city(ies) established (or the equivalent funding amount generated from rural customer hookups) prior to funding. Project timeline is three (3) years from starting date of September 1, 2023, but could be extended up to five (5) years. Because of the \$10M maximum loan threshold with RD, LPRW will have three (3) separate loans that will be obligated. However, LPRW will have the choice of having either three separate construction loans or one. Schramel advised going with one (1) bond to expedite time with multi-county approvals.

Letter of Intent to Meet Conditions:

M/S Kling/Petersen to accept the “Letter of Intent to Meet Conditions” with USDA-RD for the NAWS Project; and to authorize Jason Overby to sign the “Letter of Intent to Meet Conditions” on behalf of LPRW Board of Commissioners. Motion carried unanimously.

Request for Obligation of Funds (3 in total):

- Loan #1: \$6,479,000.00 Loan; \$2,194,000.00 Grant
- Loan #2: \$9,800,000.00 Loan
- Loan #3: \$9,900,000.00 Loan

M/S Moen/Kraus to approve all three (3) “Request for Obligation of Funds” (RD Form 1940-1); and to authorize Jason Overby to sign all three (3) forms on behalf of the LPRW Board of Commissioners for the NAWS Project totaling \$26,179,000.00 in loan amount and \$2,194,000.00 in grant amount. Motion carried unanimously.

Loan Resolutions (3 in total):

M/S Engels/Feikema to approve the Resolution (RD Form 1780-27) in the amount of \$6,479,000.00 in loan and \$2,194,000.00 in grant for the NAWS Project; and to authorize Jason Overby to sign the Loan Resolution document on behalf of LPRW Board of Commissioners. Roll call vote taken. Motion carried unanimously.

M/S Kling/Ufkin to approve the Resolution (RD Form 1780-27) in the amount of \$9,800,000.00 in loan for the NAWS Project; and to authorize Jason Overby to sign the Loan Resolution document on behalf of LPRW Board of Commissioners. Roll call vote taken. Motion carried unanimously.

M/S Spronk/DeWilde to approve the Resolution (RD Form 1780-27) in the amount of \$9,900,000.00 in loan for the NAWS Project; and to authorize Jason Overby to sign the Loan Resolution document on behalf of LPRW Board of Commissioners. Roll call vote taken. Motion carried unanimously.

The Board inquired about how and when funding will be obligated with the state. Overby will follow up with MMB. Schriever will also follow-up on the pilot test that was required. Then discussion by Commissioners as to costs for hookups during the project. It was advised that the Budget & Finance Committee meet to identify hookup costs for the project.

- Holland WTP/biottta. Design work continues.
- Brewster 2nd Connection. Site piping at the meter building is complete.
- Cities: Cost estimates have been provided for Ellsworth and Ruthton. Met with Slayton to discuss LPRW as a possible option and Jason may need to follow-up with City of Wabasso. The Board requests a proposal from DGR for a feasibility study on the entire system.

Operations Report: Tom Muller presented the report for August. Other items highlighted included lime removal at Burr, road project updates with Lyon Co 5 and Yellow Medicine Co 39. Discussed Jonathan Buysse request for additional capacities. Because this request is within the Burr moratorium area, LPRW cannot provide at this time. Chair Weber mentioned the Nichols' property adjacent to Verdi PW-5 will be up for sale via public auction.

Manager's Report: GM Overby presented the Manager's Report for August. Overby noted the number of requests for service and extra capacities that have come in. Investments in CD's that had completed terms were re-enrolled in 6-month CD terms with interest rates in the 5.3%-5.4% range.

Attorney's Report: Schramel noted that all 10 counties approved the reappointment of Bill Ufkin and Mitch Kling. Schramel will submit documentation to the district court judge for final approval of their reappointments.

Treasurer's Report: Nathan Kinner presented the July Treasurer's Report.

M/S Lonneman/Engels to approve the Treasurer's Report, as presented. Motion carried unanimously.

Paid Bills: July transactions were reviewed.

M/S Feikema/Moen to approve July payments on checks #10336 through #10439, except voided check #10408. Motion carried unanimously.

Pending Bills:

- DeWild Grant Reckert and Associates Company:
 - North Area Water Source = \$1,301.57
 - City of Brewster 2nd Connection = \$4,810.36
 - General Service = \$4,880.00
- Schramel Law Office:
 - General Services = \$1,082.30
- Wahlenberg Ritzman & Co., LLC
 - 2022 audit fees (partial payment) = \$8,500.00

M/S Ufkin/Lonneman to approve paying pending bills, as presented. Motion carried unanimously.

Committee Reports:

- **Executive Committee:** Nothing to report.
- **Budget and Finance Committee:** Nothing to report.
- **Personnel Committee:** Nothing to report.
- **Water Resources & Equipment Committee:** Nothing to report.
- **L&C MN Joint Powers Board Representative:** Lonneman noted L&C is increasing water rates by \$0.10/1,000 gallons. Starting October 1, the Capacity Charge and Water Rate will be 64 cents and 73 cents, respectively, for an effective rate of \$1.37/1,000 gallons. 41% of the increase is due to the increased number of assets and funding of related reserve accounts. Scott Hain and Pat Baustian are working with state finance officials on improved language for the \$39M L&C Advancement “repayment” and the recently awarded \$22M G.F. bond funding allocation. Lonneman also mentioned the passing of former L&C Director Tom Erickson recently killed in a vehicle accident.
- **MRWA Representative:** Nothing to report.

Other Business:

- **Resolution Accepting Funds from Rock County Board of Commissioners.**

M/S DeWilde/Lonneman to approve the Resolution Accepting General Funds Allocation from the Rock County (MN) Board of Commissioners for Water-Related Infrastructure Improvements. Motion carried unanimously.

Public Comment: No responses.

Adjournment: *M/S Feikema/Petersen to adjourn the meeting at 7:28 PM. Motion carried unanimously.*

Respectfully Submitted,

Randy Kraus, LPRW Board Secretary