

JOINT POWERS WATER BOARD MINUTES
Regular Meeting of
March 28, 2005
6:00 PM JPWT Plant Board Room

6:00 PM **Call to Order** by Jerry Zachman

Board Members Present: Joyce Paullin, Joe Hagerty, Gerhardt Kottke, Don Peterson John Vetsch

Board Members Absent: none

Staff Present: Chris Catlin, H.R. Green, Kelly Browning, Veolia Water NA, Shelly Keyes, Veolia Water NA

Staff Absent: None

MOTION BY PETERSON, SECOND BY PAULLIN, TO ADOPT THE AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

There was no one present under the **Citizen Forum**.

MOTION BY PAULLIN, SECOND BY PETERSON, TO APPROVE THE MINUTES OF THE FEBRUARY 28, 2005 REGULAR MEETING AND THE MARCH 16, 2005 SPECIAL BOND MEETING. MOTION CARRIED UNANIMOUSLY.

MOTION BY PETERSON, SECOND BY PAULLIN, TO APPROVE THE CONSENT AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Under **Unfinished Business**, George Eilertson of Northland Securities requested the bond resolution be addressed at the end of the meeting in order to obtain the necessary signatures without disrupting the meeting. Board Members agreed.

Under **New Business**, Andy Berg of Abdo, Eick & Meyers presented the 2004 audit report. Berg reviewed the management letter, noting the only reportable condition was segregation of duties. Berg explained it's a common condition in offices with small staff and Board Members should monitor financial statements regularly. Berg also discussed the chart of operations and cash position over the last four years and noted both operating revenue and expenses decreased slightly in 2004. Board member Vetsch requested clarification on the change in net assets and Berg explained there was less gain in 2004 of net assets value than in 2003. Berg clarified that there was still a net gain, but less than the previous year. Berg noted that investment reconciliations and connection fees collected at member cities are two items being addressed by Joint Powers staff. Berg also pointed out the Management Discussion and Analysis letter now included with the 2004 audit in compliance with GASB #34 accounting procedures. MOTION BY PETERSON, SECOND BY PAULLIN TO ACCEPT THE 2004 AUDIT REPORT AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

In other **New Business**, Browning presented the Veolia Water budget reconciliation. Browning explained that all Repair and Maintenance, Chemical and Utility accounts are

JOINT POWERS WATER BOARD MINUTES

Regular Meeting of

March 28, 2005

6:00 PM JPWT Plant Board Room

reimbursable line items and any budget overages are actual costs with no profit or overhead included. The Joint Powers Budget includes a contingency amount in anticipation of those line items which increase in direct proportion to water usage. Discussion followed with Board Members and Browning clarified that Veolia Water pays the costs up front and then annually submits the reconciliation request to JPWB for reimbursement or rebate. MOTION BY PETERSON, SECOND BY PAULLIN TO ACCEPT THE 2004 VEOLIA WATER RECONCILIATION AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Under **Engineering**, Catlin recommended payment of \$175,146.75 to Rice Lake Construction Group for Pay Estimate #2 of the Water Treatment Plant Expansion. MOTION BY PAULLIN, SECOND BY PETERSON TO APPROVE PAY ESTIMATE# 2 TO RICE LAKE CONSTRUCTION GROUP IN THE AMOUNT AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Under **Operations/Office**, Browning mentioned that a Technical Advisory Committee (TAC) meeting is scheduled for 2 pm Wednesday, March 30th and invited Board Members to provide comments or suggestions for discussion items. The agenda will include discussion of current engineering specifications, sludge disposal and WAC fees.

MOTION BY PETERSON, SECOND BY PAULLIN, TO APPROVE THE LIST OF CLAIMS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

As **Unfinished Business**, George Eilertson of Northland Securities presented additional data regarding the bond issuance. He informed Board Members that Moody's Investments had assigned a credit rating of A3, and insurance had qualified the bond as Triple A. Parameters for the bond will be locked in based on that information and because the package was put together late in the day, the investment will actually occur on Tuesday, March 29th. The projected interest rate will be 4.3% and the projected savings achieved should increase slightly when the package is finalized. The proceeds of the bond issuance will become available late April with the refunding portion of the bond going directly to escrow. Each city will authorize the bond sale at their respective April meetings and waive the additional reserve account for the refunding portion of the bond. MOTION BY PETERSON, SECOND BY PAULLIN TO ACCEPT THE BOND RESOLUTION AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

MOTION BY PETERSON, SECOND BY PAULLIN, TO ADJOURN AT 6:40 P.M. MOTION CARRIED UNANIMOUSLY.

Recording Secretary