

JOINT POWERS WATER BOARD MINUTES
Regular Meeting of
July 28th, 2008
6:00 PM JPWT Plant Board Room

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

Board Members Present: Joyce Paullin, Ron Klecker, Jerry Zachman, Gerhardt Kottke, and John Vetsch

Board Members Absent: None

Staff Present: Chris Larson H.R. Green, Kelly Daleiden and Shelly Keyes, Veolia Water NA

Staff Absent: None

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

MOTION BY PAULLIN, SECOND BY KOTTKE, TO APPROVE THE MINUTES OF THE JUNE 23rd, 2008, REGULAR MEETING. MOTION CARRIED UNANIMOUSLY.

John Vetsch requested clarification of the Mid-Year Tax Certification List and Keyes confirmed the balances were for the second half of 2007. MOTION BY PAULLIN, SECOND BY KLECKER, TO APPROVE THE CONSENT AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Under **Visitors**, George Eilertson of Northland Securities presented the Escrow Investment Replacement documents relating to the 2005 Bond Issue. Eilertson explained that the original Guaranteed Investment Contract (GIC) provider, MBIA, was downgraded from "AAA" to "AA" by Moody's and Standard & Poor's. After being downgraded, MBIA provided a replacement escrow portfolio of US Treasury Bills and Notes to the Escrow Agent. Grant Thornton, an independent CPA firm, verified the sufficiency of the Escrow Account to make the remaining interest payments and to pay off the outstanding principal of the 1999 Bonds. Eilertson further explained that Northland Trust Services and Northland Securities facilitated the replacement by working with bond attorneys, CPA's and MBIA at no cost to the Joint Powers Water Board. General discussion followed. Eilertson requested the Board ratify the actions taken by staff and Northland Securities to acquire the replacement escrow portfolio. MOTION BY VETSCH, SECOND BY PAULLIN TO RATIFY THE ACQUISITION OF THE REPLACEMENT ESCROW PORTFOLIO ASSOCIATED WITH THE SERIES 2005A WATER REVENUE BOND. MOTION CARRIED UNANIMOUSLY.

(Joe Marx in at 6:12 pm)

In **Unfinished Business**, Keyes updated Board Members on the IRS audit of the 2005 Bond. Keyes explained the IRS requested detailed financial information by July 24th, 2008 in order to conclude the examination and Dick Asleson of Northland Securities responded on the Board's behalf. No action required by the Board at this time.

In other **Unfinished Business**, Keyes requested the Board approve the Demand for Adequate Assurances document provided by Hoff, Barry & Kozar to be used for all bankruptcies. The main difference between the previous policy and the letter is timing of the request for payment from the customer. MOTION BY PAULLIN, SECOND BY VETSCH TO APPROVE THE DEMAND FOR ADEQUATE ASSURANCES DOCUMENT TO BE USED FOR CUSTOMER BANKRUPTCIES. MOTION CARRIED UNANIMOUSLY.

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In **New Business**, Daleiden discussed the Joint Powers/Veolia Water contract term coming up at year end and requested Board Members provide direction in regards to a contract renewal. Zachman asked about the length of the contract and Daleiden explained the original 1998 contract was for five years and was renewed in 2003. Following some discussion, it was the general consensus of the Board to move forward with a Renewal Agreement by Amendment. Klecker suggested the draft agreement be provided to each city for review prior to next month's meeting and Daleiden agreed she would provide both the budget and contract renewal documents for review in the very near future. MOTION BY KLECKER, SECOND BY PAULLIN, TO ACCEPT FOR REVIEW AN AMENDED RENEWAL AGREEMENT BETWEEN VEOLIA WATER AND THE JOINT POWERS WATER BOARD. MOTION CARRIED UNANIMOUSLY.

In other **New Business**, Daleiden discussed the proposed Verizon antenna lease. Daleiden explained that the new antenna lease presented by Verizon had been reviewed by Scott Landsman of Hoff, Barry & Kozar since it didn't follow the standard lease form. Landsman approved the contract language and Dennis Esterly of R.F. Communications recommended the Board approve the lease pending minor changes. The annual rental will be \$16,800 to be paid monthly, with extension increases at each contract renewal. Zachman questioned Esterly's cut and Daleiden explained the JPWB has a contract with R.F. Communications which includes a flat percentage rate of each lease amount. General discussion followed. MOTION BY PAULLIN, SECOND BY KLECKER, TO APPROVE THE VERIZON ANTENNA LEASE AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Under **Engineering**, Chris Larson of H.R. Green presented a revised ASR Financial Responsibility letter to explain the JPWB Chairperson is the most appropriate person to sign the letter. The original letter was approved by the Board and submitted in January 2008, but the Code of Federal Regulations requires specific language in order for the EPA to approve the Class 5 well permit. The EPA didn't review the letter until late June/early July and requested the revised letter which meets the Class 1 Injection Well requirements even though the Aquifer Storage and Recovery (ASR) well is actually a Class 5. Larson reminded Board Members the letter assures the EPA that the JPWB has the financial ability to abandon the well if necessary and that the financial numbers were provided by the JPWB auditors. Zachman requested Larson underline the statement in the first paragraph stating there is no Chief Financial Officer and Larson agreed. General discussion followed. MOTION BY KLECKER, SECOND BY PAULLIN TO APPROVE THE REVISED ASR FINANCIAL RESPONSIBILITY LETTER INCLUDING UNDERLINED LANGUAGE REGARDING NO CHIEF FINANCIAL OFFICER EXISTS. MOTION CARRIED UNANIMOUSLY.

Under **Operations/Office**, there was nothing to report.

The Board reviewed the list of claims. MOTION BY PAULLIN, SECOND BY MARX, TO APPROVE THE LIST OF CLAIMS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

MOTION BY PAULLIN, SECOND BY KLECKER, TO ADJOURN AT 6:45 PM. MOTION CARRIED UNANIMOUSLY.

Recording Secretary