

PUBLIC WATER SUPPLY DISTRICT #13
Minutes of the April 24, 2012 Special Meeting
Regular Session of the Board of Trustees

The Board of Directors of Public Water District #13, Jefferson County Missouri met in regular session at 9:45 a.m. on April 24, 2012 at 5706 N. Lakeshore Dr., Hillsboro, Missouri.

Roll Call of Directors

The following Directors being present or absent as indicated:

| <u>Name</u> | <u>Present/Absent</u> |
|----------------|-----------------------|
| Marilyn Meyer | Present |
| Rich Hirsch | Present |
| Rick Lippitt | Present |
| John Hindrichs | Present |
| Ken Jost | Present |

Also in attendance was Janet Hirsch (JWH, LTPOA Board member, Bank Administrator), Bob Sweeney (District attorney), Tim Robbs (Taylor Eng.) and Donna Martin (USDA-RD) *[arrived 10:00am -- rh]*.

Approval of Agenda

Motion was made by Rick Lippitt and seconded by John Hindrichs to accept the agenda. On voice vote, all Directors were in favor of accepting the agenda.

Old Business

There was no old business

New Business

1) A resolution repealing a resolution passed on August 3, 2010, and in place thereof authorizing the issuance of \$2,094,000 of Common Sewer Treatment Facilities Revenue Bond (Lake Tishomingo Sewer Project), Series A.

RH read the title of the resolution:

A RESOLUTION REPEALING THE RESOLUTION PASSED ON AUGUST 3, 2010, RELATING TO \$2,243,000 PRINCIPAL AMOUNT OF COMMON SEWER TREATMENT FACILITIES REVENUE BONDS (LAKE TISHOMINGO SEWER PROJECT), SERIES A, OF PUBLIC WATER SUPPLY DISTRICT NO. 13 OF JEFFERSON COUNTY, MISSOURI, AND IN PLACE THEREOF AUTHORIZING THE ISSUANCE OF A \$2,094,000 PRINCIPAL AMOUNT COMMON SEWER TREATMENT FACILITIES REVENUE BOND (LAKE TISHOMINGO SEWER PROJECT), SERIES A, OF THE DISTRICT; PRESCRIBING THE FORM AND DETAILS OF SAID BOND AN]) THE COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AN]) SECURITY THEREOF; AN]) AUTHORIZING CERTAIN ACTIONS AM) DOCUMENTS AND PRESCRIBING OTHER MATTERS RELATING THERETO.

Motion to accept the resolution was made by John Hindrichs. Motion seconded by Rick Lippitt. Marilyn Meyer called for a roll call vote: John Hindrichs - Yes; Rich Hirsch - Yes; Ken Jost - Yes; Rick Lippitt - Yes; Marilyn Meyer - Yes. There were no nays. Marilyn declared that the Resolution had passed.

2) A resolution authorizing a Tax Compliance Procedure for the District.

RH read the title of the resolution:

A RESOLUTION AUTHORIZING A TAX COMPLIANCE PROCEDURE FOR FINANCIAL OBLIGATIONS OF PUBLIC WATER SUPPLY DISTRICT NO. 13 OF JEFFERSON COUNTY, MISSOURI.

Motion to accept the resolution was made by John Hindrichs. Motion seconded by Rick Lippitt. Marilyn Meyer called for a roll call vote: John Hindrichs - Yes; Rich Hirsch - Yes; Ken Jost - Yes; Rick Lippitt - Yes; Marilyn Meyer - Yes. There were no nays. Marilyn declared that the Resolution had passed.

Next, there followed a discussion of who should be the Tax Compliance Officer. Bob explained that these are new requirements and that some training may be required. RH suggested that our bookkeeper, Jenny, be appointed Tax Compliance Officer, if there is not a conflict. Bob replied that there is no conflict with the district bookkeeper serving as Tax Compliance Officer and that she would be the logical choice.

Since the Treasurer's signature is required to execute the bond and the Treasurer was not available, the board acted to appoint an acting Treasurer.

Motion made by John Hindrichs to appoint Janet Hirsch as Acting Treasurer. Motion seconded by Rick Lippitt. Motion passed with four ayes and one abstention (R. Hirsch).

A check from the district for \$49,320.71 was written to USDA-RD to pay for accrued interest for money we previously borrowed.

DM gave us the following information:

- You will pay interest only for two yrs. The annual payment will be \$83,760 or \$6,980/month for 24 months.
- Then you will pay \$9,617/month beginning May 24, 2014.
- You will pay installments for 33 yrs with 2 yrs interest only.

DM: Three amounts must be transferred from the construction account into the O&M account: \$134,679.29, \$46,574.12, and \$7,000.00. And be sure to put the equal opportunity logo on any correspondence

DM: Whatever gets sent to DNR for reimbursement has to go to us also, even if we are not participating in the payment. For the generator, we must tell RD the price and how much DNR is contributing for the generator, the block heater, the extended warrantee, and the installation cost.

DM: We can't close the construction account until everyone is paid. Continue to send me your monthly report. Debt service reserve account should be a separate acct. DM's agenda for the loan closing is attached.

Numerous documents were signed and sealed. The legal documents will be forthcoming from Robt. Sweeney and put into the district's legal file.

3) Other matters:

a) Retainage reduction and Ways to get TGB to expend more resources to finish landscape work.

TR: The contractor is again telling us what we want to hear.

RS: The nuclear option is to take the retainage and hire someone else to finish the job. A less drastic measure is to send a letter to the contractor saying "This isn't getting done and we've had repeated promises that have gone unfulfilled and we feel at this point we need to report this to the bonding agency. Please respond."

TR said he talked to Sharon (TGB) and she wanted the district to release a major portion of the retainage it still holds. Sharon said that the district still has the bond and so does not need to keep all of the retainage. Sharon also said that holding the retainage will only delay completion of the project.

RS: If the district releases the retainage and the contractor does not fulfill their obligation, there will be no funds to complete the project. You would then have to sue the contractor.

RS: It would be beneficial from a legal standpoint to have a landscape company come in and give an estimate of how much it would cost them to finish up. If the estimate is relatively low, say \$50k, you'll want to get rid of your current contractor. If the estimate is \$500k, you'll probably want to stick with your current contractor. *[Current retainage is ca. \$200k -- rh]*

Marilyn asked Bob to write the letter to the contractor on behalf of the district board.

TR: Should I have Mike come up here to check out the yards the contractor has finished?

Consensus was that it would be beneficial to have Mike here to work with the contractor to make sure the quality of the yard restorations is acceptable.

b) An additional engineering contract

Tim proposed an additional engineering contract for \$12,500 to help pay for engineering administration. TR handed out three copies of an addendum to the engineering contract, where the district is only responsible for 40% of the amount we are billed up to \$12,500. The 40% would come from DNR.

RH asked if TR was saying that they would bill us for an amount (say \$10k) and then be willing to accept only 40% (\$4k).

TR said, "Yes."

RH: And Traci agrees with this?

TR: I ran this by Traci and she approved.

TR said he will send the contract to Traci and make sure she approves before the contract would go into effect.

It will work like this:

TR will submit the bill for the full amount (say \$10k) and the district will transfer 40% of the amount from the "grant" acct to the construction acct. Then the district will write a check to Taylor for 40% of the billed amount (\$4k). After the check is cashed, the dist will send to Traci a copy of the canceled check (for \$4k), the invoice, and bank statements.

Marilyn polled the Board to approve signing the contract. All Board members approved, pending Traci's approval.

c) Ordinance for new users regarding purchasing components from the District

RS: My advice is to modify an existing ordinance if needed and add a specification requirement.

RS felt what we have now is sufficient. Section 6 of the Sewer Rate Schedule ord. contains the text *"Application for sewerage services shall be made to the President or other person designated by the District by the owner or occupant of the property to be served, and upon the approval of such application, such applicant shall have the right to connect with the District sewerage system, all costs of such connection to be borne by such applicant."* and *"The District may hereafter prescribe a connection charge of Three-Thousand Dollars (\$3,000) to be paid by any such applicant at the time of his application."*

RS: There is no mention that a new owner needs to meet specs, but the district won't approve an application if the specs are not met. And you have your experts identify your specs as needed. Specs are a staff determination.

JH: If we just list specs for the new owners, we have to allow equivalent equipment and we really want specific brands and models.

RS: You don't have to specify "or equivalent" in the spec. Just say no equivalent or deviations will be acceptable. And you may want to add, "If you do deviate, all future maintenance and obligations remain with you." This may already be in the ordinance and restated in the policy manual. The policy manual could be handed out when the customer agrees to connect.

RS: Do we care if the new owner buys the equipment from us? Does the district want to be in the business of selling equipment? Since an ordinance is a law. If you say we will do this in an ordinance, then you must do it.

TR: The critical equipment is the pump, pump chamber, and control panel. The tank does not have to be from Roth. It just has to work with the pump chamber.

RS: There are operational elements that fall short of being laws that ought to be memorialized, so that there is continuity but need flexibility. That's why you need a policy book.

RH asked about the connection fee. RS replied that his other districts charge \$2500 to \$3500 per connection. The connection fee will be used for inspections and to fund the district's operation and maintenance costs and to provide for the replacement costs of district owned assets.

d) Change order to add additional stone around RSFs for \$7130.

The consensus was that CO #5 cannot extend the contract time beyond May 25 for the yard restoration, but we would allow a 30 day extension for work at the treatment plant.

There was a discussion of the markup the contractor used -- 15% on labor, material, and equipment. Some board members objected to this. The consensus was to accept CO #5 if we can get grant money to help pay for it.

Adjournment

There being no other formal business to come before the Board, a motion to adjourn was made by John Hindrichs and seconded by Rich Hirsch. Motion passed with all Directors in approval. Meeting ended at 12:30 p.m.

Respectfully Submitted,

Rich Hirsch
Recording Secretary

Approved this 9th day of May, 2012.

Secretary
May 8, 2012

Chairman

**D. MARTIN: CLOSING AGENDA
4/24/2012**

Bond Closing – Execute bond/sign receipt

\$2,094,000 Loan @ 4.0% interest = \$83,760 interest annually
interest only payment through closing April 24, 2014 = \$49,320.71
interest only preauthorized debit beginning May 24th - \$6,980
principal and interest payment beginning May 24, 2014 - \$9,617

Supplemental Payment Agreement – Execute

Preauthorized Debit – Execute

Request for Funds – interest during construction \$49,320.71

Interest remaining - One year of interest only installments \$83,760

One year of O&M \$52,000

Checks

| | |
|--|----------------------|
| ➤ USDA - accrued interest through April 24 th | \$ 49,320.71 |
| ➤ Jefferson #13 Remaining interest | \$ 134,679.29 |
| ➤ Jefferson #13 Remaining O&M | \$ 46,574.12 |
| ➤ Jefferson #13 Audit | \$ 7,000.00 |
| Subtotal | <u>\$ 237,574.12</u> |

Funding

➤ RD Grant \$237,574.12

Allocations remaining

| | |
|---------------------|----------------------|
| ➤ Contract | \$ 234,538.32 |
| ➤ Legal | \$ 528.31 |
| ➤ Basic Engineering | \$ 4,507.13 |
| ➤ Insp. Engineering | \$ 15,000.00 |
| ➤ Generator | \$ 9,000.00 |
| ➤ Contingency | \$ 588.18 |
| | <u>\$ 264,161.94</u> |

Remaining Funds

| | |
|---------------------------|--------------------|
| ➤ RD Grant | \$154,087.34 |
| ➤ MoDNR Grant 40% | \$ 70,967.24 |
| ➤ MoDNR Rural Sewer Grant | \$ 11,516.00 |
| ➤ Jefferson #13 O&M | <u>\$????????</u> |
| | <u>\$236570.58</u> |

Pending Invoices – Legal/Bond Counsel (should submit immediately)

Close out – need to finalize contracts

- once completed send final pay estimate, change orders and consultant's certification for Acceptance and Final Payment (liquidated damages?)

Reminder – Need monthly income and expense report beginning now

Reminder – Debt Service reserve requirements starts May 24th - \$962/mo

Pending Items –

- ❖ Authorized to purchase generator
- ❖ Remaining monies will be held until contract is finalized
- ❖ Contractual Time Frame – May 25th
- ❖ Audit is needed – funds allocated \$7,000 - will need A-133 (provide audit to us by due date of September 1, 2012)
- ❖ Attorney will need to give his opinion of adequate insurance once contracts are closed out or provide office with proof of insurance - insurance needs to be added as soon as contracts are closed
- ❖ Continue to send bank statements until account has zero balance and no remaining money to disburse in construction account
- ❖ Continue to send MoDNR requests as the construction ledger must include all funds disbursed on project and match MoDNR disbursements