



Board of Directors Meeting
Wednesday, May 19, 2021
Monett City Park Casino, 101 S Lincoln Ave, Monett, MO 65708

MINUTES

Welcome:

President Matt Barnhart called the meeting to order. The following were present:

Aaron Goddard – Anderson Engineering
Chad Johnson – CDM Smith
David Hertzberg – City of Joplin
David Shorr – Lathrop Gage
Drew Landoll – Empire District Electric/Liberty Utilities
Ewell Lawson – Missouri Association of Municipal Utilities
Gail Melgren – SWMO Water
Hannah Humphries – Financial Assistance Center, MO Department of Natural Resources
Jack Schaller – Olsson & Assoc.
Jane Hood – Southwest Missouri Council of Governments
Jason Choate – City of Carthage
Jennifer Henggeler – U.S. Army Corps of Engineers, KC District
Joe Kelley – City of Mt. Vernon
John Twitty – Missouri Public Utility Alliance
Jordan Wilson – U.S. Geological Survey
Kendall Powell – City of Branson
Kevin Barnes – Greene County
Matt Barnhart – Missouri American Water Co.
Matthew Kirsch – Water Resources Center, MO Department of Natural Resources
Michael Weller – Water Resources Center, MO Department of Natural Resources
Phil Walsack – Burns & McDonnell
Roddy Rogers – City Utilities of Springfield
Skip Schaller – City of Monett
Travis Cossey – City of Nixa
Tyler Marriott – Senator Roy Blunt

Approval of Minutes from Previous Meeting:

Mr. Barnhart noted that the previous board meeting in March had been postponed from the usual meeting time of February because regional utilities had been overwhelmed by frigid weather in February.

Mr. Barnhart asked for any corrections or additions to the minutes from the previous board meeting on March 10, 2021, and none were received.

ACTION: Travis Cossey moved, seconded by Roddy Rogers, that the minutes from March 10, 2021, be approved. The motion carried, with all voting “aye”.

Standing Committee Reports:

President:

Mr. Barnhart welcomed attendees. He asked for self-introductions both in person and virtually, as some people attended through Zoom.

Executive:

Mr. Barnhart reminded attendees of the executive committee and officers for 2021, approved at the November 2020 board meeting.

2021
<i>Executive Committee/Officers</i>
President – Matt Barnhart
Past President – Chuck Bryant
Vice President – Doug Colvin
Treasurer – Skip Schaller
Secretary – Jeremy Parsons
<i>At Large</i>
Technical Chair – Roddy Rogers
Legislative Chair – David Hertzberg

Mr. Barnhart reported that the executive committee had not met since the last board meeting.

Financial:

Treasurer Skip Schaller reported April 31, 2021, Central Bank of the Ozarks balances as:

Checking	\$ 11,273.90
Prime Advantage	<u>\$ 389,703.48</u>
Total Assets:	\$ 400,977.38

ACTION: Jason Choate moved, seconded by Joe Kelley, that the financials through April 31, 2021, be approved. The motion carried with all voting “aye”.

Ms. Melgren gave a supplemental overview funding report.

She anticipates that the Department of Natural Resources Multipurpose Fund will likely be both a short-term and long-term funding source for SWMO Water. In addition to the currently approved \$985K, she said the Multipurpose Fund is a likely source for additional cycles of technical study funding, which will help SWMO Water build a foundation for future transmission projects. She said the Multipurpose Fund is also a possible source of loan funding to cover the potential reallocated water storage annual debt service payment (excluding O&M), to be reimbursed to the fund over time once revenue is generated from the

completed project. Ms. Melgren noted that funding from DNR's Multipurpose Fund requires compliance with the Multipurpose Water Resource Act and approval of applications for funds.

Ms. Melgren stated that U.S. Army Corps of Engineers Planning Assistance to States (PAS) funds have been used by SWMO Water in the past and should be sought in the future to fund additional technical planning studies. PAS funds are federal matching funds available through USACE and can leverage DNR Multipurpose funds, or other nonfederal funds, making the most of regional, state, and federal dollars. Ms. Melgren explained that PAS funds are limited to planning efforts. They may not be used for design or build. PAS can match funds to cover future expenses such as corridor studies, hydraulic modeling, timing, staging, and permitting.

Ms. Melgren reported that scopes of work for next-step technical studies are written and have been funded by DNR's Multipurpose Fund. Possible PAS matching funds are being considered. She announced that the organizational and financial structure for future technical studies will be discussed at an upcoming strategic planning retreat for board members on July 14, 2021. That discussion will include consideration of funding and staff capacity for future technical studies not organized through PAS, allowing the board to consider strategic direction for future project development.

Ms. Melgren explained that the U.S. Army Corps of Engineers allows amortization for the cost of reallocated water storage. She noted that the current Corps interest rate of 1.75% is an option for financing the cost of potential reallocated water storage from Stockton Lake. She noted that State Revolving Funds (SRF) are also an option for financing the potential reallocation. Ms. Melgren said that the Water Infrastructure Finance and Innovation Act Loan Program (WIFIA) and SRF would likely be important funding sources for future infrastructure development.

Ms. Melgren noted that a Stockton Lake dam safety/risk assessment is being funded through the Corps of Engineers and is being conducted in parallel with the current Stockton reallocation study. The dam safety/risk assessment results will inform considerations related to the pool raise which is currently defined within the preferred alternative and is included in the draft contract for potential water storage purchase at Stockton Lake.

Ms. Melgren reported that an auxiliary hydropower impacts and benefits foregone assessment is being funded through the Corps of Engineers and is being conducted in parallel with the current Stockton reallocation study. She anticipates that a decision about the Stockton reallocation will not occur until the hydropower study is substantially complete.

Ms. Melgren reminded the board that additional costs related to the Stockton Lake reallocation study are now the responsibility of SWMO Water. She noted the recent payment of \$75K in contributed funds from Tri-State Water to USACE KC District to fund what will hopefully be the last steps in creation of the reallocation study before being submitted to USACE HQ. She noted that the contributed funds payment was approved at the March 2021 board meeting.

Ms. Melgren reported that to date SWMO Water membership dues have covered operational expenses and provided an adequate buffer for additional one-time expenses, such as technical study contributions. She told the board that membership dues structure has changed little since being established over a decade ago (multiply half of the DNR Primacy Fee by the number of water connections; or a flat fee of \$500 for members who are not water providers). As of 2020, for members of Tri-State Water who are also members of the SWMO Joint Municipal Water Utility Commission, 20% of the total membership amount is assessed

by SWMO Joint Municipal Water Utility Commission and not by Tri-State Water. That adaptation was made a couple of years ago to provide additional operating revenue for the SWMO Joint Municipal Water Utility Commission without changing overall membership contributions.

Communications:

Ms. Melgren said the COVID-19 pandemic continues to restrain in-person activities, though some in-person meetings are resuming. She noted that some board members are still required to receive special permission before attending in-person meetings.

Ms. Melgren announced a strategic planning retreat on July the 14th for members of Tri-State Water Coalition and SWMO Joint Municipal Water Utility Commission. The retreat will be structured to review governance, funding, operations, and project development, to set strategic goals for the future.

Membership:

Ms. Melgren reported that membership remains stable. Total membership revenue for SWMO Water for 2021 was as follows: Tri-State Water = \$133K and JMUC = \$22K (80%/20%). She noted that Stockton's new mayor has requested a presentation, but because of COVID-19 that has not been possible.

Legislative/Regulatory:

Ms. Melgren reminded the board that Mr. Schaller, Mr. Rogers, and Mr. Hertzberg are serving as an ad hoc committee for hiring a federal lobbying firm to help shepherd the Stockton Lake reallocation study through to completion. Four proposals/firms have been scheduled for interviews in early July: Dawson & Associates, King & Spalding, Cassidy & Associates, and Van Scoyoc Associates.

Mr. Rogers reported that the SWMO Joint Municipal Water Utility Commission has joined the Missouri Association of Municipal Utilities (MAMU).

Technical:

Mr. Rogers reported that next-step technical studies will include corridor, modeling, timing, staging, permitting, aerial, and archaeological studies. Mr. Rogers said scopes of work have been shared with the board for corridor definition studies, including aeriels, archaeological, and environmental. Mr. Rogers reported that a permitting study scope has also been shared with the board.

Mr. Rogers said that \$985K of DNR funding has been established and that Corps of Engineers Planning Assistance to States (PAS) matching funds are being considered. He explained that the SWMO Water organizational and funding structure through which additional technical studies are implemented is under consideration. If PAS is maximized, then USACE selects the engineering firm, as has happened for past studies. If SWMO Water manages some elements of future technical studies in-house, then additional internal technical management capacity will be required. Additional in-house technical management capacity may require additional staff and/or funding, or additional contributions of staff and administrative help from member communities. Ms. Melgren noted that the strategic planning meeting scheduled for July 14th will give board members an opportunity to discuss technical management structure, which will set a trajectory for future project development.

Mr. Rogers noted that each member community has the Rate Study information and should be working toward a decision about whether to purchase a portion of the potential reallocated water storage from Stockton Lake. He encouraged members to complete their evaluations of the Rate Study data and report

back to SWMO Water regarding their interest in pursuing a portion of the potential Stockton Lake water storage reallocation. Ms. Melgren noted that most but not all members have indicated their preference.

Executive Director Report:

Ms. Melgren reported that the Programmatic Agreement related to the Stockton Lake reallocation request has been signed. Roddy Rogers, Matt Barnhart, and David Shorr approved the document.

Ms. Melgren said she continues to work with member communities regarding decisions about purchase of potential reallocated water supply storage from Stockton Lake.

Ms. Melgren reported that command of the USACE KC District will soon transfer from Col. Hannan to Col. Rayfield. Jennifer Henggeler continues as project manager. Ms. Melgren said she has requested a meeting with Colonel Rayfield.

Ms. Melgren noted that Senate Bill 7, recently passed in the Missouri legislature, may set new precedents related to the function of regional water commissions in Missouri.

Ms. Melgren noted that the USACE revised timeline for the reallocation report is as follows:

- Draft Director’s Report – July 2021
- Final Report NEPA Review – August 2021
- Director’s Report - Signed September 2021
- Transmitted to ASA (CW) – September 2021

Ms. Melgren explained that the dam safety study currently in progress, in parallel with the Stockton Lake reallocation study, could change the elements of the draft contract with the Corps of Engineers for water storage purchase. The purchase contract could switch from a first half/second half structure to one which includes the entire reallocation amount of storage and cost up front.

Ms. Melgren reported the annual water conference, co-hosted with Missouri State University since 2009, is scheduled for October 8th at Darr Agricultural Center. Mr. Schaller noted that the date conflicts with a conference being held by MPUA and suggested the date be changed.

Legal:

David Shorr, council for SWMO Water, noted that draft purchase contracts are ready and await further review and revision by SWMO Water. He said that the Programmatic Agreement for the reallocation report went well and is completed. He said his team is currently researching a possible mechanism through which Tri-State Water Coalition could work with SWMO Joint Municipal Water Utility Commission using current funds.

Ms. Melgren explained that meetings to discuss and refine the draft Corps Water Storage Purchase Contract and the draft Member Purchase Contract, provided to SWMO Water by David Shorr/Lathrop Gage, are ready to move forward once all SWMO Water member have indicated their preference for seeking a portion of the potential reallocated water storage.

Mo Am Update on Reservoir:

Mr. Barnhart reported that geotechnical studies are ongoing for Mo Am’s future reservoir south and east of Joplin. He said Joplin has had record growth for the past three years and that growth drives future water demand. He reminded the board that the future reservoir is an off-stream reservoir so the project will not

dam Shoal Creek (as some people erroneously believe). Mr. Barnhart said Joplin will eventually need more water than the reservoir will be able to provide and so they continue to believe that long-term water from Stockton Lake is of interest. He also said that the reservoir will provide the storage capacity with which to hold future long-term water supply from Stockton Lake. He reminded the board that the process of building reservoir storage for water supply from Stockton Lake mirrors the process that took place in Springfield when Fellows and McDaniel Lakes were developed.

Update from MAMU

Ewell Lawson reported that MAMU continues to monitor the DNR Multipurpose Fund, currently at \$17M. He said there are no current concerns. He said MO Senate Bill 7 passed the House and Senate and will likely be signed by the Governor. It is a non-binding agreement by the State of Missouri to cover \$1.5M a year (with a cap of \$24M) for North Central MO Regional Water Commission in support of the Commission's request for additional loans from the US Department of Agriculture.

New Business:

Report from the Southwest Missouri Joint Municipal Water Utility Commission (JMUC):

Mr. Rogers noted that the JMUC board met prior to the Tri-State board meeting. He said again that the JMUC board approved membership in Missouri Association of Municipal Utilities.

Reports from Legislative or Agency Officials:

Corps of Engineers Kansas City District – Jennifer Henggeler, project manager for the Stockton Lake Water Supply Storage Reallocation Study, gave an update. Ms. Henggeler reported that responses to comments gathered during the public review of the draft reallocation report, which took place in July/August of 2020, along with comments from the internal Headquarters Corps review, are near completion. Once a summary of the comments and responses are submitted to the Corps vertical team, an agency decision milestone meeting will be scheduled. Ms. Henggeler said this will happen soon.

Ms. Henggeler reported that the dam safety waiver related to the Stockton Lake reallocation request has been submitted to the Division office (Division will then transmit to Corps Headquarters). The waiver is necessary to comply with Corps' Engineering Regulations related to dam safety and the current dam safety action classification rating at Stockton Lake (Stockton Lake has a DSAC rating of 3). The waiver has three potential outcomes.

1. Stay the course with the proposed implementation documented in the draft reallocation study, which means 45,750 acre-feet of storage could be put under contract upon ASA(CW) report approval and the remaining 49,000 acre-feet of storage associated with the pool raise would be put under contract once all dam safety requirements are met.
2. The pool raise would be approved, meaning the entire amount of 94,750 acre-feet of storage would be approved to reallocate.
3. Waiver could be denied.

To reduce uncertainty, an additional hydraulic study on the probable maximum flood was conducted by dam safety and results were available in late 2020. Since new information exists, a 2nd risk assessment is underway to categorize risk and inform the Kansas City District as to how that relates to the dam safety action classification rating. This study is happening in parallel with the finalization of the reallocation report. Ms. Henggeler anticipates completion of the waiver when the Director's Report is completed.

Ms. Henggeler reminded the board that Corps Headquarters, the Corps Hydropower Analysis Center and SWPA are conducting a review of the methodology surrounding the calculations for the hydropower benefits forgone. This review is also occurring in parallel with the finalization of the Stockton reallocation report. An outside engineering firm has been engaged for the review and a recommendation paper is expected soon.

Ms. Henggeler said the Stockton reallocation report is out for district quality control. Once completed, the report will go for agency technical review by districts in Oklahoma and Texas. She said she currently anticipates a Chief's Report in September or October of 2021.

Ms. Henggeler reported that a new Assistant Secretary of the Army for Civil Works has been nominated. His name is Michael Connor. He has previously held the number-two position at the Department of the Interior and served as commissioner of the Department of the Interior's Bureau of Reclamation.

Ms. Henggeler noted the current interest rate for financing potential water storage purchase is 1.75%. She said the interest rate for FY22 will be available mid-October.

MO Department of Natural Resources – There was no report from Missouri DNR.

Presentations:

There were no presentations.

Adjournment:

Skip Schaller moved, seconded by Jason Choate, that the meeting be adjourn. The motion carried, with all voting "aye".

The next Tri-State Water Coalition board meeting will be August 18, 2021.

Matt Barnhart, President (Secretary absent)