

**TRI-STATE WATER RESOURCE COALITION
BOARD OF DIRECTORS MEETING
TUESDAY, SEPTEMBER 27, 2011 – 9:00 A.M.
CITY HALL, COUNCIL CHAMBERS**

Welcome:

President Roddy Rogers called the meeting to order. He asked those present to introduce themselves. The following were present:

Tracy Holle – City of Cassville, Missouri
Gene Stanton – City of Mt. Vernon, Missouri
Chuck Surface – City of Webb City, Missouri
Roddy Rogers – Springfield City Utilities, Springfield, Missouri
Pete Rauch – City of Monett, Missouri
Lynn Calton – City of Lamar, Missouri
Harold McCoy – Allgeier, Martin & Associates, Joplin, Missouri
Jan Tupper – Joplin, Missouri
Fred Schlegel- Missouri Department of Natural Resources
Don Lucietta – Senator Roy Blunt’s office
Bob Kollmeier – Congressman Billy Long’s office
Charles Zitnik – D. A. Davidson & Company, Kansas City, Missouri
Gail Melgren – Executive Director, Tri-State Water Resource Coalition
David Hertzberg – City of Joplin, Missouri
Susan Champlin - City of Joplin, Missouri

Approval of Minutes from July 20, 2011:

Mr. Rogers asked for any corrections or additions to the minutes from July 20, 2011. Receiving none, he asked for a motion to approve those minutes as written.

Chuck Surface moved, seconded by Lynn Calton, that the minutes from July 20, 2011 be approved. The motion carried, with all voting “aye”.

President’s Report:

Mr. Rogers discussed a recent conference call on a memorandum of agreement with water resource officials from Oklahoma, Kansas, and Missouri. He thought the conference call was favorable.

Standing Committee Reports:

Financial:

Mr. VanDaGriff had a conflict and could not attend so Ms. Melgren gave the financial report. The current account balance is \$212,604. Tri-State has been working with BKD to review Tri-State’s past financials. That process is now complete, with past expenses and revenues now compiled and reconciled. Tri-State and BKD have also completed a review of past 990 returns. It was

discovered that the 2007 return had inadvertently not been submitted, so BKD has completed that return and it has been submitted, along with a letter requesting a waiver of penalties for late payment. BKD has also completed the 2010 990 return, for which an extension was requested earlier this year. That return has also been submitted. Tri-State is current on its 990 returns.

Ms. Melgren reported that Tri-State is now up to date on tax returns and bank accounts.

In addition to reviews of past financial information, BKD has worked with Tri-State to develop a protocol for future financial recording and reporting. Each month BKD will send the Treasurer and the Executive Director a group of reports on financials. Ms. Melgren presented to the board members copies of those reports for August.

The first shows the beginning bank account balance, deposit and expense totals for the month, and the ending account balance. The next shows the monthly statement from Arvest Bank, along with a copy of the cancelled checks for the month. Next was a copy of the VISA corporate card invoice for the month, then a trial balance page showing the monthly expenses listed out, then a transaction listing to categorize expenses. The reports also included a general ledger showing all the transactions for the month for Tri-State's account, and a payroll journal showing specifics of the Tri-State payroll.

Ms. Melgren reported that Mr. VanDaGriff has expressed interest in investigating the possible income Tri-State could be generating from its account balance. It may not be worth the hassle, but the board agreed it was worth looking into.

Technical:

Mr. Rauch deferred the technical report on the demand study to Ms. Melgren. She discussed the population and demand studies currently being undertaken by the Little Rock and K.C. Corps of Engineers. Little Rock Corps is including 10 counties in southwest Missouri in their study. Kansas City Corps will include six additional counties around Stockton Lake. K.C. had originally committed \$10,000 to Tri-State, and then recently was able to add \$50,000 more, which MoDNR was able to match, bringing the K.C. study funds to \$110,000. Mr. Rogers and Ms. Melgren met with representatives from both Corps offices, and Ryan Mueller from MoDNR Water Resource Center, to discuss protocols for the two studies, with the goal of creating compatibility between the two studies, allowing Tri-State to receive final reports that reflect southwest Missouri, including areas around Table Rock and Stockton Lakes.

Mr. Hertzberg asked about a timeline for the study. Ms. Melgren replied that the scope of work calls for the study to be completed in 12 months. The Kansas City Corps will begin work on the study in October, with letters from MoDNR going out to a variety of stakeholders requesting data. The Little Rock Corps study is already in progress.

Mr. Hertzberg asked if Tri-State will be contributing financially to the studies. Ms. Melgren replied that Tri-State would not be required to contribute cash, but would contribute assistance in planning, communications, and collecting data.

Ms. Melgren reported that the executive committee recommends adding the counties around Stockton Lake to Tri-State's footprint. The board was in agreement that Tri-State should add those counties to their footprint.

Harold McCoy moved, seconded by Jan Tupper, that the six-county area surrounding Stockton Lake be added to the Tri-State Water Resource Coalition footprint. The motion carried, with all voting "aye".

Communications:

Mr. Hertzberg raised the question of when Tri-State should approach the communities surrounding Stockton Lake if they are being included in the population and demand study and are now in the Tri-State footprint. Ms. Melgren suggested approaching Stockton Lake stakeholders during the next six months. She reported that both MoDNR and K.C. Corps have indicated interest in attending a meeting of Stockton Lake stakeholders, convened by Tri-State, to discuss the upcoming population/demand study. Mr. Hertzberg suggested that the meeting with officials in the Stockton Lake area could also serve as an opportunity to discuss membership in Tri-State Coalition.

Membership:

Ms. Piper was absent so Ms. Melgren gave the Membership Committee report. Ms. Melgren reported that she and Mr. Rogers made a Tri-State Water presentation to Springfield's City Council recently. Regional water supply issues and the Tri-State Coalition mission were discussed. Afterward, City of Springfield accepted an invitation to join the Coalition. Like Joplin, Springfield does not provide water, but their membership adds weight to the regional Coalition.

Mr. Rogers and Ms. Melgren also visited recently with officials from the City of Branson to discuss their water situation and the idea of Branson becoming a member of Tri-State. City of Branson has now requested funding for membership in Tri-State for their 2012 budget and will know in December whether that request is approved.

Ms. Melgren reported that membership dues invoices for 2012 will go out in early November. She provided copies of a letter to be included with invoices which updates members about Coalition activities for 2011. She asked the board for direction about possible recruitment of additional members. Board consensus was to focus on the Stockton area in the near future.

Legislative/Regulatory:

Mr. Bingle was absent so Ms. Melgren made the Legislative Committee report. Ms. Melgren reminded board members of the pending federal legislation discussed at the last board meeting by Corps/Little Rock engineer Chad Delaney, which includes language to allow a broader funding stream - a non-federal funding stream - for Corps reallocation studies. The language is included in House Bill 2354 which is still in House committee. The bill is FY12 HR2354 and would broaden the scope of 33USC701H (the contributed funds statute). This is an Energy and Water Development appropriation bill, not an authorization bill.

Ms. Melgren reported that the Corps in K.C. has also suggested to Corps headquarters in Washington D.C. the possibility of a change in Corps policy which would allow private funding of reallocation studies. Their suggestion is based on legislation already on the books (citation 33 CFR 701h). Corps HQ is currently considering that recommendation.

Mr. Rogers and Ms. Melgren met recently with representatives from Senator McCaskill, Senator Blunt, and Representative Long's office to discuss non-federal and/or private funding of Corps reallocation studies. Ms. Melgren said that support for either of these avenues to non-federal funding of Corps reallocation studies would benefit Tri-State Water Coalition.

Ms. Melgren reported recently visiting with Ted Coombs, Southwest Power Resource Association, about the possibility of private funding of allocation studies. Mr. Coombs reported to Ms. Melgren that the Southwest Power board had no objections to the concept, but would need to evaluate any particular legislation.

Ad Hoc Committee Reports:

JMUC:

Mr. Williams was absent so Mr. Rogers gave the JMUC Committee report. Mr. Rogers explained that board members have received a draft Joint Contract and been asked to present the contract to their attorney, City Council, governing body, etc. for review. He asked for comments regarding that draft contract.

Ms. Holle presented, in writing, three issues of concern from Cassville attorney Don Cupps (Ellis, Cupps and Cole):

1. "Section 4, the Withdrawal section, allows the City to withdraw upon one year's written notice. However, the withdrawal is (or can be) delayed until any indebtedness of the commission is paid. Later it attempts to address the issue with the statement; this section is not to be interpreted to impose any obligation for projects that the City is not a member. However, I think a plain reading of the section would not allow the City to withdraw even if it is not a participant in a project. This could subject the City to ongoing commission operational expenses until bonds which could be 30-year bonds are paid."
2. "The second paragraph of Section 4 makes the City responsible for all costs associated with withdrawal, including, but not limited to, unknown legal and administrative fees that may be incurred by Commission members. This is an open checkbook and could be used by members who are not withdrawing in a punitive manner. I would suggest the obligations upon withdrawal be limited to that year's dues and any outstanding debt liability for a project that the City is a participant"
3. "I would suggest there needs to be a section added which outlines the procedures to become a participant in a project. Though I don't know that it is essential at this juncture, I think it would be helpful and limit confusion in the future."

Ms. Melgren explained the general intent of the Joint Contract as being to delineate a process which states that when an entity joins the JMUC, by signing the Joint Contract, they are not agreeing to participate in any project, nor are they obligating themselves to any project costs. Signing the Joint Contract would only obligate a member to pay administrative costs for the JMUC itself – costs which would be small, and at least initially be shared with Tri-State Coalition, whose staff is anticipated to support both organizations. Consequently, joining the JMUC would involve

very little financial or legal obligation. Joining a project would be a separate and additional decision, and would involve the acceptance of shared responsibility to pay costs related to the project. Each project would require its own contract, and each project contract would likely be much longer and more complicated than the initial Joint Contract which brings the JMUC to life and defines its governing members.

Ms. Melgren explained that as the JMUC committee has defined the process, the JMUC and Tri-State Water will be separate organizations legally, yet they will be sister organizations who work cooperatively together and share many of the same members. The JMUC board, once seated, will have the responsibility to work with the Tri-State board and define parameters for working together. The Tri-State board cannot make decisions regarding the governance of the JMUC (Southwest Missouri Joint Municipal Utility Commission).

Mr. McCoy described the Joint Contract as an administrative contract, not a project contract, and said that there should not be any long-term debt unless perhaps a building is constructed. Unless an entity is a participant in a project, they will not be obligated to any costs related to that project, including withdrawal costs if a participant in a project chooses to leave.

Ms. Melgren reminded board members that Randy Irey, bond attorney for Gilmore & Bell, explained at the previous board meeting that withdrawal language has been incorporated into Joint Contracts because of withdrawal issues faced by JMUCs of electricity providers which obligated remaining members to bear higher costs than had initially been agreed to when a partner withdrew.

Ms. Holle suggested that the JMUC committee meet to discuss and address the language in the Joint Contract related to the submitted concerns of Cassville attorney Don Cupps. Mr. Stanton seconded that suggestion, explaining that the same language in the Joint Contract draft had created questions in the minds of officials who reviewed it for Mt. Vernon. Mr. Rogers agreed that the JMUC Committee should meet to discuss and clarify.

To further explain and promote the JMUC to members, Mr. Rogers and Ms. Melgren offered to come and visit with community leadership about Tri-State and the Joint Contract, as many community leaders have never dealt with these issues and approach them with understandable caution.

Ms. Melgren reported that a presentation on the legal and financial obligations of JMUCs would be part of the fall water conference on November 17. She encouraged communities to send one of their elected officials, or a designee, to the conference to hear that presentation so they can relay the information back to their governing bodies.

Executive Director Report:

Ms. Melgren has been working a lot on the fall water conference. She discussed sponsorship activities and thanked those board members who have agreed to be sponsors for the event.

Ms. Melgren reminded the board that GRDA is transitioning leadership and asked for any direction related to communication with GRDA. She mentioned that she would be attending a 4-state water conference later in the month that will provide an opportunity to visit with GRDA

representatives. She mentioned that she has had no encouragement from GRDA regarding water from Grand Lake.

Ms. Melgren visited with Tri-State's insurance agent. The two year contract is a little over half-complete.

Ms. Melgren and Mr. Rogers visited with John McManus, Chief Counsel, agriculture and environmental division, for the Missouri Attorney General's office, to discuss water issues.

Ms. Melgren met recently with Duncan Kincheloe, MPUA.

Ms. Melgren and Mr. Rogers presented to the Nixa City Council about Tri-State Water Coalition and the JMUC Joint Contract.

Ms. Melgren and Mr. Rogers visited with Mr. Hertzberg and Mr. Barnhart to catch up with Joplin recovery efforts and water issues.

Ms. Melgren continues to visit with representatives from Senator Roy Blunt, Senator Claire McCaskill, and Representative Billy Long's offices about possible private funding of reallocation studies.

Ms. Melgren attended an economic outlook conference in Springfield.

Ms. Melgren continues to work with the Corps of Engineers offices in Little Rock and in K.C. on the population and demand projection study.

Comments by Representatives of Federal and State Offices/Agencies:

Mr. Lucietta explained that Senator Blunt voted against two Senate bills that would have delayed disaster assistance. Senator Blunt wishes to get the federal aid to the people who need it as quickly as possible, with the second bill stripping \$1 billion in disaster relief and providing less funding for Missourians in the wake of record flooding, tornadoes, and reduced levy money that Missouri really needs.

New Business:

Mr. McCoy, Nominating Committee chair, discussed the Tri-State officers for 2012. He explained that Mr. Hertzberg is due to assume the role of president yet due to his post-tornado workload he would need more time before transitioning into that role. Mr. McCoy suggested that the same officers remain in place for another year. Ms. Melgren explained that Tri-State's bylaws do allow two-year terms.

Mr. McCoy commented that after the tornado, Missouri American Water's biggest problem was shutting off water service to individual structures since they couldn't find the meters. He suggested that all new installations have a described location so personnel know where to look.

Ms. Melgren reported that Mr. Barnhart will be sharing Missouri American Water's story about the disaster and recovery at the fall water conference.

Adjourn:

Mr. Rogers asked for any additional business to come before the Board of Directors. Being none, he asked for a motion to adjourn the meeting.

Pete Rauch moved, seconded by David Hertzberg, that the meeting be adjourned. The motion carried, with all voting “aye”.

A handwritten signature in black ink that reads "David Hertzberg". The signature is written in a cursive style with a horizontal line underlining the name.

David Hertzberg, Vice-President