

**TRI-STATE WATER RESOURCE COALITION
BOARD OF DIRECTORS MEETING
WEDNESDAY, JULY 18, 2012 – 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:

John Bartosh – Jasper County Commission
Lynn Calton – City of Lamar, Missouri
David Hertzberg – City of Joplin, Missouri
Dean Kruithof – City of Branson, Missouri
Pete Rauch – City of Monett, Missouri
Michael Ray – City of Branson, Missouri
Roddy Rogers – Springfield City Utilities, Springfield, Missouri
Gene Stanton – City of Mt. Vernon, Missouri
Chuck Surface – City of Webb City, Missouri
Hal VanDaGriff – Empire District Electric
Bob Williams – Carthage Water/Electric, Carthage, Missouri
Tom Pittman – Carthage Water/Electric, Carthage, Missouri
Scott Gard – U.S. Army Corps of Engineers, Kansas City District
Chad Dulaney – U.S. Army Corps of Engineers, Little Rock District
Vicki Dennett – BKD
Troy Hill – BKD
Krystal Creach – BKD
Fred Schlegel – Missouri Department of Natural Resources
Don Lucietta – Senator Roy Blunt’s office
Steve McIntosh – Senator Roy Blunt’s office
David Rauch – Senator Claire McCaskill’s office
Dick Scott – Olsson Associates
Steve Goehl - D. A. Davidson & Company, Kansas City, Missouri
Bob Nichols – Webb City, Missouri
Paul Crabtree - Liberal, Missouri
Wally Kennedy – Joplin Globe
Gail Melgren – Executive Director, Tri-State Water Resource Coalition
Susan Champlin - City of Joplin, Missouri

Approval of Minutes from May 16, 2012:

Mr. Rogers asked for any corrections or additions to the minutes from May 16, 2012. It was noted that Phil Walsack from the Missouri Public Utility Alliance was also in attendance. Mr. Rogers then asked for a motion to approve those minutes as written.

Chuck Surface moved, seconded by David Hertzberg, that the minutes from May 16, 2012 be approved with the correction as stated above. The motion carried, with all voting “aye”.

President's Report:

Mr. Rogers did not have a separate report but discussed the activities of the executive committee.

Standing Committee Reports:

Executive:

Mr. Rogers reported that the executive committee met during June and discussed three topics. Regarding membership criteria for Tri-State Water: they decided to recommend retaining municipalities, water providers, and public non-profit organizations as members. They will drop for-profit organizations and individuals but will create a special designation called "honorary founders" for those who are founding members. Honorary founders will not have voting privileges.

Dean Kruithof moved, seconded by Hal VanDaGriff, that membership in Tri-State be limited to municipalities, water providers, and public non-profit organizations as stated above. The motion carried, with all voting "aye".

The second topic of discussion was insurance for Tri-State directors and officers, with Ms. Melgren reporting that the coverage will remain the same, being \$2 million in aggregate with some other riders. The annual premium will be reduced from \$1,383 to \$1,241. Mr. Rogers recommended renewing that insurance at the reduced premium for the same coverage.

Chuck Surface moved, seconded by Hal VanDaGriff, that the insurance coverage for Tri-State be renewed. The motion carried, with all voting "aye".

The third topic of discussion was possible provision of health insurance for the executive director. The executive committee recommends providing coverage. Mr. Rogers stated that the health insurance will be reviewed on an annual basis, with Tri-State's ultimate goal to have one plan for all employees if additional employees are hired in the future.

Pete Rauch moved, seconded by Gene Stanton, that Tri-State will provide health insurance for executive director. The motion carried, with all voting "aye".

Financial:

Mr. VanDaGriff reported that the current bank balance is \$292,368.17. Ms. Melgren stated that bank reconciliations for May and for June are included in the agenda packet.

Three representatives from BKD - Vicki Dennett, Troy Hill, and Krystal Creach - talked to the board about the intersection of Tri-State and the Joint Municipal Utility Water Commission (JMUC).

BKD currently assists Tri-State with payroll, monthly financial information, and 990 forms. Ms. Dennett announced she is retiring and introduced Mr. Hill as the partner who will be working with Tri-State in the future.

Ms. Creach discussed the relationship between Tri-State and the JMUC to ensure the protection of the tax-exempt status of the Coalition. She discussed the importance of separating board meetings, record keeping, and financial statements when working with the JMUC in relation to the coalition to ensure the separation of the duties, staff, and assets.

Mr. Rauch about the separation of staff, and Ms. Creach replied the separation would be to make sure the time is being allocated appropriately to each entity. If additional staff is employed in the future, their job roles must be clearly defined to make sure that the expenses for the salaries, payrolls, and taxes are all being allocated to one side or the other.

Mr. Rogers asked about separate meetings with having one meeting and adjourning that meeting, and then opening another meeting. Ms. Creach replied that is fine as long as separate minutes are maintained, to clearly identify one meeting as the coalition's meeting and the second meeting as the commission's meeting, with no overlapping of business taking place during the two meetings.

Mr. Rogers asked about a formal timesheet or recording of separate accounts that Ms. Melgren documents her time to, and Ms. Creach recommended documentation stating what time was spent on each activity.

Ms. Dennett stated that Ms. Melgren does not necessarily have to be paid separately, but she can be paid through the coalition and then in effect leased to the commission.

Technical:

Mr. Rauch discussed a recent meeting with Mr. Rogers, Ms. Melgren, and Mr. Dulaney with the Little Rock Corps of Engineers.

Mr. Chad Dulaney appeared representing the Corps of Engineers, Little Rock District, and gave an update on their portion of the water demand/water supply study for the 10 counties in Southwest Missouri that the Little Rock district is working on. He solicited data from those 10 counties and aggregated the data for the statistical analysis portion of the study. Scott Gard with the Corps Kansas City District attended the meeting also. Corps KC was receiving data from 6 counties around Stockton Lake, which fall in their area. The two districts have been working together to create one final study. They emphasized the benefits - the more data you have, the better the statistical analysis is for developing those co-efficients for the water demand and water usage functions.

The next phase of the study will address water supply assessments in the 16-county area, plus forecasting those water supplies over 50 years to compare the water supply with the water demand, followed by an analysis determining where the demand exceeds the supply and how to address those needs. They will look at Lake Stockton and Table Rock Lake as sources for some of those water supply needs, and how those allocations will affect each of those lakes.

Section 1-11 of the Energy and Water Development Appropriations Act for Fiscal Year 2012 has some new language that actually broadens the ability to accept contributed funds from other entities without federal funding being matched. The approval process will be lengthy, starting with a letter stating what amount Tri-State would like to contribute, with the understanding that no repayment or credit will be given if Tri-State doesn't receive the answer they are looking for.

Mr. Dulaney discussed the importance of making sure they still follow their procedures and policies and remain objective in doing these feasibility level studies. If the contributing funds are, say, \$150,000, with the Corps of Engineers only obligating, say, \$80,000, the remaining funding would be refunded to Tri-State when the study is complete.

Mr. Dulaney discussed the approval process and stated that once he receives an authorization letter, Congress must be notified so they can acknowledge and approval of funding.

Mr. Dulaney stated that the final product is essentially a memorandum of agreement that outlines the contributing funds, the final product, and how will things will be accomplished.

Mr. Hertzberg asked Mr. Dulaney if he is preparing the study in-house or is using a consultant. He replied a little of both, with CDM, a consultant, preparing some of the statistical analyses, but his office has done the preliminary work. Mr. Hertzberg asked where CDM is from, and Mr. Dulaney replied Carbondale, Illinois.

Mr. VanDaGriff asked Mr. Dulaney about the outcome from the information recently requested from Tri-State's board members. Mr. Rogers stated that the Corps of Engineers asked Tri-State's members for daily demands and the number of customers. Mr. Dulaney replied that the information was used for the current population and demand study, with the analysis weighing heavily on the information that Tri-State provided.

Ms. Melgren explained that a draft copy of the current population and demand study will be available for board members consideration at the next board meeting. The Corps of Engineers will return to the September Tri-State board meeting to make a presentation along with the Missouri Department of Natural Resources (DNR) on the report. Following September's board meeting, the technical committee will discuss the details of that study.

Mr. Gard explained that the current water demand and water supply study will support any ongoing reallocation studies. Any feasibility study must be approved by the Corps of Engineers' headquarters and will be different from a water demand and supply study, which is a technical analysis where no decisions are being made.

Mr. Rauch discussed previous applications for reallocation of water from both Table Rock Lake and Lake Stockton.

Mr. Rogers acknowledged Mr. Dulaney and Mr. Gard for their efforts and stated that two Corps of Engineers districts working together is unique and presents a good opportunity for Tri-State to move further down the road.

Mr. Dulaney explained that the current studies were completed under their "planning assistance to states" program, which is designed for producing a technical analysis or technical data.

Communications:

Ms. Melgren asked Mr. Crabtree for comments regarding the drought, and he replied that his ponds are empty. She offered to visit with Farm Bureau about Tri-State Water Coalition.

Mr. Hertzberg would be glad to schedule a time to visit with the Farm Bureau. Mr. Crabtree suggested a meeting with the Farm Bureau this fall or winter.

Ms. Melgren included in the agenda packet a report from Steve Murray with Missouri American Water regarding a slow decline in residential water usage rates. It discusses the need for water utility managers to adapt their business planning to accommodate a historic declining trend of one to two percent annually.

Ms. Melgren shared an article regarding Grand Lake and noted that Oklahoma stakeholders are concerned about water quality in Grand Lake, especially given recent algae blooms.

Ms. Melgren shared an article from the Times-Herald regarding Lake Lanier in Georgia. A recent ruling favors Georgia and Atlanta and alleviates some of the pressure related to use of Lake Lanier water for Atlanta.

Ms. Melgren shared an article from the Springfield Business Journal featuring Springfield's new mayor, Bob Stephens, who states that goals of his new position include long range water supply – an example of a regional elected leader who understands that water supply is a critical long-term issue.

Ms. Melgren offered to visit with anyone in any community in the eregion about Tri-State's mission and goals.

Ms. Melgren asked the board members about writing an editorial about water supply in relation to drought and the general consensus was that it would be welcome.

Mr. Rauch discussed two articles posted on NPR's website pertaining to droughts in Texas which led to some big changes. These articles discuss historical droughts in Texas during the 1950's. Ms. Melgren stated that these droughts led to some development of additional water supply for Texas.

Membership:

Ms. Piper was not present for this meeting. Ms. Melgren reported that Olsson's application has been awaiting the new membership criteria, which were adopted earlier during this meeting.

Legislative/Regulatory:

Mr. Bingle was not present for this meeting. Ms. Melgren discussed a potential trip to Washington, DC, and decided it was decided to wait until after the November election. She suggested a visit next spring, with several of Tri-State's board members in attendance.

Ms. Melgren reported that the Missouri legislative session ended, with two bills being of interest to Tri-State. Ray Weter's House Bill 1251 created a water authority, with House Bill 1179 prohibiting a large water user from conveying water withdrawn or diverted from the Southeast Missouri Regional Water District to a location outside that district if it interferes with another

major user. That water district includes the seven southeast counties in Missouri, with rice farming activities in that area. They are making a regional effort to protect their water supply.

Ad Hoc Committee Reports:

JMUC:

Mr. Williams asked Ms. Melgren for a report on the activities of those approving the JMUC. She replied that Carthage, Joplin, Monett, Nixa, Webb City, Lamar, and Mt. Vernon have officially joined the JMUC. The next step is for Tri-State's executive committee to decide when to take the next steps in terms of convening a board of directors.

Mr. Williams explained that the next step is the preparation of by-laws for the JMUC since a board of directors must be convened in accordance with their by-laws.

Mr. Rogers stated that Springfield is currently in the process of joining the JMUC.

Mr. Williams explained that in order to form a by-laws committee, he needs as many communities as possible to submit in writing the name of their representative. Ms. Melgren asked the board members to designate a representative from their community, along with an alternate.

Executive Director Report:

Ms. Melgren explained that planning is progressing for the November water conference. She has not received any update on the memorandum of understanding between Missouri, Kansas, Oklahoma and perhaps Arkansas. Tri-State's suggested memorandum includes both quantity and quality. Oklahoma and Arkansas have signed an alternative agreement prepared by the Grand Lake Foundation which addresses quality only.

Ms. Melgren traveled to St. Louis to tour Missouri American Water's processing plant and met with Greg Weeks. She also made a leadership trip to Des Moines, Iowa.

Comments by Representatives of Federal and State Offices/Agencies:

Don Lucietta from Senator Blunt's office reported that he attended a meeting with Governor Nixon in Polk County with a group of farmers regarding the drought in Missouri. Approximately 40 farmers expressed their concerns about the drought. Governor Nixon had made a formal request for all 114 counties in Missouri to see if USDA can offer assistance. All the counties in Missouri were accepted for assistance, with each county being required to conduct an assessment that there is a 40 percent loss in pasture before the farmers can qualify for low-interest loans.

Mr. Lucietta discussed the farmers' concern about water, with some ponds drying up. They expressed concerns about running low on well water and the need to drill more wells if they don't have rural water in their area. Governor Nixon asked the Missouri Director of Agriculture to look into a couple of state-funded small business programs that offer grants or loans since farms can be considered as small businesses. Tax monies could be adjusted to help pay for some well drilling.

Mr. Lucietta reported that Senator Blunt will be meeting with some farmers from Greene County. There is a real concern about hay supply unless rain is received for some fall pastures.

Fred Schegel represented DNR and explained that the drinking water program was reauthorized by the Missouri legislature. A change has been made on the wastewater side that affects the southwest regional office, in that all the permitting would now be centralized in Jefferson City.

Mr. Schlegel has been collecting information for declining water levels and encouraged Tri-State's board members to report any kinds of issues with their water wells to the Water Resources Center in Rolla. He stated that Southwest City has reported some problems with their well.

David Rauch from Senator McCaskill's office appreciated the clarification on funding sources.

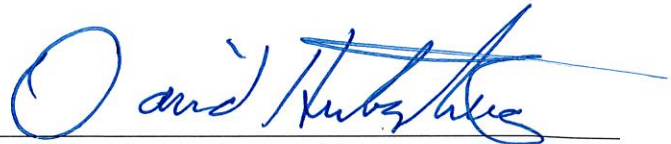
New Business:

Mr. Rogers asked for additional business, and none was received.

Adjourn:

Mr. Rogers asked for a motion to adjourn the meeting.

Hal VanDaGriff moved, seconded by Pete Rauch, that the meeting be adjourned. The motion carried, with all voting "aye".



David Hertzberg, Vice President