

**TRI-STATE WATER RESOURCE COALITION
BOARD OF DIRECTORS MEETING
WEDNESDAY, JULY 16, 2014 – 9:00 A.M.
CITY HALL – COUNCIL CHAMBERS**

Welcome:

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

David Hertzberg – City of Joplin, Missouri
Matt Barnhart – Missouri American Water
Kyle Slagle – Empire District Electric Company
Roddy Rogers – Springfield City Utilities, Springfield, Missouri
Lynn Calton – City of Lamar, Missouri
Skip Schaller – City of Monett, Missouri
Steve Walensky – City of Cassville, Missouri
Tom Pittman – City of Carthage, Missouri
Steve McIntosh – Senator Roy Blunt’s office
Bob Nichols – Freese & Nichols
Harry Styron – Executive Director, Tri-State Water Resource Coalition
Susan Champlin - City of Joplin, Missouri

Approval of Minutes from May 21, 2014:

Mr. Hertzberg asked for any corrections or additions to the minutes from May 21, 2014, and none were received. He asked for a motion to accept the minutes as written.

Matt Barnhart moved, seconded by Lynn Calton, that the minutes from May 21, 2014 be approved. The motion carried, with all voting “aye”.

Standing Committee Reports:

President:

Executive:

Mr. Hertzberg stated that the executive committee did meet, with Mr. Styron assuming the legal duties and responsibilities, and for Gail Melgren to return as executive director on a full-time basis. Ms. Melgren will begin her duties on August 1.

Financial:

Mr. VanDaGriff was unable to attend this meeting. Mr. Slagle did not receive a financial report, and Mr. Hertzberg did not believe there were any major changes since the last meeting.

Mr. Styron reported that the City of Lamar paid membership dues.

Mr. Hertzberg received a letter of resignation from Hal VanDaGriff, with Empire District Electric Company appointing Mr. Slagle to Tri-State's board of directors. Mr. VanDaGriff recommended that Mr. Slagle assume the responsibility of treasurer.

Mr. Slagle is now handling the public water for Empire District. He received his education at Rolla and at the University of Arkansas with a civil engineering degree. He worked for five years as a structural engineer for Empire District in their electric transmission design group. He has been managing their water department for the last year.

Mr. Styron welcomed Mr. Slagle as treasurer and member of the board. As Tri-State begins seeking grants, the finances should be more formalized with a formally adopted budget that authorizes the employees to do their work and to endorse projects.

Mr. Styron discussed problems with Tri-State's accounting firm. They did not prepare the payroll properly and failed to pay unemployment insurance. Tri-State also did not have workers' compensation insurance, which is required by law for any employees.

Mr. Styron has received a proposal for renewal of Tri-State's insurance and learned they currently have only directors' and officers' insurance for errors and omissions. He discussed general liability insurance so if someone is injured while attending one of Tri-State's meetings or conferences, they will have insurance protection. He recommended purchasing a conventional package that is suitable for organizations like Tri-State that includes directors' and officers' coverage. The most common claims for non-profit organizations are employment related issues. The cost will be \$1,400 annually.

Mr. Barnhart asked Mr. Styron about looking at other accounting firms, and he recommended soliciting some proposals. He expressed the need for smaller firm than BK&D or the use of another type of payroll service.

Mr. Hertzberg asked for a motion from the board members that Mr. Slagle assume the duties of treasurer until the rotation of officers takes place in 2015.

Steve Walensky moved, seconded by Matt Barnhart, that Kyle Slagle assume the duties of treasurer for the remainder of 2014. The motion carried, with all voting "aye".

Mr. Barnhart asked about action on the accounting firm, and Mr. Hertzberg thought Tri-State should look into other firms.

Technical:

Mr. Rogers has visited twice with the U.S. Army Corps of Engineers on scoping the third phase of the studies. The reallocation study will run parallel with Phase III, which is a big step forward. He thought both the Kansas City and Little Rock Corps of Engineers had funding for that. Mr. Styron understood only the Kansas City Corps of Engineers had funding.

Mr. Rogers thought the State of Missouri also had matching funding. The Kansas City Corps of Engineers in investigating the reallocation of storage for water, with construction of a project beginning within a certain amount of time.

Mr. Styron stated that the Kansas City district receiving the \$250,000 to begin the reallocation study was very much a result of the visit by Ms. Melgren and several of Tri-State's board members to Washington, DC, last year.

Mr. Rogers visited with Senator Blunt's office, Senator McCaskill's office, and Congressman Long's office about the Corps of Engineers and how Southwest Power Administration would be involved so they would get reimbursed appropriately.

Communications:

Mr. Barnhart had nothing new to report at this time. Mr. Styron hasn't done any public speaking since the May meeting.

Membership:

Mr. Stanton was unable to attend this meeting. There was nothing new to report at this time.

Legislative/Regulatory:

Mr. Bingle was unable to attend this meeting. Mr. Barnhart was not aware of anything that would affect Tri-State.

Mr. Styron stated that the proposed constitutional "right to farm" bill is very important for cities in that it may displace the ability of cities and counties to regulate nuisances. It has implications for almost every police power that a municipality exercises, including things that deal with water. Its implications are unknown and possibly far-reaching.

Mr. Walensky asked Mr. Styron if the authors of this legislation the same folks who passed the laws regarding the dog shelters and kennel operations. Mr. McIntosh stated that this legislation is in reaction to the "puppy mill" legislation. It is also a reaction to massive jury awards against premium standard farms for bad smells in the Kansas City area.

Mr. Rogers read an article on WRDDA on creatively financing water projects, and it discusses provisions for the water infrastructure finance and innovation authority where the Corps of the Engineers and the Environmental Protection Agency (EPA) can offer credit assistance to entities engaged in developing projects related to drinking water. He understood \$30 billion was available but may already be dedicated.

Mr. McIntosh stated that innovative financing is separate from WRDDA. Mr. Styron understands the WRDDA is for projects that have been proposed a long time. Tri-State needs some guidance since these bills are so massive and complicated.

Mr. McIntosh stated that WRDDA simply authorizes the funding bill, with the money then being appropriated to construct the projects.

Mr. Rogers asked how defined a project needs to be, and Mr. McIntosh replied that Tri-State currently has only studies. Once the studies are completed, Tri-State may look at the next

WRDDA bill for funding for projects. Once the Corps of Engineers completes their studies, Tri-State can address that issue.

Ad Hoc Committee Reports:

JMUC:

Mr. Williams stated that nothing new has transpired since the May meeting.

Mr. Rogers asked about the adoption of bylaws, and Mr. Styron replied that the JMUC members would need to approve them. Several municipalities adopted ordinances regarding the JMUC.

Mr. Hertzberg stated that the bylaws were completed, with each entity seeking comments from their individual legal staff. He thought it is time to adopt the bylaws if no comments have been received from the entities' legal groups.

Mr. McIntosh stated that the JMUC members must approve the bylaws, not Tri-State. Mr. Styron will review the JMUC documents as an attorney rather than as a director of Tri-State to determine when the JMUC should become operational.

Mr. Calton asked Mr. Styron to review the documentation and asked about a teleconference between the JMUC members to approve the bylaws. Mr. Styron stated that the JMUC is a governmental entity and is subject to the Sunshine Law with regard to public records.

Mr. Calton asked if the JMUC members will post public notices on their bulletin boards, and Mr. Styron replied the JMUC will post the notices that they will hold a meeting at some place. The JMUC is a public entity that has no employees but must conduct public hearings.

Mr. Williams stated that the bylaws set the structure of what the JMUC is supposed to do, which is to elect officers and everything else, so if they adopt the bylaws, they must start abiding by the bylaws. The JMUC is an organization by joint contract that all the member entities have approved.

All the representatives of the JMUC need to formalize the bylaws and start following them. They must consider future staffing, membership dues, officers, and everything else that goes along with what the bylaws prescribe. The feeling at one point was waiting to begin the JMUC activities when a project is actually proposed.

Executive Director Report:

a) Status of Phase III scope formulation.

Mr. Styron distributed his report to the board members for review. He has met with the Corps of Engineers twice and anticipates the Phase III study being completed in the near future. Chad Dulaney from the Little Rock office stated the Corps would need a "contributed funds" letter from Tri-State. The "contributed funds" letters require grants for each proposed allocation and also will request a specific quantity of storage to be allocated in acre feet. The letter must contain Tri-State's representation that the funds to pay for the allocation will be available when requested.

Tri-State will be working with Ryan Mueller with the Missouri Department of Natural Resources (MDNR) to seek assistance. An allocation will be made, with a lump sum payment, besides

annual operation and maintenance costs for operating the reservoir. Tri-State or the JMUC must apply for appropriations from the Missouri legislature. Mr. Mueller recommended a more sophisticated lobbying effort at the state and federal levels.

The JMUC is a governmental organization with very little lobbying ability. Tri-State's continuing role, even when the JMUC is activated, is to be an advocacy organization to support the JMUC and its members. As a 501C4 organization, Tri-State is not limited in its activities the way a 501C3 organization would be. Tri-State can use a major part of its funds for influencing legislation. Some funding for an experienced and well-regarded lobbyist may become a part of Tri-State's next budget.

Potential funding sources.

Mr. Styron has been following some leads on USDA funding and water supply development through the National Resources Conservation Services (NRCS). NRCS is a partner with the North Central Missouri Water Commission, which is the JMUC in north central Missouri that is constructing a reservoir to several counties having a very small population. NRCS is contributing half of the cost of acquisition and construction of the reservoir and treatment plant. The Missouri legislature has appropriated \$4 million, with local sources providing \$16 million.

Mr. Styron learned that the 2014 farm bill will include money for water supply studies and has visited with NRCS regarding funding. They stated it is too early for Tri-State to seek funding, in that they need to have a specific project. They are not interested in proposals seeking funding for studies, planning, and engineering.

One of Tri-State's weaknesses is the counties in its northern footprint, with many of the residents in those counties being served by rural water districts. Rural water districts have very little money for planning. They have older wells and distribution systems that leak with age. They also are depending almost exclusively on wells for their water. They are also in areas with a lot of agricultural irrigation, with the aquifer being of poor quality.

In trying to obtain funding for water studies from the Missouri legislature, Tri-State would like to have the support of the farm bureau and agricultural interests. Mr. Styron asked about gaining strong support from the farm bureau for any funding requests Tri-State makes. The only way to ask for funding from the legislature for water projects in Tri-State's area that would be supported by the farm bureau is to make it clear that rural water districts in Tri-State's northern counties will have a source of drinking water for the future.

Mr. Walensky asked Mr. Styron about seeking some membership from the northern counties in Tri-State's footprint. He replied that Tri-State formerly had membership from that area. Bill McCaffery, an attorney in Nevada representing many of the rural water districts, persuaded the four-county district to drop of Tri-State's membership a few years ago because he doesn't see Tri-State's projects as being advantageous to them. Because of their sparse population, he thinks the water from the wells is adequate.

Mr. Calton stated that Barton County was formerly a member of Tri-State, along with an irrigator who was formerly a member. He thought they were influenced by Mr. McCaffery to not retain membership in Tri-State.

Mr. Williams did not interpret those rural water districts really being opposed to Tri-State. They feel that receiving the water from the aquifer is good enough for them and questioned why they should be members of Tri-State. Mr. Styron thought that was true, but that Tri-State needs the support of the agricultural lobbies to provide water to rural water districts that need it.

Mr. Calton stated that Barton County Water District No. 1 anticipates a water shortage in the future. Mr. Williams stated that continuing to pull the lower aquifer down is going to cause the upper aquifer to go down and cause a lot of strain for the rural water districts, with them eventually being in the lower aquifer, costing them more money for wells.

Mr. Calton stated that local farms are drilling wells in Barton County, with everybody irrigating. Mr. Styron thought the farmers are needing bigger, deeper wells. He hopes the farm bureau and other agricultural interests will support Tri-State.

Mr. Styron visited with Gail Melgren about the water conference. The MDNR is hosting a state-wide water conference the following week as a part of their 40th anniversary celebration. They are having major key-note speakers. Ms. Melgren has been visiting with Sarah Parker Pauley, the MDNR director, and has recommended that Tri-State not have its own water conference this year, but to participate in the state conference instead.

Mr. Styron has enjoyed being Tri-State's executive director for the past year. He has enjoyed getting acquainted with the board members and has explored the basins of many of the area creeks, along with Spring River between Carthage and the Kansas state lines. He will continue to work with Tri-State in the future.

Mr. Styron has a proposal for the executive committee for his legal services. He is essentially proposing that for a fixed monthly fee of \$500.00, he will provide legal services by e-mail and phone and attend up to two meetings per month to deal with Tri-State's routine business. He will provide a thorough analysis of the JMUC documents, with those fees being separate. Mr. Hertzberg will distribute Mr. Styron's proposal to the executive committee.

The board members thanked Mr. Styron for his service.

Comments by Representatives of Federal and State Offices/Agencies:

Mr. Hertzberg asked for comments from the federal and state agencies. Mr. McIntosh will discuss Tri-State's concerns with the agricultural agencies.

New Business:

Announcement that Gail Melgren will return as executive director, as Tri-State's first full-time executive director on August 1.

Mr. Hertzberg stated that Ms. Melgren had been three-quarter time, with her now receiving full-time pay. Her benefit package will include a \$600.00 stipend on health insurance, along with retirement benefits. As Tri-State and the JMUC become more active, Mr. Hertzberg sees this team growing. He is excited about a full-time executive director and having Mr. Styron on the team on the legal side.

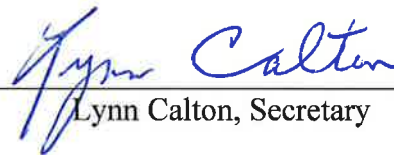
Mr. Williams asked if personnel actions are being made in the front of a recommendation to the full board of directors, and Mr. Hertzberg replied that the executive committee acted on it.

Bob Williams moved, seconded by Steve Walensky, that Gail Melgren become the full-time executive director of the Tri-State Water Resource Coalition, and that her benefit package be adopted. The motion carried, with all voting "aye".

Adjournment:

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

Roddy Rogers moved, seconded by Steve Walensky, that the meeting be adjourned. The motion carried, with all voting "aye".



Lynn Calton, Secretary