

**TRI-STATE WATER RESOURCE COALITION
BOARD OF DIRECTORS MEETING
WEDNESDAY, MAY 20, 2015 – 9:00 A.M.
JOPLIN CITY HALL – COUNCIL CHAMBERS**

Welcome:

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

Matt Barnhart – Missouri American Water Company
David Hertzberg – City of Joplin, Missouri
Kyle Slagle – Empire District Electric Company
Lynn Calton – City of Lamar, Missouri
Skip Schaller – City of Monett, Missouri
Steve Walensky – City of Cassville, Missouri
Mike Ray – City of Branson, Missouri
Carl Francis – City of Webb City, Missouri
Jason Choate – Carthage Water & Electric, Carthage, Missouri
Tom Pittman - Carthage Water & Electric, Carthage, Missouri
Loretta Bishop – City of Branson, Missouri
Darleen Groner – Missouri Department of Natural Resources
Michael Weller – Missouri Department of Natural Resources
Erin Lepper – Missouri Department of Natural Resources Water Resources Center
Clinton Finn – Missouri Department of Natural Resources, Springfield, Missouri
Denise Derks – Missouri Department of Economic Development
Amy Summerford – Missouri Department of Economic Development
Mark Hultgren – USDA Rural Development
Bruce Hively - USDA Rural Development
Aaron Robison – Black & Veatch
Matt Hough – Congressman Billy Long’s Office
Steve McIntosh – Senator Roy Blunt’s Office
Bill Gipson (retired)
Pete Rauch (retired)
Gail Melgren – Executive Director, Tri-State Water Resource Coalition
Susan Champlin - City of Joplin, Missouri
Roddy Rogers - Springfield City Utilities, Springfield, Missouri (participated in the meeting via conference call)

Approval of Minutes from March 18, 2015:

Mr. Barnhart asked for any corrections or additions to the minutes from March 18, 2015, and none were received. He asked for a motion to accept the minutes as written.

Lynn Calton moved, seconded by David Hertzberg, that the minutes from March 18, 2015 be approved. The motion carried, with all voting “aye”.

Standing Committee Reports:

President:

Mr. Barnhart discussed the recent visit to Washington, DC. The D.C. agenda was included in the agenda packet. The Tri-State delegation, (Matt Barnhart, Roddy Rogers, and Gail Melgren) met with several federal agencies and legislative committees, including EPA, USDA, Corps of Engineers HQ, and lead staffers for the U.S. Senate Appropriations and the U.S. House Appropriations committees related to water supply. The delegation also met with Congressman Billy Long and staffers from Senator Blunt and Senator McCaskill's offices.

Ms. Melgren reported the general goal for the trip was to understand better the federal layer and how it relates to Tri-State's mission, especially as relates to funding.

Mr. Barnhart asked if there was any objection to moving July's board of directors' meeting to July 8, 2015, and if they would like to meet in Monett and tour their new water treatment plant. There was no objection.

Executive:

Mr. Barnhart reported the executive committee will meet on June 16th.

Financial:

Mr. Barnhart noted that a financial summary was included in agenda packets. Ms. Melgren reported that Mr. Bingle could not attend the meeting because of a schedule conflict. She noted the fund balance was \$482,046.11 at the end of April. Mr. Barnhart asked for a motion to approve the financial reports.

David Hertzberg moved, seconded by Steve Walensky, that the financial reports for March and April of 2015 be approved. The motion carried, with all voting "aye".

Mr. Barnhart discussed a memo from Treasurer Mr. Bingle recommending Tri-State switch banks, from ARVEST Bank to Empire Bank. The goal being to decrease fees and increase earnings on assets while keeping them liquid.

Mr. Barnhart noted that Empire Bank is an entirely separate business from Empire District Electric Company.

Ms. Melgren reported that Mr. Bingle had visited with both ARVEST Bank and Empire Bank and is recommending transfer of Tri-State's funds to Empire Bank. Mr. Barnhart asked for a motion to transfer the funds to Empire Bank.

Steve Walensky moved, seconded by Kyle Slagle, that Tri-State Water Resource Coalition's funds be transferred from ARVEST Bank to Empire Bank. The motion carried, with all voting "aye".

Technical:

Mr. Rogers reported that good progress continues to be made on current technical studies, and that the technical committee would meet with representatives from MDNR, Corps of Engineers Little Rock District, Corps of Engineers Kansas City District, and CDM after the board meeting.

Communications:

Mr. Walensky reported development of a list of all water supply districts in the Tri-State footprint, created with help from DNR's Water Resources Center. Ms. Melgren will send a questionnaire to these districts.

Stakeholder meetings at Stockton and Table Rock Lakes are planned for fall. The Stockton Lake stakeholder meeting is scheduled for November 19th, at 1 p.m., at the Corps of Engineer's Bond Center.

Ms. Melgren noted that communications will be a growing area of need for the Coalition.

Membership:

Mr. Stanton was not present. There was nothing new to report.

Legislative/Regulatory:

Mr. Hertzberg had nothing new to report. Ms. Melgren reported that in addition to the recent trip to Washington DC, several trips have been made to Jefferson City to visit with state agencies and legislators.

Executive Director Report:

Ms. Melgren suggested staggering the Tri-State and the Joint Municipal Water Utility Commission (JMWUC) meetings. Half of the members of Tri-State are also members of the JMWUC. When both meetings are held on the same day it requires almost an entire day out of the office for participants to make both meetings.

Ms. Melgren participated in a conference call with Great Northwest Wholesale Water Commission. She said they are a good example project illustrating regional water supply planning, and suggested inviting them to discuss their project with Tri-State or the JMWUC.

Ms. Melgren has spoken with Jeannette Baker, with the U.S. Army Corps of Engineers National Water Resources Institute, about reallocation projects—how much they cost and how they are funded. Ms. Melgren reported that the cost for reallocated storage (which has been requested by Tri-State from both Stockton Lake and Table Rock Lake) will not be known definitively until the reallocation studies for each lake are complete. However, for planning purposes, she has been seeking information to inform a ball-park guesstimate of cost.

Ms. Melgren reported meeting with Doug Healy, the general counsel for the Missouri Public Utility Alliance. He will visit with the JMWUC board, and may be a useful legal resource for Tri-State and the JMWUC in the future.

Ms. Melgren reported having recently visited with Monett's city council and city manager about Tri-State. Mr. Hertzberg asked her for a written report to share with Joplin's City Council. Ms. Melgren suggested it might be helpful to visit with other member's councils and/or city leadership also - to remind them of the mission of Tri-State and the benefits of regional water supply planning efforts.

Ms. Melgren announced that the earliest date being discussed for completion of the Stockton Lake reallocation study is 2016. With that timeframe in mind, she has been researching possible funding sources for the reallocated storage and for future projects. Representatives from several possible funding sources were in attendance to give presentations to the board.

Ms. Melgren suggested the board consider hiring part-time administrative staff for Tri-State in the near future. She also suggested the board consider hiring an engineer at some point to work through the myriad technical and funding details related to reallocation(s), and to proactively set the stage for future projects. An engineer on staff could focus solely on Tri-State member's best interests and would expedite the entire process. She suggested these hires could be made through Tri-State, which has a broader membership and healthy bank balance. Eventually staff of the JMWUC might take over some of the work, but not in the near to mid future – not until a project was much closer to reality.

Ms. Melgren reported attending a seminar sponsored by the Interstate Council on Water Policy (ICWP) in Washington, DC. ICWP is now run by Ryan Mueller, former director of the Water Resources Center for MDNR and long-time supporter of Tri-State Water. She asked about joining ICWP for a \$1,500 annual fee and suggested the executive committee discuss this possibility at their June meeting.

Ms. Melgren has purchased a new computer, as previously approved by the board.

Ms. Melgren presented recently at the Missouri Water & Wastewater Association (MWWA) conference at Lake of the Ozarks.

Ms. Melgren reported that planning is under way for a fall water conference. She reminded the board that Tri-State Water has sponsored a fall water conference, with partner Missouri State University, for several years. She noted that last year MDNR held a Governor's conference on water so Tri-State/MSU did not have one. She asked board members to please send her any suggestions for agenda items.

Mr. Melgren stated that she also felt the trip to Washington D.C. had gone well and was worth the time and expense.

New Business:

Speakers:

United States Department of Agriculture - Rural Development (USDA-RD)

- **Mark Hultgren, Southwest Missouri Area Director, USDA-RD**
- **Bruce Hively, Rural Development Specialist, Southwest Missouri office, USDA-RD**

(Clark Thomas, Community Programs Director, USDA Rural Development was scheduled to attend but ran into a conflict):

Mr. Hultgren stated USDA Rural Development is a funding agency for rural communities. They provide funding for any type of infrastructure including water, wastewater, single-family housing, business programs, or essential community facilities. They serve communities with populations of 10,000 or lower. Additional limitations for grants and/or loans are based on income criteria.

Mr. Hively stated USDA works with public bodies and not-for-profit organizations. Water or sewer typically involves a community or a district that is incorporated through the state.

Mr. Hively stated that if at least 50 percent of a water line serves a community larger than 10,000 then it would not qualify for USDA-RD funding, however, portions of the regional water network line that meet USDA-RD criteria could qualify to be funded, even if the overall network serves some communities larger than 10,000.

Ms. Melgren suggested that smaller rural water districts and communities might be able to finance the majority of their “last mile” pipe through USDA-RD, bringing benefit to many smaller regional communities and also helping finance the overall project goals.

Mr. Calton stated Tri-State does not know if the water delivered will be raw water or treated water, and suggested that USDA might work to finance water treatment. He noted more treatment will be required to use surface water in the future than is currently required for ground water. Mr. Calton suggested another piece of funding might be large trunk lines bonded by a combination of all the cities that participate.

Mr. Hively suggested a collaboration of financing sources including USDA-RD funding and State Revolving Fund (SRF) loans. He said USDA typically issues a 35-year loan, and interest rates currently range from 2-1/8 to 3-1/2 percent, subject to change on a quarterly basis. Once a loan is locked in, it has a fixed rate for the 35-year period.

State Revolving Fund, Missouri Department of Natural Resources (SRF – MDNR)

- **Darleen Groner, State Revolving Fund Engineer, MDNR’s Financial Assistance Center**

Darleen Groner appeared representing Missouri Department of Natural Resources Financial Assistance Center. She handles the drinking water unit for the State Revolving Fund (SRF) loan program. She also has small community engineering assistance programs for wastewater grants. She handles the small buyer loan program and rural sewer grants.

MDNR funds drinking water, wastewater, and non-point source projects. The SRF loans are direct loans, with interest rates depending on the weekly rates in the bond index (generally 30 percent of the market rate). The loan term is 30 years, with the drinking water loan being 20 years or the expected life of the project. Community water systems or not-for-profit non-community water systems are eligible for drinking water loans.

Each year MDNR accepts applications, which are good for two years. They review priority points, distribution funds, and the list of projects. With an engineering report for the project, and debt instrument set, funds can be committed. The report must show a “need” for the project.

Ms. Groner receives capitalization grant funding from the EPA. The MDNR is receiving \$17.8 million for 2015 for the state of Missouri. On the drinking water side, 31 percent can be used off the top of the \$17.8 for the drinking water branch. A system needs an engineering report to actually get funded. MDNR also has a wastewater program and has circuit writers to assist applicants in writing grants. Resources are available for water loss.

The intended use plan is being drafted to apply for 2016 funds, with a public hearing being conducted during July or August with the Missouri Clean Water Commission. They will vote on the plan on October 7, 2015. This cycle repeats annually. They accept requests for grant funding throughout the year, but they can only commit funding once annually.

Eligible projects must address a present violation or serve to prevent a future violation of the health based drinking water standards. Funding is available for infrastructure upgrades only, such as wells, treatment, storage, and distribution. The planning and design for the eligible projects are applicable. Acquisition of land is eligible only if it is needed for the project. Water rights, laboratory fees, and operation and maintenance are not eligible for funding.

Disadvantaged communities have less than 3,300 in population, with the average user rate for 5,000 gallons being at least two percent of their median household income. The median household income must be at or below 75 percent of the state median income. If a community meets those three criteria, they can be eligible for up to 75 percent of their eligible project cost with a \$2 million max as funds are available.

Once an application is approved, MDNR assigns a project coordinator to handle the proper paperwork and close on the loan. Construction begins, and the entity begins paying back on the loan. They partner with Community Development Block Grant (CDBG) for really small projects.

Mr. Rogers asked when an entity must begin making payments once a loan is received. He asked if the payments are according to principal, or if they can be just debt service until a bond is mature. Ms. Groner replied once the loan is closed, the entity would pay interest on the construction during the construction phase. They will be paying the principal and interest once operations are initiated.

Missouri Department of Economic Development (MDED)

- **Denise Derks, Business and Community Service Specialists, MDED**

Denise Derks appeared representing the Missouri Department of Economic Development to discuss the Community Development Block Grant (CDBG) program and the Missouri Water & Wastewater Review Committee. CDBG receives its funding from the Department of Housing & Urban Development (HUD). This federal funding is passed through the states, with Missouri's allocation for 2015 being \$20 million. The program year runs from April 1 to March 31, with applications and guidelines on their website.

Some of the different categories eligible for CDBG funding include water and wastewater, with a general infrastructure category for bridges, streets, drainage, etc. Other categories include demolition, community facilities, emergency, and economic development. This funding is only eligible for non-entitlement communities.

The entitlement communities receive their funding directly from HUD. The non-entitlement communities have a population of less than 50,000 for a city and less than 200,000 for a county. Their funds are directly granted to a city or a county. They can apply on behalf of a not-for-profit or a district, but funding cannot be granted directly to a not-for-profit or a district but must go directly to a city or a county.

All HUD funding must have a national objective. For water and sewer, the national objective would be low to moderate income (LMI) persons, with 51 percent of the beneficiaries being low to moderate income persons. The LMI is determined by census or survey. The census is not the census found on the Census Bureau website. HUD gives the Missouri Department of Economic Development the LMI data. An LMI person is a family or a person with income that is 80 percent below the county median household income.

The water and wastewater category is an open cycle requiring an invitation from the Missouri Department of Economic Development to apply for funding. The minimum amount an entity can apply for is \$10,000, with the maximum amount being \$500,000, or \$5,000 per family per project for 100 families or more, and up to \$7,500 per family for a project of less than \$100,000.

The project must first be reviewed by the Missouri Water and Wastewater Review Committee before an application can be submitted. An invitation must be obtained from CDBG, with the funding to be used only for public-owned systems. CDBG funding cannot be used for privately owned systems. An entity must have all its other financing in place before applying for CDBG funding, which is gap funding. CDBG funding cannot be based upon contingency funding.

The Missouri Water and Wastewater Review Committee consists of representatives from USDA Rural Developments, DED and MDNR. They meet monthly to review applications. They determine the best financing package and if it is a viable, fundable project. The committee needs six copies of a preliminary engineering report along with the proposal. The purpose of the committee is for all three agencies to review project funding requests and determine the best financing package for the community involved.

Ms. Melgren noted that the Missouri Water and Wastewater Review Committee was a kind of one-stop-shop for project funding requests to USDA, MDNR, and CDBG. She said that these programs, serving smaller communities and less advantaged communities, might augmenting other funding mechanisms like bonding, member financing and customer fees. She thanked all speakers for making the trip to Joplin to share information.

Report from the Southwest Missouri Joint Municipal Water Utility Commission:

Mr. Rogers had nothing new to report at this time. Ms. Melgren said that the JMWUC is currently focused on learning from other similar projects. She reported that the second JMUC meeting did not have a quorum.

Reports from legislative or agency officials:

Mr. Pete Rauch, former member of the Tri-State board, took a moment to remember Bob Nichols, who recently passed away. Mr. Nichols was very instrumental in organizing Tri-State, and was the engine that kept the organization running during its first several years. Mr. Barnhart, Ms. Melgren, Mr. Rauch, and Mr. Rogers attended Mr. Nichols' memorial service and were pleased to share with his family members the legacy of his efforts.

Adjournment:

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

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



Skip Schaller, Secretary