

**TRI-STATE WATER RESOURCE COALITION
BOARD OF DIRECTORS MEETING
WEDNESDAY, MAY 18, 2011 – 9:00 A.M.
CITY HALL, FIFTH FLOOR CONFERENCE ROOM**

Welcome:

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

Matt Barnhart – Missouri American Water
Brian Bingle – City of Nixa, Missouri
Lynn Calton – City of Lamar, Missouri
Harold McCoy – Allgeier, Martin & Associates
Melinda Piper – CPWSD #1, Lamar, Missouri
Pete Rauch – City of Monett, 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
Fred Schlegel - Missouri Department of Natural Resources
Charles Zitnik – D. A. Davidson & Company
Don Lucietta – Senator Roy Blunt’s office
Jake Heisten – Congressman Billy Long’s office
Gail Melgren – Executive Director, Tri-State Water Resource Coalition
Susan Champlin - City of Joplin, Missouri

Approval of Minutes from March 16, 2011:

Mr. Rogers asked for any corrections or additions to the minutes from March 16, 2011. Receiving none he asked for a motion to approve those minutes as written.

Hal VanDaGriff moved, seconded by Matt Barnhart, that the minutes from March 16, 2011 be approved. The motion carried, with all voting “aye”.

President’s Report:

Mr. Rogers reported on a letter he recently sent to Mr. Jim Whitford, who had requested that Tri-State provide him a copy of a letter that Tri-State submitted to the MO legislature in support of the Missouri Department of Natural Resources. Mr. Whitford has expressed concern about possible reservoirs, with his land being in the area of one of the alternative sites that Tri-State has studied.

Mr. Rogers wrote to Mr. Whitford that Tri-State has performed several studies and defined several water supply alternatives, placing priority on obtaining water from existing reservoirs. While there is no requirement for Tri-State to provide copies of documents of the Coalition, we want to be

good neighbors and work with stakeholders as much as possible, and so a copy of the letter was sent to Mr. Whitford.

Mr. Rogers asked the board about the possibility of adopting two international water aid organizations to heighten the awareness of the importance of water: *Water Missions International* and *Water.Org*. Links to these organizations could be added to the Tri-State website to help support our efforts to educate children about water and to discuss efficient water use.

Mr. Rauch asked Mr. Rogers about making an annual donation to the organizations, and he thought it could become a part of Tri-State's educational programs for children. He suggested a school class might make a donation. Ms. Melgren asked about making it available on Tri-State's website if people wished to donate.

Brian Bingle moved, seconded by Pete Rauch, to proceed with utilizing Tri-State Water Resource Coalition's website to reflect Tri-State's participation. The motion carried, with all voting "aye".

Mr. Rogers asked about making a \$50.00 donation to each organization.

Harold McCoy moved, seconded by Brian Bingle, to support a \$50.00 donation for each organization. The motion carried, with all voting "aye".

Mr. Rogers revisited a discussion from the last board meeting regarding the creation of a policy to guide consideration of membership in other organizations. He shared a policy created by the executive committee which listed the following factors:

- 1) Is the organization's mission compatible with our mission?
- 2) Are we financially able to pay the dues/fees?
- 3) Does the organization's geographic footprint overlap or compliment our geographic footprint?
- 4) Will membership provide networking/political benefit?

Hal VanDaGriff moved, seconded by Melinda Piper, that the above stated policy be adopted. The motion carried, with all voting "aye".

Mr. Rogers discussed Ms. Melgren's previous request to join the Multi-Basin Regional Water Council located in Rogers, Arkansas. The council has stakeholders from Missouri, Oklahoma, and Arkansas.

Mr. McCoy asked about their membership dues, and Ms. Melgren replied \$50.00 with three or four meetings per year.

Harold McCoy moved, seconded by Pete Rauch, that the Tri-State Water Resource Coalition pay the \$50.00 to the Multi-Basin Regional Water Council, and that Ms. Melgren attend their meetings as long as it doesn't interfere with her accomplishing her duties. The motion carried, with all voting "aye".

Standing Committee Reports:

Executive:

See president's report.

Financial:

Mr. VanDaGriff reported approximately \$4,700 of expenses for April which included taxes. The beginning balance on April 1 was \$230,376, with an ending balance of \$226,338 on April 30.

Mr. Rogers asked if these expenditures were normal operating expenses, and Mr. VanDaGriff replied that was correct. The expenses included federal and state withholding payroll taxes, payroll, and a monthly BKD charge.

Mr. VanDaGriff expressed concern that the financial side has become more complicated with the addition of payroll and withholding taxes. He feels the need for the third party financial advisor (BKD) to handle the financial records as Tri-State moves forward, and suggested they do a review of the financial records to date – not a full audit, but a review – just to confirm that everything is as it should be. The cost will be \$7965 for the review and \$428 mo/ \$5,140 yr moving forward.

Mr. Barnhart explained that Tri-State paid for previous audits, with Ron Lamere being paid several checks for audits. Ms. Melgren will work with BKD and Mr. Lamere's office to sort out what has been done to date.

Mr. VanDaGriff explained that the IRS states that no tax returns were filed in 2006 and 2007. Mr. Barnhart explained that if Tri-State paid Mr. Lamere in 2005 and 2006, and can prove he was paid, it would be Mr. Lamere's responsibility to take care of the tax returns.

Mr. VanDaGriff explained that BKD also could set up financial statements. When the JMUC is formed that may be worth paying for, but he did not recommend Tri-State pay for financial statements at this time.

Mr. McCoy asked if this is a recommendation to the board, and Mr. VanDaGriff replied that is correct.

Harold McCoy moved, seconded by Bob Williams, that the Tri-State Water Resource Coalition go forward with BKD to review past financials for \$7965, and do monthly/annual work to include payroll calculation and wage reports, federal and state withholding payments, monthly bank reconciliation and annual 990s at a cost of \$428 per mo/\$5140 per year. The motion carried, with all voting "aye".

Technical:

Mr. Rauch explained that little activity has taken place with the technical committee, but he discussed their support role with the Corps of Engineers and the Missouri Department of Natural Resources (DNR). Ryan Mueller of MO DNR has reported that MO DNR has finished collecting data for the population/demand study and submitted it to the Little Rock Corps of Engineers office.

Communications:

There was no report from the communications committee at this time.

Membership:

Ms. Piper explained that the membership committee will hold a short meeting after the board meeting adjourns.

Legislative/Regulatory:

Mr. Bingle explained that the legislative/regulatory committee has developed some objectives and action plans. The primary objective for this year is to educate all elected officials and community leaders within our footprint. Mr. Bingle described regulatory goals as coming further down the line, once projects begin.

Two visits were made to Jefferson City during the last month. During these visits all Missouri Senators from our footprint and all but three Missouri Representatives were visited – the last three to be visited in their home district this summer, now that session is over. These Jeff City visits will be followed-up with several local meetings across our footprint.

Mr. Bingle discussed the intent to share Tri-State’s communication plan so jurisdictions become knowledgeable of what Tri-State’s objective is and what the issue of water supply will involve over the course of the next 50 years.

Mr. Bingle reported that the legislative committee defined a core set of counties: Barton, Cedar, Polk, Webster, Christian, Taney, Stone, Barry, McDonald, Newton, Jasper, Lawrence, Dade and Greene. He stated that the “halo” counties just beyond the core counties may also be areas where we communicate, depending on circumstances.

Mr. Rogers asked Mr. Bingle how the core counties were established. He replied that the legislative committee looked at a Missouri map and made the determination that the core counties are those that will have an immediate impact associated with water usage.

Ms. Melgren reported that the first regional informational meeting will take place in Branson in June. Further meetings will be scheduled across the footprint during the next several months.

Mr. Rogers discussed the meetings in Jefferson City and felt that the legislators were very receptive to Tri-State’s visits and are educated and open to all the alternatives.

Ad Hoc Committee Reports:

JMUC:

Mr. Williams presented a draft contract which has been prepared by the ad hoc JMUC committee. This is a joint contract only and does not contain by-laws. The committee felt that the first step is to write the joint contract to develop the Joint Municipal Water Utility Commission (JMUC). The board of directors of the new JMUC will then be responsible for developing bylaws.

Mr. Williams explained that Missouri state law does not allow anyone except tax-exempt non-profit organizations to be members of a JMUC. The contract must be written so the non-profit organizations such as municipalities and water districts form the JMUC. This does not exclude for-profit organizations from participation because at a later date the JMUC board of directors can contract with them for their participation in projects.

Mr. Williams explained that the board of directors should review this draft contract and distribute it to their municipalities so their legal staff can review it, since eventually it will require formal action to approve the contract.

Mr. Williams requested that written comments be submitted by June 13. Ms. Melgren explained that comments will be incorporated into the next draft by the JMUC committee, and that new draft will then be presented for further review to the board of directors.

Mr. Williams explained that the next step will be the development of a board of directors, which will be comprised of a director from each member municipality or water district. The board of directors will then draft by-laws and will make all the specific rules and begin preparation of contracts and project development.

Mr. Williams envisions that Tri-State will be the umbrella organization and continue to exist, and that everyone will be a member of Tri-State. There will be a cooperative effort with the JMUC members, and the non-JMUC members, and all will be members of Tri-State.

Mr. Rauch asked about the financial obligations of joining the JMUC. Mr. Williams replied that this is not initially outlined in the contract but will be in accordance with the by-laws and the dues structure that is set by the board of directors. The only initial requirements that a city will have are the same requirements they currently have as members of Tri-State.

Mr. Williams explained that the JMUC will eventually have sub-groups that are project specific. Members of each project sub-groups will make decisions about what indebtedness will affect the project members. Each sub-group will decide what project they want to build and what the financial obligations will be. Projects would ultimately be approved by the entire board of directors of the JMUC.

Mr. Williams has looked at other similar JMUC organizations, with some containing only municipalities. He explained that Clarence Cannon was a single project that focused on one reservoir, but that Tri-State has not identified one solution that will meet everyone's needs.

Mr. Rauch asked if the projects developed by the sub-groups of the JMUC would require approval by the voters from a financial perspective, or if these are projects that a city council would have the authority to obligate itself to for a long-term financial project. Mr. Williams replied that a vote of the people is not required. The JMUC is a legal entity that can issue debt.

Mr. Rauch asked if the projects are tax exempt, and Mr. Williams replied that the JMUC can issue tax exempt debt on behalf of its members. The board of directors must also make sure that when they issue debt, they have a revenue stream to cover the debt.

Mr. Bingle asked if a contract for a project is separate from the contract the board members are discussing at this time, and Mr. Williams replied that is correct. The current contract will establish the JMUC itself. Specific projects developed through the JMUC will come later, after its formation. Mr. Bingle mentioned a bill under consideration in the past legislative session that would require all third and fourth-class municipalities in the state of Missouri to have a vote of its people. Mr. Williams and Mr. Calton reported that bill to have been defeated.

Mr. McCoy explained that the basic process being developed will allow executing a contract to purchase water for a certain period of time until the indebtedness is retired.

Mr. Rogers asked if the financial impact on each entity occurs only when they become a part of a project. Mr. Williams explained that the short-term financial impact that an entity assumes is to support the JMUC organization - to pay their portion for salaries and office equipment. At this time, the cost of the JMUC is a portion of Tri-State. Additional future costs for the JMUC will be incurred through the development of specific projects, but each entity will make individual decisions whether to participate in additional projects, and at what level. Those who opt into a specific project will assume an obligation to pay debt service for the project.

Mr. Bingle asked if a municipality is not a participant in the joint contract for the establishment of the JMUC, but they wish to participate later in a project, will they need to first become a member of the JMUC. Mr. Williams assumed that the JMUC would require them to join in order to participate, but that this is a future decision of the JMUC board of directors. Their by-laws could state that in order to participate in a JMUC project, the entity must become a JMUC member.

Mr. McCoy explained that one of the presentations at the 2010 water conference discussed maintaining running costs from when each group becomes a member of the organization. If the group has not participated in the organization for the past several years, they might be asked to pay delinquent dues.

Mr. Bingle expressed the need to make sure that all the jurisdictions within the core counties are aware of the fact that Tri-State is proceeding with the creation of a JMUC, and that they need to make a decision whether they wish to participate or not, with the understanding that if they join the JMUC several years from now, the membership dues will include the delinquent dues from when the JMUC was established.

Ms. Melgren asked if this only applies to the JMUC and not the Tri-State Water Resource Coalition, and Mr. McCoy thought it should apply to both organizations.

Ms. Melgren asked if this applies from this point forward once the JMUC is approved, or back to the point when Tri-State was organized. Mr. McCoy explained that this decision would be made by the board of directors, but stated that Tri-State has spent a lot of money on engineering studies. He thought everyone should participate.

Mr. Bingle understood from previous discussion that Tri-State would be dissolved once the JMUC is established. Mr. Williams did not believe that was true since Tri-State's membership is made up of many more organizations and individuals than the JMUC. The JMUC will consist of only the

non-profit or municipalities and water districts that choose to join in addition to their Tri-State Water Coalition membership.

Mr. Williams thought Tri-State should be the mother organization of everything that happens. He explained that the Missouri Public Utility Alliance can serve as an example. It includes the Missouri Utility Association, the Missouri Joint Municipal Utility Commission, and the Missouri Gas Commission. All those organizations are formed together and share costs for training and personnel. All their legislation work is handled by the Missouri Public Utility Alliance on behalf of the three organizations.

Mr. Williams explained that individual projects of MPUA include several power plants with various members in each power plant, and a power pool consisting of 30 to 60 members. He foresees the Tri-State Water Resource Coalition to be like the MPUA alliance, with everyone being on Tri-State's board of directors. The JMUC would be a subdivision with its own by-laws. Costs for personnel and operating expenses would be shared.

Mr. Calton explained that it is similar to the electric industry, for example the City of Lamar is a member of a sub-group called MOPED. Their membership consists of 35 communities having individual projects, with each city submitting their own financial statement to MOPED.

Mr. McCoy explained that Tri-State needs to move forward, but if an organization like Missouri American Water decides not to participate, they won't pay any dues.

Mr. Barnhart mentioned the double assessment of membership dues for users within the city limits of Joplin (since Joplin pays membership dues to Tri-State and so does Mo Am) and explained that MO Am may not continue to pay for customers within Joplin city limits. He said, however, that Missouri American Water now has many water users outside of the Joplin city limits for which they might continue to pay membership. He said that if MO AM could not be a board member of the JMUC, it does not necessarily mean they won't participate in the Tri-State umbrella organization and/or as a project participant in the JMUC. They have the public service commissioners with their councils and other interveners that they must report to and that influence their decision making.

Regarding the draft JMUC joint contract which was issued for this meeting: Mr. Rogers is not seeking city board or council approval at this point. He is soliciting comments from Tri-State's board members, and their legal counsel, so a second draft can be prepared. That next draft will hopefully be solid enough to present to the Tri-State Water Coalition's member governing entities for review.

Ms. Melgren explained that the June 13th deadline would give the ad-hoc committee about four weeks to compile the comments and make another report to Tri-State's board of directors at the next board meeting in July.

Mr. Williams asked the board members to read the document and present it to their legal counsel for review.

Mr. Rauch explained that this contract will really become an educational issue for some city councils since it is not their main focus. Ms. Melgren explained that the ad-hoc committee will

meet another time to discuss all the board members' submitted written comments. A revised draft will then be written and brought to the board in July.

Mr. Stanton asked about one of Tri-State's board members visiting with the city councils, and Ms. Melgren suggested creating a slide presentation for that purpose.

Mr. McCoy explained that if you have the proper relationship with your city council or governing board, they will rely greatly upon your recommendation if someone is available to answer their questions.

Mr. Bingle asked if once the JMUC is established, if they fall under the regulatory control of the Public Service Commission. Mr. Williams replied that is correct.

Executive Director Report:

Ms. Melgren explained that the water conference planning has started, with two possible dates in consideration – October 27th and 28th or November 17th and 18th. David Hertzberg and Matt Barnhart have agreed to serve as additional members on the planning committee. The theme and the speakers are being discussed at this time.

Ms. Melgren asked about writing a quarterly article for publication in the area business journals.

Mr. Bingle suggested extending invitations to those jurisdictions that are not represented on Tri-State's board of directors, and have a presentation at the water conference that would start outlining what Tri-State and the JMUC are trying to accomplish. He expressed the need to get the word out that Tri-State is moving forward, and that they would like have more organizations present on the board of directors because they believe those core jurisdictions are again affected in the future with regards to water availability.

Ms. Melgren anticipates a report from the membership committee at the July board meeting.

Ms. Melgren has been employed by Tri-State for almost a year and stated that it has been a productive year. She will review the strategic plan and her list of executive director goals to determine which goals have been completed, which goals she needs to continue working toward, and what new goals need to be added. She will create a new executive director list of goals for the coming year to present at the next board meeting.

Comments by Representatives of Federal and State Offices/Agencies:

Senator Roy Blunt:

Mr. Lucietta has attended several meetings of the Multi-Basin Regional Water Council and supported Tri-State's decision to join that organization. He explained that the Beaver Lake group is concerned with the White River which runs through Missouri and Arkansas. He also discussed the benefit of interacting with contacts from Oklahoma authorities through the Multi-Basin Council.

Senator Claire McCaskill:

No one was present from Senator McCaskill's office. David Rauch sent his regrets as he had a conflict.

Senator Roy Blunt:

No one was present from Senator Blunt's office. Steve McIntosh sent his regrets as he had a conflict.

Congressman Billy Long:

Jake Heisten, Field Representative, explained that Congressman Long has opened an office location at 2727 East 32nd Street in Joplin.

Missouri Department of Natural Resources:

Mr. Schlegel reported that the Missouri legislature approved the fee bills for the wastewater protection program for MO DNR, which had expired June 30, 2010.

New Business:

At Melinda Piper's invitation, Charlie Zitnik attended, representing D. A. Davidson & Company, a company that serves as financial advisors and underwriters for a couple of regional water authorities in Missouri. Mr. Rogers asked Mr. Zitnik where his office is located, and he replied Kansas City.

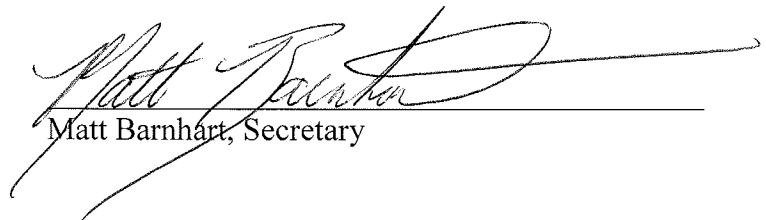
Ms. Piper explained that Mr. Zitnik has been working with her water district on refinancing bonds. They discussed the Tri-State Water Resource Coalition and Ms. Piper suggested Mr. Zitnik attend a board meeting.

Mr. McCoy announced that Allgeier, Martin & Associates has moved, with an open house being scheduled for June 2, from 3:00 to 6:00 p.m.

Adjourn:

There being no further business to come before the Board of Directors, Mr. Rogers asked for a motion to adjourn the meeting.

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


Matt Barnhart, Secretary