

**Public Water Supply District #2 of St. Charles County, Missouri
Minutes of the September 13, 2017 Regular Board Meeting**

Denis Raab, President
Vicky Steinkamp, Director
Jim Inghram, Director

John Cook, Vice President
Kay Schnurr, Director

Mark Piontek, Legal Counsel
Brian Schwermann, Financial Advisor

Bob Schwermann, Financial Consultant

Kim Cantrell, Clerk
Matt Jaspering, District Engineer

Ron Smith, Treasurer
Brian Pieper

The regular meeting of the Board of Directors of Public Water Supply District #2 of St. Charles County, Missouri, was held on September 13, 2017 at the Water District offices, 100 Water Drive, O'Fallon, Missouri, at 6:00 PM.

Denis Raab called the meeting to order. Kim Cantrell served as Clerk of the meeting and attested that notice of the meeting was duly and timely posted. The following directors were present: Denis Raab, John Cook, Vicky Steinkamp, Kay Schnurr and Jim Inghram.

John Cook moved to adopt the agenda as presented, seconded by Jim Inghram, all yea, motion carried.

John Cook introduced Kevin Dunn the new Water District General Manager.

Ron Smith explained the changes that needed to be made to Rule #4, Section 1D of the Rules and Regulations with regards to the calculation of Senior Living Development Connection Fees. After further discussion, Kay Schnurr motioned to approve the wording change to Rule #4, Section 1D, seconded by Vicky Steinkamp, Denis Raab voted yea, Kay Schnurr voted yea, John Cook voted no, Vicky Steinkamp voted yes, Jim Inghram voted yea, motion carried by majority vote.

Denis Raab requested review and discussion of the August 15, 2017 Regular Board meeting minutes, Kay Schnurr motioned to accept the August 15, 2017 Regular Board meeting minutes as presented, seconded by Jim Inghram, all yea, motion carried. Next, Denis Raab requested review and discussion of the August 1, 2017 Special Board meeting minutes, John Cook motioned to accept the August 1, 2017 Special Board meeting minutes as presented, seconded by Vicky Steinkamp, all yea, motion carried. Next, Denis Raab requested review and discussion of the August 4, 2017 Special Board meeting minutes, Kay Schnurr motioned to accept the August 4, 2017 Special Board meeting minutes, seconded by Jim Inghram, all yea, motion carried. Next, Denis Raab requested review and discussion of the August 5, 2017 Special Board meeting minutes, John Cook motioned to accept the August 5, 2017 Special Board meeting minutes, seconded by Kay Schnurr, all yea, motion carried. Next, Denis Raab requested review and discussion of the August 29, 2017 Special Board meeting minutes, Vicky Steinkamp motioned to accept the August 29, 2017 Special Board meeting minutes, seconded by Kay Schnurr, all yea, motion carried.

Denis Raab presented the list of bills and additions for review and consideration. After further discussion, Denis Raab motioned to approve the bills, seconded by Vicky Steinkamp, all yea, motion carried.

Denis Raab requested Ron Smith review the District's Treasurer's Report. Mr. Smith reviewed the District's Treasurer's Report including the Summary of Bank Accounts, Balance Sheet, and revenues and expenses for the period ending July 31, 2017. After further discussion, Jim Inghram motioned to approve the Treasurer's Report as presented, seconded by Kay Schnurr, all yea, motion carried.

Kim Cantrell stated that at the Boards request, information was obtained on an Assistance Program where customers could add additional money to their payment to assist others with their delinquent bills. Mrs. Cantrell reported that the District's billing software does have the capability to track this information at no cost to the District. It is Mrs. Cantrell's recommendation to put the program in place effective October 1, 2017 with fliers hung at the walk up and drive up windows, then in the next newsletter do a full write up and begin to issue checks starting at the end of the first quarter and then quarterly after that. The Board agreed with the recommendations.

Ron Smith presented the changes to the Rules and Regulations for Rule #10 Section N pertaining to Backflow inspections. After further discussion, Kay Schnurr moved to approve the changes to Rule #10 Section N, seconded by Vicky Steinkamp, all yea, motion carried.

Ron Smith reviewed the Carl Brown recommendations on connection fees with the Board for their review.

Ron Smith presented the revised Investment Policy to the Board pointing out the changes and additions that were made. After further discussion, Kay Schnurr motioned to approve the revised Investment Policy, seconded by Vicky Steinkamp, all yea, motion carried.

Denis Raab asked if there were any Legal items to be brought before the Board. Mark Piontek stated there was nothing at this time.

Denis Raab requested that Brian Pieper provide the Board with an update on the operations of the District. Mr. Pieper reported on the operations and maintenance of the District's water and sewer systems and other facilities during the month of July 2017. Mr. Pieper also presented information on customer service inquiries that were handled during the month.

Brian Pieper stated that following the emergency repair of the District's 36" water transmission main behind the Verizon complex, staff requested quotes to restock the parts utilized during the repair; a 36" x 12" C.S. epoxy coated mechanical joint tapping sleeve with accessories, and the lowest and best bid was received from HD Supply, Inc., at the total cost of \$14,085.11. After further discussion, Kay Schnurr motioned to approve the bid from HD Supply, Inc., for a 36" x 12" C.S. epoxy coated mechanical joint tapping sleeve with accessories at the total cost of \$14,085.11, seconded by Jim Inghram, all yea, motion carried.

Brian Pieper stated that in order to continue performing routine and emergency wastewater collection samples CCTV work, staff solicited pricing for the replacement of the District's aging and frequently inoperable CCTV equipment and the lowest and best bid was received from EJ Equipment at the total cost to retrofit the new equipment on to the current vehicle is \$170,100.00. After further discussion, Jim Inghram motioned to approve the proposal, the motion died and the topic was tabled until Kevin Dunn, the new General Manger could review.

Denis Raab requested Matt Jaspering present the Engineer's Report. Mr. Jaspering provided updates on the Water District's projects including the Lake St. Louis Sewer Improvement Project.

Matt Jaspering stated that O.R. Colan provided Work Authorization No. 44 for the services related to the acquisition of utility easement acquisition of 24 properties along Highway DD between Interstate 64 and Sommers Road in conjunction with the Highway DD 20" Water Main Extension at a cost not-to-exceed \$57,500.00. After further discussion, Kay Schnurr motioned to approve Work Authorization No. 44 from O.R. Colan, seconded by Vicky Steinkamp, all yea, motion carried.

Matt Jaspering informed the Board that the District received bids for Miscellaneous Asphalt Improvements at certain District-owned sites throughout Warren and St. Charles Counties and the lowest and best bid was received from Asphaltic Maintenance & Construction, Inc., at the total cost of \$41,610.00. After further discussion, Jim Inghram motioned to approve the bid from Asphaltic Maintenance & Construction, Inc., for \$41,610.00, seconded by Kay Schnurr, all yea, motion carried.

Matt Jaspering informed the Board that the District received bids for Phase 1 of the Henke Lift Station Force Main Upgrade Project and the lowest and best bid was received from S&S Utility Contracting Co., Inc., at the not-to-exceed cost of \$3,215,770.68. After further discussion, Kay Schnurr motioned to accept the bid from S&S Utility Contracting Co., Inc., for a not-to-exceed cost of \$3,215,770.68 for Phase 1 of the Henke Lift Station Force Main Upgrade Project, seconded by Jim Inghram, all yea, motion carried.

Matt Jaspering stated that at the request of the City of O'Fallon, the Henke Lift Station Force Main Upgrade (Phase 1) design included Bid Alternate No. 1 which consists of the installation of a 24" tee, two 24" plug valves and a cross block for restraint of the new pipe. Mr. Jaspering stated it is staff's recommendation that staff negotiate an Agreement or Memorandum of Understanding with the City of O'Fallon for use of a portion of the District's new forcemain. After further discussion, Kay Schnurr motioned for Matt Jaspering to continue to negotiate with the City of O'Fallon, seconded by Jim Inghram, all yea, motion carried.

Matt Jaspering explained there were three new water systems that have been dedicated to the Water District that requires the Board's formal acceptance. Staff requested the Board approve and accept The Crossings at Lauderdale with a construction cost of \$95,826.48 for water, The Villages at Shady Creed Phase 3 with a construction cost of \$55,432.53 for water, The Villages at Shady Creek Phase 2 with a construction cost of \$65,588.60 for water. After further discussion, Jim Inghram motioned to approve the acceptance of the water systems; seconded by Kay Schnurr, all yea, motion carried.

Matt Jaspering explained that eight permanent easements were dedicated to the Water District that require the Board's formal acceptance. Staff requested the Board approve and accept The Crossings at Lauderdale easement with a value of \$8,246.67, Villages at Shady Creek Phase 3 easement with a value of \$97,990.25, Villages at Shady Creek Phase 2 easement with a value of \$32,294.38, Woods at Duello Crossing Lot 3 easement with a value of \$162.26, Woods at Duello Crossing Lot 3 easement with a value of \$2,765.13, Brookfield Crossing Plat 2 easement with a value of \$116,391.96, Eagle Estates with a value of \$307.67, Eagles Estates easement with a value of \$307.67. After further discussion, Jim Inghram motioned to approve the acceptance of these dedicated permanent easements; seconded by Kay Schnurr, all yea, motion carried.

Denis Raab stated that there is a need for better Handicap Access out front. After further discussion, staff will look into the installation of a better Handicap ramp and push button entrance for the front doors.

Ron Smith passed out a rate increase letter from the City of O'Fallon with regards to an 11 ½% increase each year for four (4) years and then 6 % each year after.

Kim Cantrell informed the Board that customers had inquired being able to make automated payments over the phone without having to speak with customer service representatives and give their credit card information and that after checking with Incode the District's billing software company there is no cost to the District except the already existing \$1.25 per transaction fee already being charged for those customers already paying by credit card. After further discussion, Vicky Steinkamp motioned to approve moving forward with the IVR-Interactive Voice Response System, seconded by Jim Inghram, all yea, motion carried.

Bob and Brian Schwermann updated the Board on several financial matters concerning the District. They projected that new improvement projects currently committed to be constructed by the District will deplete the District's construction account by early next year. They also reported they have completed a five year financial forecast for the District and believe if the District continues to implement the cost of living adjustment, as it has done in the past, the District will be able to maintain the Standard and Poor's "AA" stable rating and issue \$25,000,000 in new construction funds without a rate increase. They also discussed the cash balance position the District needs to maintain in order to satisfy the requirements of Standard and Poor's to keep the District's rating. They said the District's current cash balance is very good and satisfies Standard and Poor's requirements. Brian said they have started the process of contacting potential purchasers for the ECM facilities near the city of St. Charles.

Kim Cantrell passed out information on the MRWA Conference in October.

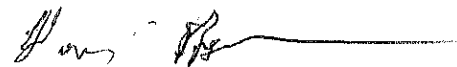
Denis Raab opened the floor for Public Comment. A customer of Lake St. Louis asked how much money has been spent on the sewer project for the large lake. Matt Jaspering stated on the large lake it has been about \$7 million and about \$11 million in total.

Denis Raab inquired if there was any business that would require an executive session. Mark Piontek stated there were matters for which the Board should convene in executive session pursuant to Section 610.022(1) and Sections 610.021(1) and (2) RSMo to discuss matters involving legal actions, confidential and/or privileged communications between District Officials, its representatives and its attorneys, and/or leasing, purchase or sale of real estate. Vicky Steinkamp motioned to close the regular session and convene to an executive session; seconded by Jim Inghram. Kim Cantrell called a roll call vote: Vicky Steinkamp voted yea, Jim Inghram voted yea, Kay Schnurr voted yea, John Cook voted yea, Denis Raab voted yea, all yea, motion carried.

Kay Schnurr motioned to adjourn the Executive Session and reopen the Regular Session; Vicky Steinkamp seconded. Kay Schnurr called a roll call vote: Jim Inghram voted yea, Kay Schnurr voted yea, John Cook voted no, Vicky Steinkamp voted yea, Denis Raab voted yea, motion carried by majority vote.

Denis Raab inquired if there was any other business to come before the Board. Being no other items for business, Kay Schnurr motioned to adjourn; John Cook seconded, all yea, motion carried

Minutes approved this 11th day of October, 2017.



Denis Raab, President



Kim Cantrell, Clerk

