

Public Water Supply District #2 of St. Charles County, Missouri
Minutes of the June 13, 2018 Regular Board Meeting

Denis Raab, President
Vicky Steinkamp, Director

John Cook, Vice President
Darrell Dechant, Director

Mark Piontek, Legal Counsel
Brian Schwermann, Financial Consultant

Bob Schwermann, Financial Consultant

Kevin Dunn, General Manager/Treasurer
Jay Favor, Project Mgr.-Woodard& Curran
Scott Hoffman, Accountant-Anders

Kim Cantrell, Clerk
Ken Stecher, Engineer Manager

The regular meeting of the Board of Directors of Public Water Supply District #2 of St. Charles County, Missouri, was held on June 13, 2018 at the Water District offices, 100 Water Drive, O'Fallon, Missouri, at 6:30 PM.

Bobby Nichols of Woodard & Curran gave a brief presentation of the Maintenance Program they have in place.

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 and Darrell Dechant.

Darrell Dechant motioned to open the Regular meeting held on June 13, 2018, seconded by Vicky Steinkamp, all yea, motion carried.

Darrell Dechant moved to adopt the revised agenda as presented, seconded by Vicky Steinkamp, all yea, motion carried.

Denis Raab requested review and discussion of the May 9, 2018 Regular Board meeting minutes, Vicky Steinkamp motioned to accept the May 9, 2018 Regular Board meeting minutes as presented, seconded by Darrell Dechant, all yea, motion carried. Next, Denis Raab requested review and discussion of the May 15, 2018 Special Board meeting minutes, Darrell Dechant motioned to accept the May 15, 2018 Special Board meeting minutes as presented, seconded by Vicky Steinkamp, all yea, motion carried.

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

Denis Raab announced that Alliance has accepted and signed the Settlement Agreement, Joshua Mourning provided a detailed update. After further discussion, Denis Raab made the following motion, seconded by Darrell Dechant. Kim Cantrell held a roll call vote: Denis Raab voted yea, John Cook voted no, Darrell Dechant voted yea, Vicky Steinkamp voted yea, motion passed.

WHEREAS, the Board of Directors (“Board”) of Public Water Supply District #2 (“the District”) has considered the transactions contemplated by the proposed Settlement Agreement and Mutual Release, in the form distributed to the Board and attached hereto (the “Settlement Agreement”), by and among the District, Alliance Water Resources, Inc.; and East Central Missouri Water and Sewer Authority;

WHEREAS, the Board wishes to formally approve the form, terms and provisions of the Settlement Agreement, and to approve and declare the advisability of settling all claims in accordance with the terms of the Settlement Agreement; and

WHEREAS, the Board has recommended that the District approve and adopt the Settlement Agreement.

RESOLVED, that, after careful consideration, the Board has determined that the form, terms and provisions of the Settlement Agreement are fair to, and in the best interests of, the District, and that the Settlement Agreement and the District’s performance of its obligations there under are hereby approved; and

RESOLVED FURTHER, that Denis Raab, President of the Board, hereby is authorized and directed to execute and deliver on behalf of the District the Settlement Agreement, such execution and delivery to be conclusive evidence of such approval on behalf of the District.

Kevin Dunn informed the Board they were given the revised March 31, 2018 Financial reports. After further consideration, Vicky Steinkamp motioned to approve the March 31, 2018 Financial Reports, seconded by Darrell Dechant, all yea, motion carried.

Denis Raab requested Kevin Dunn review the District’s Treasurer’s Report Mr. Dunn reviewed the District’s Treasurer’s Report including the Summary of Bank Accounts for the period ending April 30, 2018. Scott Hoffman of Anders updated the Board on the processes taking place. After further discussion, Darrell Dechant motioned to approve the Treasurer’s Report as presented, seconded by Vicky Steinkamp, all yea, motion carried.

Kevin Dunn reported that staff has been working with Anders; the District’s Accounting firm, to determine the actual number of water customer units the District has. Mr. Dunn went on to explain that the numbers that have been reported by Alliance for February 2018 could not be matched up. Mr. Dunn explained that staff has created a calculation that would provide a realistic number of units; however, the number is approximately 1800 customers less that previously reported.

Denis Raab requested an update on the Wright City system acquisition. Kevin Dunn held a taste test with the Board members, letting them taste samples of water from the District’s water treatment plant, the Foristell system which Wright City will be getting and the Wright City system as well. Mr. Dunn pointed out that the point of this test was because it has been made known by the customers of Wright City that they do not like the taste or smell of their water and that pipe needs to be run from Foristell to provide them better water.

Kevin Dunn requested Joshua Mourning to create an addendum to the Woodard & Curran contract to hire an additional 4 employees when taking on the Wright City system.

Denis Raab requested an update on the Cottages of Lake St. Louis repayment for the over refund they were given. Kevin Dunn stated that no payment has been received. After further discussion, John Cook motioned to have a letter drafted to the Cottages giving them 30 days and if no payment is received the services will be disconnected, seconded by Darrell Dechant. Kim Cantrell called a roll call vote: Denis Raab voted yea, John Cook voted yea, Darrell Dechant voted yea, Vicky Steinkamp voted no, motion carried.

Denis Raab provided an update on the Alliance Financial audit stating there was nothing there that stood out.

Mark Piontek explained to the Board members that the Missouri Ethics Commission requires the District maintain a current Conflict of Interest Policy and the Ordinance must be adopted before September 15th of each year. Mr. Piontek stated the Ordinance reads as follows:

**AN ORDINANCE OF PUBLIC WATER SUPPLY DISTRICT NO. 2
OF ST. CHARLES COUNTY, MISSOURI TO ESTABLISH A
PROCEDURE TO DISCLOSE POTENTIAL CONFLICTS OF
INTEREST AND SUBSTANTIAL INTERESTS FOR CERTAIN
DISTRICT OFFICIALS**

After further discussion, Darrell Dechant motioned to approve the Conflict of Interest Ordinance, seconded by Vicky Steinkamp, all yea, motion carried.

Mark Piontek informed the Board he has prepared a Right of Way Agreement for the Water and Wastewater Facilities between the Water District and the City of Wright City. After further discussion, Vicky Steinkamp motioned to approve the Right of Way Agreement, seconded by Darrell Dechant, all yea, motion carried.

John Cook requests a meeting between the Attorneys and the Board to review the construction and engineering contracts the District has and discuss how the District does business in the future. Kevin Dunn stated he will review and schedule a meeting accordingly.

Denis Raab stated he would like a meeting scheduled with St. Charles and Warren County officials to discuss their 5-10-15 year plans, so the District can prepare a valid long-term plan as well.

Brian Schwermann provided an update for the upcoming Certificate of Participation financing. He reported that Standard & Poor's raised its rating on the District from "AA" to "AA+". This rating increase is a testament to the financial and operating strength of the District. In order to complete the financing and sign the Bond Purchase Agreement, a special board meeting will be called for June 27, 2018 at 3 pm.

Brian will also be working with Kevin Dunn to update the budget to include the activity of the Wright City system acquisition. A cost of living rate increase will be incorporated into the updated budget. Further information will be reported at the next board meeting.

Brian also reported that the Federal Reserve raised interest rates 0.25% at their meeting this month. This increase will not have a significant impact on the interest rates for the 2018 Series as this increase has been anticipated. The consensus is that the Federal Reserve will raise interest rates two more times this calendar year. Ranson Financial Corp. will monitor these increases and determine the impact on the Series 2016A variable rate financing. As rates continue to increase, a point could be reached where converting the variable rate issue to a fixed rate issue makes sense.

After further discussion, Darrell Dechant motioned to hold a Special Meeting on June 27, 2018 at 3:00 pm to complete and sign the Bond Purchase Agreement, seconded by Vicky Steinkamp, all yea, motion carried.

Denis Raab requested that Jay Favor of Woodard & Curran provide the Board with an update on the operations of the District. Mr. Favor provided an update on the progression and transition between Woodard & Curran and the District.

Denis Raab requested Ken Stecher present the Engineering report. Mr. Stecher pointed out some of the highlights.

Ken Stecher informed the Board that Donohue & Associates, Inc., submitted a proposal for the engineering services related to Phase 9 of the Lake St. Louis I/I Study at a not-to-exceed cost of \$85,120.00. After further discussion, Vicky Steinkamp motioned to approve the proposal from Donohue & Associates for engineering services related to Phase 9 of the Lake St. Louis I/I Study at a not-to-exceed cost of \$85,120.00, seconded by Darrell Dechant, all yea, motion carried.

Ken Stecher stated that bids were received for the Miscellaneous Sanitary Sewer Improvements and the lowest and best bid was received from St. Charles County Piping at the cost of \$61,565.00. After further discussion, John Cook motioned to approve the bid from St. Charles County Piping for the Miscellaneous Sanitary Sewer Improvement Project at the cost of \$61,565.00, seconded by Vicky Steinkamp, all yea, motion carried.

Ken Stecher explained that Martin General Contractors requested a change order for a time extension an additional \$8,939.50 in money to finalize the project, citing project delays due to weather and scope modifications. After further discussion, Darrell Dechant motioned to approve the change order request from Martin General Contractors in the amount of \$8,939.50, seconded by Vicky Steinkamp, all yea, motion carried.

Ken Stecher stated he is requesting Board approval for Water Main Extension Agreements for the City of O'Fallon extension on Highway DD and for Bridgewater Communities Development. After further discussion, John Cook motioned to approve the Water Main Extension Agreements for the City of O'Fallon extension on Highway DD and for Bridgewater Communities Development, seconded by Darrell Dechant, all yea, motion carried.

Ken Stecher informed the Board that four (4) engineering firms have submitted proposals for providing a Master Plan for 5-10-15 year plans which is to be completed by November 2018. Mr. Stecher stated that staff will be reviewing these proposals.

Ken Stecher also informed the Board that a SCADA Master Plan will also be developed.

Ken Stecher introduced Daniel Woodcock, the new Project Manager for the District's Engineering team.

John Cook asked about Woodard & Curran performing the Water Sampling, Jay Favor stated that yes Woodard & Curran staff could perform the sampling, but it is the lab work that is the costliest of the all the processes. This is still being looked into.


Kim Cantrell presented the memo to the Board with regards to performing the functions of billing and collections for Wright City customers trash. After further discussion, the Board agreed that staff could bill for three (3) months while the transition took place but after that it would be up to the City to perform their own trash billing and collection services.

Denis Raab opened the floor for Public Comment. There was no Public Comments.

Denis Raab stated there are no matters for which the Board should convene in executive session.

Denis Raab inquired if there was any other business to come before the Board. Being no other items for business, Vicky Steinkamp motioned to adjourn; Darrell Dechant seconded, all yea, motion carried

Minutes approved this 11th day of July, 2018.



Denis Raab, President



Kim Cantrell, Clerk

