

Rural Water District No. 7, Johnson County, Kansas

Regular Board Meeting Minutes

August 9, 2022

Director's present via Zoom: Steve Hines, Dennis Carlson, Frank Denning, Chuck Finley, Gary Duggan, Brian Andrew, Mary Nelson and Shawn Hughes. Others present via Zoom: Allan Soetaert, Colin Stalter, Todd Luckman and Mindy Krouch. Absent: Ken McCarty

Chairman Steve Hines called the meeting to order at 5:32 PM.

Chairman Hines requested that the Board of Directors consider the Consent Agenda items. Director Denning moved to approve the consent items noted on the agenda. Director Nelson seconded the motion. Motion passed unanimously.

Agenda item #2 was consideration of KPWSLF Loan Agreement, Amendment #1 for SRF Project 3039. The District's Manager, Allan Soetaert, noted that this project establishes a wholesale supply source with WaterOne; further, that the amendment proposes to establish a loan reserve account of 10% of the total loan amount. This is a typical requirement (loan reserve account); however, Mr. Soetaert reached out to KDHE to consider eliminating this requirement if W7 would (alternatively) consider a threshold Debt Service Coverage Ratio (DSCR) of 140% versus 125%. Beth Warren with Ranson Financial believes this would be a good option for the District and recommended pursuing based on the District's historical DSCR's. Director Duggan moved to accept the Loan Amendment #1 for SRF Project # 3039 pursuant to a response from KDHE denying the District's request for the 140% DSCR limit. Director Nelson seconded the motion. Motion passed unanimously.

Agenda item #3 was consideration of KPWSLF Loan Agreement, Amendment #3 for SRF Project 2988. Mr. Soetaert noted that this loan is the "construction" loan that has been in place during the construction of the Rural Development Project (Projects A, B, C, D & E). The proposed loan amendment modifies the initial projected loan amount from \$4.0 M to approximately \$2.83 M. Mr. Soetaert reminded the BOD that W7 had removed portions of the project that was to be funded because of their slow progress in design and right-of-way acquisition. He also noted that there is approximately \$40,000.00 remaining on the last project, that is yet to be accomplished by the contractor. Mr. Soetaert indicated this loan will soon convert from an SRF to a Rural Development loan because it is nearing completion. Director Andrew moved to accept Loan Amendment #3 for SRF Project #2988. Director Nelson seconded the motion. Motion passed unanimously.

Agenda item #4 was the By-Law Committee Report. Chariman Hines noted that a committee established to review potential changes to the By-Laws comprised Director Nelson, Director Andrew, Chairman Hines and the District Manager, had met on several occasions to discuss proposed changes. These changes were reviewed and modified, where necessary, by the District's legal counsel, Todd Luckman. Chairman Hines reviewed the proposed changes with the remaining board members. The Board offered consensus to the proposed changes and determined that a special meeting of the District patrons be called to consider the modifications, in accordance with the current By-Laws. Mr. Soetaert noted that the special meeting would likely be prior to the BOD's monthly meeting in October, or November.

Chairman Hines then reviewed discussion the committee reviewed regarding multi-dwelling properties. After some discussion, the Board requested that Management and W7 Counsel present a policy for consideration at an upcoming board meeting.

Agenda item #5a was Benefit Unit Forfeiture (#1495). Mr. Soetaert noted this account has had no payment since December 14, 2020 and the service has been locked off since May 12, 2021. All attempts to communicate with the property owner have been unsuccessful. Mr. Soetaert discussed the District's By-Laws pertaining to forfeiture and the rules to re-instate the Benefit Unit at some time in the future. Director Andrew moved to approve the forfeiture of Benefit Unit #1495 in accordance with the District's By-Laws. Director Denning seconded the motion. Motion passed unanimously.

Agenda item #6a was an Edgerton Road Engineering Report by Colin Stalter (GBA). Mr. Stalter presented a study on the Edgerton Road Improvement project, near De Soto, and its impact to the District's infrastructure along this corridor. Mr. Stalter noted that due to the extent of the proposed work on the road, GBA is recommending that the entire length of 12-inch water main along Edgerton Road, be relocated; further, that the cost of the relocation is not the responsibility of W7. After further discussion, Director Duggan moved that the Board accept the engineering report as presented. Director Nelson seconded the motion. Motion passed unanimously.

Agenda item #6c was discussion of the Flint Development near De Soto. Mr. Soetaert noted that the Flint Development is in the same area as the above-mentioned Edgerton Road Engineering Report. Mr. Stalter also provided some information on the proposed development and ultimate domestic and fire suppression needs that may be warranted in the future. Some discussion ensued regarding; however, Mr. Soetaert noted that some additional information would be contained within the forthcoming Master Plan by GBA. No action was taken.

Agenda item 6b was a review of the upcoming Phase II Improvements for New Century Commerce Center, located on the east side of New Century Air Center (NCAC). Mr. Soetaert discussed that GBA has proposed a Water Service Study on how best to provide service to Phase II of this development. Mr. Soetaert noted that the District and NCAC agreed to a service agreement for Phase I; however, Phase II will require some of the District's capacity to serve proposed building sites. Mr. Stalter provided a general overview of the development and potential expansions of District infrastructure but noted that the study that GBA is proposing is provide an overview of all the features that the service from the District will provide to NCAC. These include water main alignments, interconnection features, storage and pumping facilities, system modeling, water quality, and metering vault location and features. Some discussion regarding the cost of the study was reviewed; however, Mr. Soetaert noted that the proposed scope and cost had yet to be finalized. Once that is provided, the BOD will review this item for consideration of accepting. No action was taken.

With no further business to come before the BOD, Director Duggan moved that the board recess into executive session for 10 minutes pursuant to KSA 75-4319 (b). Director Nelson seconded the motion. Motion passed unanimously. The time noted was 6:59 PM.

Upon reconvening the meeting, Director Denning noted that there were no votes, or action taken, during the executive session.

Director Duggan then moved that the Manager's salary be increased 15.6% effective on the next pay cycle of the District's employees. Director Denning seconded the motion. Motion passed unanimously.

There being no further business, Chairman Hines requested a motion to adjourn the meeting. Director Andrews moved such. Director Nelson seconded the motion. Motion passed unanimously.

Respectfully submitted,



Dennis Carlson, Secretary