



KAREGNONDI WATER AUTHORITY
Public Board Meeting
Genesee County Water & Waste Services
(810) 732-7870

MINUTES OF MEETING
April 12, 2011, at 10 a.m.

Meeting Convened 10:00 a.m.
Lapeer County Board Offices

The Pledge of Allegiance was recited.

Moment of Silence and Reflection.

Invocation was given by Greg Alexander.

Roll Call –

All Members Present:

John Postulka (by Proxy), Andrew C. Thompson (by Proxy), John Freeman, Dale Kerbyson, Jeff Wright, Greg Alexander, Amy Planck

All Members Excused with Proxy:

Dayne Walling; Jamie Curtis

All Members Absent:

Delrico Loyd

Minutes:

- Motion for approval of Minutes by *Dale Kerbyson*; Supported by *Andrew Thompson*; No Discussion; Voice Vote – Motion Pass Unanimously

Reports / Correspondence:

- CEO Wright discussed the report to the Board dated April 4, 2011. He indicated that the City of Flint and Genesee County rates will go up 12.4% on July 1, 2011, which equates to approximately \$3,000,000. When calculating the readiness to serve charge, the rates will go up from \$2,000,000 last year, to \$5,000,000 this year.
- CEO Wright indicated he met with Mr. Rustom, who is a key aid to Governor Snyder. He stated Mr. Rustom was enthusiastic about the cooperation between the five communities regarding this project. CEO Wright discussed with Mr. Rustom the possibility of the State of Michigan considering full faith and credit backing. Mr. Rustom thought it was a good idea and indicated he would take the issue to the Governor. Mr. Rustom discussed possibly preparing bond data for prequalification of funding. Mr. Rustom indicated running the bond through the Michigan Municipal Finance Corporation may be a good way of receiving the full faith and credit backing. Trustee Kerbyson indicated that if the Authority had assurance of a good bond rating, Lapeer could go forward, and that would be another positive indication to Detroit that the Authority is serious and moving forward.
- CEO Wright acknowledged the letter received from Trustee Curtis. Andrew Thompson indicated that Trustee Curtis expressed deep concern with the schedule and wanted to impress upon the members of the Board that Genesee County views this project as a high priority. CEO Wright indicated he was taken aback by Trustee Curtis' letter, stating he did not see the logic in the letter. CEO Wright continued by saying the letter makes reference that no progress is being made and progress is being delayed. CEO Wright reminded the Authority that everything is on schedule up to this point. The goal has been to have the engineering done for intake by the end of this year, with

construction beginning early next year. The letter indicates that construction was slated to begin in 2011, which has never been discussed. CEO Wright believes the project is fully on schedule with the timeline that has been discussed since inception. He indicated he will be responding to Trustee Curtis' correspondence.

- CEO Wright indicated he would like the Authority to continue the parallel tracking process. He believes discussion should be had regarding going forward to the point of getting prequalification of up to \$300,000,000 for the bonding. He would like support to contract with the KWA Bond Counsel to start the pre-approval process.
- CEO Wright indicated that Trustee Curtis wants to have the capacity contracts signed as soon as possible. Discussion was had regarding the fact that there were several issues to be considered before moving forward with capacity contract signing, such as bonding, the City of Flint reviewing the option of using the Flint River as a water source, and the possibility of EFM becoming involved. Additionally it was suggested that in order to stay on track with the time line, a good idea may be to have two or three engineering firms for the Authority to consider at the next meeting. It was also stated that correspondence would probably be received from St. Clair by the next meeting indicating volume needs and whether or not they would be participating as a partner or a buyer.
- Trustee Kerbyson indicated three years ago the City of Lapeer put together a very aggressive demand study for the pipeline. A copy of the study was given to the Authority members. Trustee Kerbyson indicated that he felt each community should present a study similar to the City's study so justification was given regarding each community's request for water before capacity contracts were signed. Trustee Kerbyson concurred with CEO Wright that it was premature to have capacity contracts signed at this juncture. He believes the Authority should take a step back and slow down with sizing and demand for capacity contracts until justification is received from individuals that want to draw water.
- Trustee Kerbyson indicated that he had a brief discussion with the Detroit City Council President regarding the water withdrawal status and the fact that KWA or someone in the tier was not brought to the table when Detroit expanded their Water Board. The Council President did not know why, but he did say that they are willing to sit down and talk with Authority. At Trustee Kerbyson's request, CEO Wright will be put together a memorandum to the City of Detroit regarding ongoing communication.
- Trustee Kerbyson initially considered bringing a motion to alter the goal of having capacity contracts signed at the end of May to July. CEO Wright asked that a time frame not be put on the signing of contracts as of yet as the bonding issue may take a little longer. He suggested considering putting a time frame on the contract signing when the other parallel tracks were complete. Trustee Kerbyson withdrew his motion.

Consent Agenda: None

Public Comment – Agenda Items Only: None

Old Business: None

Second Public Comment: None

Board Comment: Trustee Kerbyson indicated the City of Lapeer's water usage template was done in conjunction with engineers and the Water Department staff and was simply being offered as a tool. Vice Chairman Alexander indicated that in the time line possibly highlighting the detail needed from each entity in support of their request for water.

Motion to Direct the CEO to refine the time line that provides basis for further study by *John Freeman*; Supported by *John Postulka*; No Discussion; Voice Vote – Motion Passed Unanimously

Discussion was had regarding scheduling of future meetings. There would have to be a meeting in July regarding the budget. It was agreed that this point to stick to monthly meetings. Discussion was had CEO Wright indicated that he believed Miller Canfield would be contacting each community prior to the next meeting but before they could move forward CEO Wright needed input from the Board as to whether or not to authority Miller Canfield to start on that process.

Motion to start process of preliminary prequalified bonding with Miller Canfield as the Authority's legal bond counsel by *Dale Kerbyson*; Supported by *John Freeman*; No Discussion; Voice Vote – Motion Passed Unanimously.

CEO Wright was directed by the Board to schedule the May meeting in Genesee County and the June meeting in the City of Flint.

Motion to Adjourn Meeting by *Dale Kerbyson*; Support by *John Freeman*.

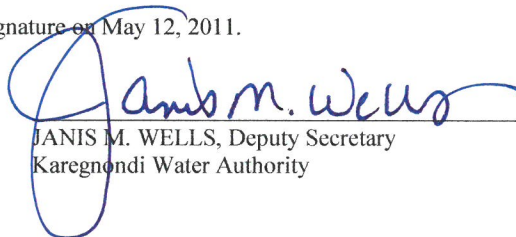
Vice Chairman Adjourned Meeting at 10:54 a.m.

MEETING MINTUES DECLARED ADOPTED.

STATE OF MICHIGAN)
) ss:
COUNTY OF GENESEE)

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of the Minutes of Meeting on April 12, 2011, adopted by the Karegnondi Water Authority Board, acting in Genesee County, at a meeting held on May 10, 2011, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on May 12, 2011.


JANIS M. WELLS, Deputy Secretary
Karegnondi Water Authority