

EAST RANGE WATER BOARD

Regular Meeting

Thursday, February 1, 2024

City/Town Government Center

4:30 P.M.

Appointed Board Members for City of Aurora: Doug Gregor, Chairman of the Board; David Skelton (via Zoom – posted voting member); Dennis Schubbe;

Appointed Board Members for the Town of White: Jon Skelton, Vice Chairman of the Board; Clark Niemi;

Other Team Members: Luke Heikkila (COA); Kimberly Berens (COA); Jodi Knaus (TOW); Jim Gentilini (COA); Mike Larson (SEH); Miles Jensen (SEH); Kevin Young (SEH); Mia Thibodeau (Fryberger Law); Shannon Sweeney (David Drown Associates);

Also Present: Town of White Board of Supervisors and City of Aurora Council Members to have a Joint Special Meeting as posted

AGENDA

1. Call to Order/Roll Call
2. Consent Agenda:
 - a. Approval of January 17, 2024 Regular Meeting Minutes & Reorganization Meeting Minutes
 - b. Treasurer's Report – Review Funding Balances
 - c. Approval of Disbursements
 - 1.
 - d. Correspondence – None
3. Legal Matters – Updates Including but not limited to:
 - a. Scenic Acres Land & Facility Title Clearance Status – Tabled until further notice;
 - b. Creation of New Legal Entity Timeline & Guidance – Tabled to end of Project;
4. Guests – No requests received
5. Engineering Updates - SEH
 - a. Funding Initiatives & Cumulative Accounting – Updates by Mike Larson
 1. PFA Resolution for Water Plant Loan & Rate Structure Review
 - i. City of Aurora Resolution 2024-10
 - ii. Town of White Resolution 2024-08
 - b. Engineering Work – Updates for February 2024
 1. Awarding of Bids
 2. Delegation Committee Meeting Updates
 3. Design Updates
 4. Appropriations Permit – DNR Review Status
 5. Federal Environmental Review Status
 6. Project Certification
 7. Contingency Agreement Status
 8. Project Permits
 9. Project Schedule
6. Community Outreach
7. Other Business
 - a. St. James Pit & Current Water Plant updates – Jim Gentilini
8. Next Meeting Date: Wednesday, March 20, 2024 4:30 P.M.
9. Adjournment

EAST RANGE WATER BOARD
Monthly Meeting Minutes
Wednesday, January 17, 2024 4:30 P.M.
City/Town Government Center

Appointed Board Members for City of Aurora: Douglas Gregor, Chairman of the Board; David Skelton (via Zoom, non-voting); Dennis Schubbe;

Appointed Board Members for the Town of White: Jon Skelton, Vice Chairman of the Board; Clark Niemi;

Absent Board Members: None

Others Present: Lucas Heikkila (COA); Kimberly Berens (COA); Jodi Knaus (TOW); Robert Rutka (Resident), Richard Hess (COA Councilor); Mike Larson (SEH); Mia Thibodeau (Fryberger Law via Zoom); Jim Gentilini (COA)

1. A board meeting was called to order by Chairman Gregor at 4:30 P.M.
2. Consent Agenda:
 - a. Approval of December 20, 2023 Regular Meeting Minutes
 - b. Treasurer's Report – Interim Financing: \$189,939.07; Biwabik Fund: \$72,132.56; Total: \$262,071.63;
 - c. Approval of Disbursements:
 1. SEH - \$2,058.00
 - d. Correspondence – None

MOVED BY CLARK NIEMI, SUPPORTED BY JON SKELTON APPROVING THE CONSENT AGENDA AS PRESENTED.
MOTION CARRIED

3. Legal matters – Updates including but not limited to:
 - a. Scenic Acres Land & Facility Title Clearance Status – Tabled until further notice.
 - b. Creation of New Legal Entity Timeline & Guidance – Tabled until end of project.
4. Guests – None
5. Engineering Updates
 - a. Funding Initiatives & Cumulative Accounting – Updates by Mike Larson & Doug Gregor
 - 1.) PFA Meeting was held on 12/29/23 – the ability to pay the loan needs to be demonstrated by Resolution; draft application was submitted and special appropriations application was also submitted; Thibodeau has concerns about the \$12 million loan and urged the Board to wait until formal responses from the EPA and IRRR are received and to share these responses with Jeff at the PFA. She wants to be included in any correspondence relating to financing the Project.
 - 2.) Gregor, Heikkila, & David Skelton met with Representative Lislegard on 1/2/24 – Lislegard will meet with Senator Smith & Senator Klobuchar for the 569 funding.
 - 3.) Gregor & Heikkila met with IRRR Commissioner Rukavina & Whitney Ridlon on 1/5/24 to secure an additional \$1 million in project funding; a Resolution would be needed in March.
 - 4.) Army Corps Section 569 Application is being submitted for the Project; the funding CAP could be increased to \$10 million
 - 5.) Larson & Heikkila met and drafted an EPA application to be sent to the Army Corps
 - b. Engineering Work – No updates were given by SEH
 - 1.) Awarding of bids status – discussion took place to either extend awarding or award on Feb. 1st; Heikkila will reach out to the contractors regarding an extension to 3/1/24.
 - 2.) Delegation Committee Meeting Updates
 - 3.) Design Updates – None discussed
 - 4.) Appropriations Permit – DNR Review Status – Pending
 - 5.) Federal Environmental Review Status – Notice has been published for 30 days and posted; still waiting for response from Felicia.
 - 6.) Project Certification
 - 7.) Contingency Agreement Status – No discussion

- 8.) Project Permits – All good
- 9.) Project Schedule – an updated timeline is needed
- 6. Community Outreach – informational ads will be published in the East Range Times
- 7. Other Business
 - a. St. James Pit & current water plant updates – pumping will begin next week
- 8. Next Meeting Date: Wednesday, February 1, 2024 4:30 p.m.
- 9. Adjournment

MOVED BY CLARK NIEMI, SUPPORTED BY DENNIS SCHUBBE TO ADJOURN AT 5:26 PM. MOTION CARRIED

EAST RANGE WATER BOARD

Re-Organization Meeting Minutes

Wednesday, January 17, 2024

City/Town Government Center

Appointed Board Members for City of Aurora Present: Doug Gregor, Chairman of the Board; David Skelton (via Zoom-non-voting); Dennis Schubbe;

Appointed Board Members for the Town of White Present: Jon Skelton, Vice Chairman of the Board; Clark Niemi;

Other Team Members Present: Kimberly Berens (COA); Jodi Knaus (TOW);

1. The Annual Reorganization Meeting was called to order by Chairman Gregor at 5:30 p.m.
2. Appointment of Chairman, Vice Chairman, and Secretary/Treasurer Board Members:
MOVED BY JON SKELTON, SUPPORTED BY CLARK NIEMI TO KEEP THE OFFICES FILLED WITH THE SAME APPOINTED IN 2023 IN 2024 WITH GREGOR AS CHAIRMAN, JON SKELTON AS VICE CHAIRMAN AND DAVID SKELTON AS SECRETARY/TREASURER AND VICE CHAIRMAN WILL SIGN DOCUMENTS IN SECRETARY/TREASURER'S ABSENCE. MOTION CARRIED
3. RESOLUTION 2024-001 RULES OF PROCEDURE FOR THE EAST RANGE WATER BOARD, DESIGNATION OF OFFICIAL DEPOSITORIES, DESIGNATION OF COLLATERAL AUTHORITY, DESIGNATION OF OFFICIAL NEWSPAPER, AND MAKING FURTHER OPERATIONAL DETERMINATIONS AND DESIGNATIONS FOR THE EAST RANGE WATER BOARD WAS PRESENTED:

WHEREAS, the East Range Water Board with offices in the City of Aurora at 16 West 2nd Avenue North, Aurora Minnesota 55705 (the "**Board**") is the governing body of that certain joint powers entity which was created pursuant to Minnesota Statutes, Section 471.59, as the same may be amended from time to time (the "**Act**") and the provisions of the Joint Powers Agreement (as it may be further amended and supplemented from time to time, the "**Agreement**") which was entered into on July 22, 2021 by and between the City of Aurora, Minnesota, a municipal corporation under the laws of the State of Minnesota ("**Aurora**") and the Town of White, a Township duly organized in St. Louis County, Minnesota ("**White**", and collectively the "**Governmental Units**"), and

WHEREAS, the Board upon properly posted notice is meeting in open public session at the Council Chambers in City Hall in the City of Aurora, and has previously adopted Robert's Rules of Order as its rules of procedure for the conduct of its meetings and business, and hereby finds that such rules as previously adopted are sufficient for this year and future years, and

WHEREAS, the Act and Minnesota Statutes Chapter 427, as each of the same may be amended from time to time, requires the Board to establish official depositories for Board and related City funds; and

WHEREAS, the Board has previously designated and now wishes to re-designate, depositories for Board and related City funds which, pursuant to Minnesota State Statutes are required to be deposited in such manner as to be secured by deposit insurance, bond, or collateral; and further, that State Statute 118.01 requires approval of collateral submitted for security and allows the Board to designate an official with approval authority, and

WHEREAS, State Statutes mandate the Board to designate an Official Newspaper for the Board's publication of Annual Financial Statements, Board Proceedings, Notices of Official meetings, Resolutions, and other official Board notices and that such newspaper must be a paper of general circulation in the Board's Service Area as described in its adopted By-Laws; and

WHEREAS, in the interest of disseminating public information, the Board designates a radio station as the designated official radio station;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby re-adopts the "Rules of Procedure" adopted in 2022 as being those provided in Robert's Rules of Order, and

BE IT FURTHER RESOLVED that the day, time, and place for Regular meetings of the Board shall be the 3rd Wednesday of each month starting at 4:30 p.m., unless otherwise subsequently determined by the Board; and,

BE IT FURTHER RESOLVED that the Fryberger Law Firm of Duluth, Minnesota is hereby designated as the Board's legal advisors for 2024 unless subsequently terminated; and

BE IT FURTHER RESOLVED that the Board hereby designates the East Range Times as the Official Newspaper of the Board for 2024 and the Secretary of the Board should publish all designated public notices in said newspaper.

BE IT FURTHER RESOLVED that the Board hereby designates WEVE of Eveleth as Official Radio Station for 2024.

BE IT FURTHER RESOLVED that the official posting area for official notices of the Board shall be the notice Board within the City/Town Government Center, at 16 West 2nd Avenue North, Aurora Minnesota 55705; and,

BE IT FURTHER RESOLVED that the Board hereby designates as its engineering firm for the Project, Short, Elliott, and Hendrickson, Inc.; and

BE IT FURTHER RESOLVED that the Board designates as its insurance agent and agency, Jared Ahrens of the Ahrens Insurance Agency, Inc.; and,

BE IT FURTHER RESOLVED that the Board hereby designates the Northern State Bank of Aurora as official depository of Board and related City funds and authorizes the authorized agents of the Board to deposit funds in said institution only to the extent that the institutions have provided documentation of collateral in at least 110% of the amount authorized to be deposited therein, and;

BE IT FURTHER RESOLVED, that the Board designates the accounting firm of Walker, Giroux & Hahne as its auditing firm for 2024; and,

BE IT FURTHER RESOLVED that the Board designates David Drown Associates acting through its employee Shannon Sweeney as the Board's financial advisory firm for 2024; and,

BE IT FURTHER RESOLVED that the Board designates the Board's Treasurer as its authorized agent to approve collateral that conforms to State Statute guidelines submitted as security for such Board and related City funds, and

BE IT FURTHER RESOLVED that non-publicly employed Board members who are not otherwise publicly compensated are entitled to a payment at the rate of Thirty dollars (\$30.00) for each attendance at an official meeting of the Board.

ADOPTED this 17th^{day} of January 2024. MOVED BY JON SKELTON, SUPPORTED BY DENNIS SCHUBBE. MOTION CARRIED

4. Adjournment

MOTION BY CLARK NIEMI, SUPPORTED BY DENNIS SCHUBBE TO ADJOURN MEETING AT 5:34 P.M. MOTION CARRIED

Respectfully Submitted, Jodi Knaus

ERWB - Interim Financing

Revenue

	DATE	INVOICE #	VENDOR	DESCRIPTION	
Beginning Balance	7/22/2021		First Independent Bank	Interim Financing	\$ 1,000,410.00
<i>Ending Balance</i>					<u>\$ 1,000,410.00</u>

Disbursements

	DATE	INVOICE #	VENDOR	DESCRIPTION	
	7/3/2023	23692735.00-3	BARR	Embarrass Pit Groundwater Model Update	\$ 6,141.50
	7/31/2023	STERWB-0623	APG	Ad for Bids	\$ 29.82
	8/3/2023	266867	Range Office	Paper for save the date	\$ 90.55
	8/14/2023	451694	SEH	ERWB Tasks 2-4	\$ 2,265.00
	8/17/2023	08.17.2023 kjb	Park State Bank - Dollar General	ERWB Public Mtg Supplies	\$ 34.25
	8/24/2023	08.24.2023 kjb	Park State Bank - Ogami	ERWB Public Mtg Supplies	\$ 133.14
	8/30/2023	08.30.2023 kjb	Park State Bank - Ogami	ERWB Public Mtg Supplies (refund sales tax)	\$ (9.14)
	9/5/2023	MT80000979-0823 ERWB	APG	Ad for Bids	\$ 22.35
	9/11/2023	23692735.00-4	BARR	Embarrass Pit Groundwater Model Update	\$ 494.50
	9/13/2023	23-002	Steve Thorp	Plan Review plus Insurance	\$ 3,275.00
	9/15/2023	453261	SEH	ERWB Tasks 2-4	\$ 22,650.00
	9/27/2023	1502-ERWB	East Range Times	Community Invite Inserts	\$ 300.00
	10/13/2023	455171	SEH	ERWB Tasks 2-4	\$ 11,325.00
	10/31/2023	STERWB-1023	APG	Project Bid Ads	\$ 181.17
	11/6/2023	456114	SEH	ERWB Tasks 2-4	\$ 11,442.00
	9/30/2021	2909109	NTS	Drilling	\$ 6,850.00
	12/31/2022	2022	LMCIT	Reimbursement Insurance Premium	\$ (7.00)
	12/31/2022		Employee Wages, FICA, & Medicare	2022 Wages, FICA and Medicare	\$ 1,158.11
	10/31/2023		Employee Wages, FICA, & Medicare	2023 Wages, FICA and Medicare	\$ 839.74
	11/30/2023		Employee Wages, ICA and Medicare	November 2023	\$ 64.60
	12/14/2023	22438.000005.12312	Fryberger, Buchanan, Smith & Frederick	Easement Agreement	\$ 17,365.46
	12/14/2023	2023	LMCIT	Reimbursement Insurance Premium	\$ (9.00)
	12/18/2023	458867	SEH	ERWB Tasks 2-4	\$ 2,058.00
	12/31/2023		Employee Wages, FICA, & Medicare	December 2023	\$ 64.60
	1/31/2024		Employee Wages, FICA, & Medicare	Janauary 2024	\$ 64.60

Total Disbursements \$ 810,535.53

Ending Balance as of 02.01.2024 \$ 189,874.47

Biwabik Fund *beginning balance 10.21.2021* \$ 129,839.79

	DATE	INVOICE #	VENDOR	DESCRIPTION	
	1/1/2022		First Independent Bank - Russell	Interest Payment	\$ 6,198.62
	6/1/2022		First Independent Bank - Russell	Interest Payment	\$ 7,017.30
	1/1/2023		First Independent Bank - Russell	Interest Payment	\$ 7,017.00
	6/1/2023		First Independent Bank - Russell	Interest Payment	\$ 7,017.00
	4/1/2023	22438.000000.12303	Fryberger, Buchanan, Smith & Frederick	Legal Matter	\$ 3,159.41
	12/1/2023		First Independent Bank - Russell	Interest Payment	\$ 7,017.00
	11/15/2023		Missing invoices from original tracking	SEH, Mesabi Bituminous, Costin, Building Rescue	\$ 20,280.90

Biwabik Fund ending balance as of 02.01.2024 \$ 72,132.56

TOTAL ENDING BALANCE Biwabik and Interim Financing combined as of 02.01.2024 \$ 262,007.03

City of Aurora, Minnesota
Resolution No 2024-10

BE IT RESOLVED that the City of Aurora is hereby applying to the Minnesota Public Facilities Authority for a loan from the Clean Water Revolving Fund/Drinking Revolving Fund for improvements to its municipal wastewater treatment system/drinking water system as described in the loan application.

BE IT FURTHER RESOLVED that the City of Aurora estimates the loan amount to be up to \$12,000,000 or the as-bid cost of the project.

BE IT FURTHER RESOLVED that the City of Aurora adopts the following rate structure for its water enterprise to account for repayment of this loan, with allocating additional cash reserves as needed to remain balanced:

12 MM	Rate Increase	Raise	Total Bill
2024	\$	7.00	\$ 40.25
2025	\$	7.00	\$ 47.25
2026	\$	31.00	\$ 78.25
2027	\$	5.00	\$ 83.25
2028	\$	5.00	\$ 88.25
2029	\$	5.00	\$ 93.25

BE IT FURTHER RESOLVED that the City of Aurora has the legal authority to apply for the loan, and the financial, technical, and managerial capacity to repay the loan and ensure proper construction, operation and maintenance of the project for its design life.

I CERTIFY THAT the above resolution was adopted by the City of Aurora on February 6th, 2024.

Signed: _____
Name: _____
Title: _____

Witnessed: _____
Name: _____
Title: _____

Town of White, Minnesota
Resolution No 2024-08

BE IT RESOLVED that the Town of White along with the City of Aurora acting as the fiscal agent is hereby applying to the Minnesota Public Facilities Authority for a loan from the Clean Water Revolving Fund/Drinking Revolving Fund for improvements to its municipal wastewater treatment system/drinking water system as described in the loan application.

BE IT FURTHER RESOLVED that the Town of White and the City of Aurora acting as the fiscal agent estimates the loan amount to be up to \$12,000,000 or the as-bid cost of the project.

BE IT FURTHER RESOLVED that the Town of White adopts the following rate structure for its water enterprise customers to account for repayment of this loan, with allocating additional cash reserves as needed to remain balanced:

12 MM	Rate Increase	Raise	Total Bill
2024	\$	7.00	\$ 40.25
2025	\$	7.00	\$ 47.25
2026	\$	31.00	\$ 78.25
2027	\$	5.00	\$ 83.25
2028	\$	5.00	\$ 88.25
2029	\$	5.00	\$ 93.25

BE IT FURTHER RESOLVED that the Town of White and the City of Aurora acting as the fiscal agent has the legal authority to apply for the loan, and the financial, technical, and managerial capacity to repay the loan and ensure proper construction, operation and maintenance of the project for its design life.

I CERTIFY THAT the above resolution was adopted by the Town of White on February 8th, 2024.

Signed: _____
Name: _____
Title: _____

Witnessed: _____
Name: _____
Title: _____

12 MM	ERU	Rate Increase	Raise	Total Bill	Total	\$	
						\$	361,954.00
2024	947	\$	7.00	\$ 40.25	\$ 79,548.00	\$	441,502.00
2025	947	\$	7.00	\$ 47.25	\$ 159,096.00	\$	521,050.00
2026	990	\$	31.00	\$ 78.25	\$ 534,600.00	\$	896,554.00
2027	990	\$	5.00	\$ 83.25	\$ 594,000.00	\$	955,954.00
2028	990	\$	5.00	\$ 88.25	\$ 653,400.00	\$	1,015,354.00
2029	990	\$	5.00	\$ 93.25	\$ 712,800.00	\$	1,074,754.00

Minnesota Public Facilities Authority
 Clean Water and Drinking Water State Revolving Fund Programs - Application Forms
Form 06 Cash Flow Worksheet

Aurora
 DW-Part B: 1690002-6
 Consolidation - E Messabi Joint
 Water Sys

This information enables the applicant to demonstrate that revenues are sufficient to cover all system costs (existing debt, new debt and the operation costs of the system). Please contact your MPFA loan officer if you wish to submit the information in an alternate form you or your financial advisor uses.
 The MPFA may request, after reviewing the application, that the municipality conduct a rate study and provide a more detailed cash flow analysis.

Year	O,M & R	W/F System			Total	Sewer/Water			Total	Reserves to be used	Surplus (Deficit)
		Existing Debt	New MPFA Debt Service (x 105%)	W/F Regl Fund (0.50/1000 gallons flow)		Other	Expenses	User Charges			
2023	337,302	-	501,889	-	337,302	361,954			361,954		24,652
2024	342,362	85,006	501,889	2,500	931,757	441,502			441,502	490,255	-
2025	347,497	89,301	501,889	2,500	941,187	521,050			521,050	420,137	-
2026	352,709	87,506	501,889	2,500	944,604	896,554			896,554	94,526	46,476
2027	358,000	85,656	501,889	2,500	948,045	955,954			955,954		7,909
2028	363,370	88,671	501,889	2,500	956,430	1,015,354			1,015,354		58,924
2029	368,821	86,366	501,889	2,500	959,576	1,074,754			1,074,754		115,178
2030	374,353	83,821	501,889	2,500	962,563	1,074,754			1,074,754		112,191
2031	379,968	87,161	501,889	2,500	971,518	1,074,754			1,074,754		103,236
2032	385,668	84,387	501,889	2,500	974,444	1,074,754			1,074,754		100,310
2033	391,453	80,600	501,889	2,500	976,442	1,074,754			1,074,754		98,312
2034	397,325	82,700	501,889	2,500	984,414	1,074,754			1,074,754		90,340
2035	403,285	78,700	501,889	2,500	986,374	1,074,754			1,074,754		88,380
2036	409,334	81,600	501,889	2,500	995,323	1,074,754			1,074,754		79,431
2037	415,474	-	501,889	2,500	919,863	1,074,754			1,074,754		154,891
2038	421,706	-	501,889	2,500	926,095	1,074,754			1,074,754		148,659
2039	428,032	-	501,889	2,500	932,421	1,074,754			1,074,754		142,333
2040	434,452	-	501,889	2,500	938,841	1,074,754			1,074,754		135,913
2041	440,969	-	501,889	2,500	945,358	1,074,754			1,074,754		129,396
2042	447,584	-	501,889	2,500	951,973	1,074,754			1,074,754		122,781
2043	454,298	-	501,889	2,500	958,687	1,074,754			1,074,754		116,067
2044	461,112	-	501,889	2,500	965,501	1,074,754			1,074,754		109,253
2045	468,029	-	501,889	2,500	972,418	1,074,754			1,074,754		102,336
2046	475,049	-	501,889	2,500	979,438	1,074,754			1,074,754		95,316
2047	482,175	-	501,889	2,500	986,564	1,074,754			1,074,754		88,190
2048	489,408	-	501,889	2,500	993,797	1,074,754			1,074,754		80,957
2049	496,749	-	501,889	2,500	1,001,138	1,074,754			1,074,754		73,616
2050	504,200	-	501,889	2,500	1,008,589	1,074,754			1,074,754		66,165
2051	511,763	-	501,889	2,500	1,016,152	1,074,754			1,074,754		58,602
2052	519,439	-	501,889	2,500	1,023,828	1,074,754			1,074,754		50,926
2053	527,231	-	501,889	2,500	1,031,620	1,074,754			1,074,754		43,134

please use the next page to explain assumptions

Assumptions:

Inflation factor for O&M costs:	1.50%
Proposed percent annual increase for user rates:	1.50%
Estimated No. of new connections per year:	2

Other relevant information:

This cash flow worksheet shows this project does not have a deficit over thirty years. This worksheet reflects that the City of Aurora and the Town of White have passed resolutions (attached) committing to borrowing \$12,000,000 and to raise user rates to be able to pay O&M and debt service payments for the next 30 years. An actual surplus will be realized if the need of our loans are reduced due to additional grant funding secured.

2024 Rate increase \$7 *947 ERU* 12 months = \$79,548 + 2023 user charges of \$361,594 = \$441,502 Total User Charges + Cash transfer from reserves of \$490,255 = \$931,757 Total Revenues. 2025 Rate increase of another \$7 (\$14 total)947 ERU's x \$14x 12 months = \$159,096+ \$441,502 (2024 revenues) with cash transfer from reserves of \$340,589 Totals \$941,187. 2026 Rate increase of \$7 (\$21 total) 990 ERU's including Scenic Acres *12 months = \$249,480 + \$600,598 = \$850,078 + cash Reserve Transfer of \$94,526 = \$944,604. 2027 Rate increase of \$7 (\$28 total) * 990 ERU * 12 months = 332,640 + 850,078

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