

GOGEBIC RANGE WATER AUTHORITY
REGULAR MEETING – JANUARY 11, 2007
MINUTES

The Gogebic Range Water Authority met in regular session on Thursday, January 11, 2007, at the Bessemer Township Hall in Ramsay, MI 49959. Meeting notice was published in the Daily Globe newspaper.

CALL TO ORDER: Meeting was called to order by Chairman Rickard, followed by the pledge of allegiance to the flag.

ROLL CALL: Present: Anderson, Bertetto, Ozzello, Olsen, Rickard, Pikka, Smith, Grenfell, Salmi, Estola

Absent: None

Also present: Dave Traczyk, GRWA Auditor; Chuck Lawson, GRWA engineer; Ron Greenlee, Wal-Mart Attorney, Keith Johnson & Garth Stengard, Coleman Engineering representing Wal-Mart; and Richard Brooks, community resident.

PRESENTATION OF GRWA AUDIT FOR THE YEAR ENDED JUNE 30, 2006.

Mr. Dave Traczyk, CPA gave a summary of the 2006 audit. He states that since GRWA received over \$500,000 in grant funding from USDA two audits were performed; one of the compliance with the USDA funds and bond ordinance and one of the general operations of the GRWA. Mr. Traczyk stated that he rendered an unqualified clean opinion with no findings.

Moved by Ozzello and supported by Smith to accept and place on file the 2006 audit. Motion was unanimously carried upon a roll call vote.

PRESENTATION BY WAL-MART ATTORNEY:

Mr. Ron Greenlee, attorney representing Wal-Mart in the obtaining of the agreements for providing utilities for the proposed construction of a new super-center store in Ironwood Township was present to respond to GRWA's concerns regarding their portion of the contract to provide water to the site. Several items at issue were; the length of time needed to construct the water main, construction start date, take over clause and a provision for extension of time due to unforeseen events. After lengthily discussion, Mr. Greenlee will relay to Wal-Mart GRWA's request to have the construction time changed to 115 days from 15 days. Mr. Greenlee stated that GRWA will be expected to complete all of their part of the water main by July 1, 2007. Letters may be sent requesting extensions of time for delays that are beyond the control of either party. The GRWA request for a clear definition of what Wal-Mart expects as repayment of their contribution to build the water main and for how long was not addressed. Mr. Greenlee will try to obtain a copy of any past agreements in which this was enacted by Wal-Mart. GRWA will receive an amended agreement within two weeks and will have the GRWA attorney review it. Mr. Greenlee stated that Wal-Mart expects to close on the property options in Ironwood Township and start clearing the property in early March of 2007 that will possibly be the notice to proceed for GRWA to start work on the water main.

PRESENTATION OF MINUTES: Moved by Olsen and supported by Ozzello to accept as presented and place on file the minutes of the December 14, 2006 regular meeting. Motion carried.

OPERATING ACCOUNT CLAIMS: Moved by Bertetto and supported by Grenfell to approve payment of the claims against the operating account in the amount of \$58,677.65, which includes USDA Rural Development Phase 2 Loan 91-03 principal and interest payment of \$39,930.00 due February 1, 2007. Motion was unanimously carried upon a roll call vote.

COMMUNICATIONS: Moved by Ozzello and supported by Smith to place the communications on file. Motion carried

OLD BUSINESS:

A. An overview of the tentative bulk rate for water purchase by Ironwood Township from the City of Ironwood was presented to the GRWA Board for discussion. The bulk rate as proposed will reduce the rate now paid by Ironwood Township by about 50% in the first year. A "Bulk Rate Purchase Agreement" will have to be negotiated. None of the entities involved have agreed to the proposal at this time.

B. Administrator Verbos outlined the process that will be needed to transfer the Bessemer Township water system to the GRWA now that Bessemer Township adopted the Franchise Agreement. Due to the volatile funding cost offered by USDA for the Anvil/ Indianhead project, the first item of business would be to transfer the financial segment of the Township water system in order to cut out the "middleman" mark up of the water cost and free up the money to make the debt retirement on the Anvil water system improvements without raising the rates.

The GRWA Board directed the administrator to proceed with drafting an agreement for the transfer of Bessemer Township's water system to GRWA, which would be reviewed by the GRWA attorney when completed.

NEW BUSINESS: None

FINANCIAL REPORTS: Moved by Anderson and supported by Bertetto to place the financial reports on file. Motion carried.

PUBLIC COMMENT AND OTHER BUSINESS:

Chuck Lawson, project engineer, stated that a possible funding source for the Ironwood Township water system project might be Michigan Drinking Water Revolving Loan Fund since the interest rates are running in the range of 2.5 %. The preliminary study required to access the funding is more intense than USDA requirements and the GRWA will need to obtain a "Class A" bond rating.

**ADJOURNMENT: Moved by Ozzello and supported by Bertetto to adjourn at 7:45 p.m.
Motion carried.**

Walter Rickard, Chairman

G. Jean Verbos Administrator