

POWDERHORN AREA UTILITY DISTRICT
REGULAR MEETING – JUNE 21, 2007
MINUTES

The PAUD Board met in regular session at 4:30 p.m. on June 21, 2007 at the Ironwood Township Hall, Ironwood MI 49938. Notice of meeting was published in the *Daily Globe* newspaper "8 Day Calendar of Events"

CALL TO ORDER: The meeting was called to order by Chairman Estola, followed by the pledge of allegiance to the flag.

ROLL CALL: Present: Estola, Randall and Salmi
Absent: None

Also present: Chuck Lawson and Duwayne Ide, Wilcox Engineering; Louis Sworab, DPW; and seven citizens.

MINUTES: Moved by Randall and supported by Salmi to accept as presented and place on file the minutes of the May 17, 2007 regular meeting. Motion carried.

OPERATING ACCOUNT CLAIMS: Moved by Estola and supported by Randall to approve payment of the claims against the operating account in the amount of \$4069.98. Motion was unanimously carried upon a roll call vote.

COMMUNICATIONS: Moved by Salmi and supported by Randall to receive and place on file the communications. Motion carried.

OLD BUSINESS:

A. Administrator reported that according to Steve Frank, Assistant Attorney to Don Keim, of Miller, Paddock & Stone Law Firm, that PAUD could not legally set a rate that gives discounts to a certain class of consumers. Therefore, setting rates for hardship/disabled/elderly or full time residents that is different from the rate paid by the remaining property owners is not legal.

B. Administrator reported that PAUD has received a complaint filed in Gogebic County small claims court by Mike Dorus, property owner in the sewer district, regarding the legality of the rate used to bill the 4Q 2006 sewer fees. Mr. Dorus is seeking a refund \$154.00. Administrator spoke with attorney, Steve Frank, regarding this issue and has been advised to have the PAUD Board adopt a resolution that would amend and clarify the intent to have the rate ordinance retroactive to October 1, 2007.

C. Chuck Lawson, project engineer, reported that the general contractor is addressing the final construction project punch list items and PAUD should be able to close the project in July with the final draw in August. Mr. Lawson reported that the project has come in under budget and that any remaining loan funds could be used to make a principal payment on one of the USDA loans used to finance the project.

D. Administrator reported that R. Pearson, owner of 50 units at the Powdermill Inn is in arrears with his sewer bill. Mr. Pearson has paid nothing to date and currently owes over \$9000.00. A lien will be suggested for these properties if not paid by Sept. 1, 2007.

NEW BUSINESS;

A. The Board reviewed and discussed the "Sewer Rate Clarifying / Amending" Resolution. This will clarify the board's intent to use this rate for the 4Q 2006 sewer billing and amends the "effective" date to state such.

Moved by Estola and supported by Salmi to adopt the "Sewer Rate Clarifying/Amending" Resolution.

Motion was unanimously carried upon a roll call vote.

B. Administrator suggested the Board hire an independent consultant to perform a rate study to see what types of rates they would recommend for a sewer system such as PAUD.

Moved by Salmi and supported by Estola to authorize the administrator to seek statements of qualifications and cost estimates to perform a rate study for PAUD.

Motion was unanimously carried upon a roll call vote.

C. Administrator requested authorization to contact local attorney, Mr. Mark McDonald, to see if he would be interested in being the attorney of record for PAUD.

Moved by Estola and supported by Randall to authorize the administrator to contact Mr. McDonald with the request.

Motion was unanimously carried upon a roll call vote.

D. Moved by Randall and supported by Salmi to approve and authorize signatures on project partial pay request #30 in the amount of \$43,732.35.

Motion was unanimously carried upon a roll call vote.

E. Moved by Estola and supported by Randall to approve and authorize signatures on project change order #19, which is an balancing change order, with a net decrease in the contract of \$11245.00.

Motion was unanimously carried upon a roll call vote.

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

PUBLIC COMMENT AND OTHER BUSINESS:

PAUD property owners asked if the Board was still considering allowing owners to pay off their portion of the sewer debt as a lump sum. Answer: This will be a complicated computation and will have to be preformed by an expert in this field after the project closes and all properties are connected to the system.

Other comments were made regarding site clean up and the unaffordability of the new sewer to full time residents on fixed incomes.

ADJOURNMENT: Moved by Salmi and supported by Randall to adjourn at 5:20.p.m. Motion carried.

Richard Estola, Chairman

G. Jean Verbos, Administrator