

Resolution # _____
XENIA RURAL WATER DISTRICT
March 22, 2010 – 1:00 PM – Bouton Office
Regular Board Meeting Minutes

Board Members Present: Sansgaard, Young, Larson, Powers, Pierce, DeLong, Rinehart, Fevold

Board Members Absent: None

Staff Present: McCormac, Clay, Iben, Christianson, Reutter

Others Present: Jens Krogstad, Des Moines Register; Bob Eishelman, Dallas County News;

Peggy Freese, Des Moines Water Works; Terry Lutz, McClure Engineering

Guests Present: Letitia Simons, Brian Bagheth, Mary Webber, Kevin Lyons, Harold M Jensen, Nancy Tierney, Chad Johnson, Mike Liska, Mike Fountas, Dominic Hayden, Mike Carter, Vicki Nance, Jason Nemeth

Call to Order

Pierce called the meeting to order.

Approve Agenda

Motion #031001 made by Young, seconded by Powers, to introduce and approve the March 22, 2010 Agenda presented and amended to include an agenda item for the engagement of Belin McCormick as outside counsel in negotiation with Des Moines Water Works. Motion passed. No dissenting.

Approve Regular and/or Special Board Minutes

Motion #031002 made by Sansgaard, seconded by Fevold, to introduce and approve the Regular Meeting Minutes of November 30, 2009; Special Meeting Minutes of January 6, 2010 and the Special Meeting Minutes of January 25, 2010 Special Meeting Minutes presented. Motion passed. No dissenting vote.

Open Forum

Terry Lutz of McClure Engineering discussed Worth County's interest in purchasing the District's water and wastewater assets in Worth County. Members Letitia Simmons and Brian Bagheth addressed the board.

Review Correspondence from District Members

McCormac presented late fee complaints from three members. All three were from out of state residents.

Clay explained Xenia billing practices and that Xenia allows 15 days for payment; DMWW allows 30 days.

Pierce directed Clay to look into the issue. DeLong requested information on the number of customers affected by late fees.

McCormac suggested Governance Committee work with Clay on reviewing the policy.

Motion #031003 made by Rinehart, seconded by DeLong to introduce and approve the Governance Committee working with Greg on reviewing District's billing policies and possibly recommending revisions to District policies.

McCormac spoke about phone call received the morning of the board meeting from a member stated his opposition to the proposed rate increase.

Construction/Partial Payment Requests/Contractor Change Orders

I-80/Menlo Transmission Main

No current progress billing for this project. Some clean up on this project is still needed and has been scheduled.

Eastern Dallas County Transmission Main

No current progress billing for this project. Some clean up on this project is still needed and has been scheduled.

Added Users 2008

Progress Billing Application #23 to Xenia Rural Water District in the amount of \$18,548.07 for the Added Users 2008 Project was presented for approval.

Motion #031004 made by Powers, seconded by Sansgaard to approve Progress Billing Application #23 to Xenia Rural Water District for \$18,548.07.

FEMA

All work was completed in 2009. We are currently waiting on approximately 10% of total receivables from the State of Iowa. Cooper is still working on finalizing FEMA close-out paperwork.

Financial Reports

Statement of Revenue, Expenses & Change in Net Assets

Statement of Net Assets

Statement of Cash Flow

Operating Checking

Clay reviewed the Statement of Revenue, Expenses and Change in Net Assets for December 2009. Clay noted an 11% reduction in water consumption. Residential sales were below budget due to a short fall in new users. Industrial sales were above budget and commercial sales showed a 23% decrease.

Depreciation is now on the Operating Spreadsheet due to the fact that there were no capital improvement projects.

Grant revenue was written off from 2008 award due to cancellation of NSA 4-1 and Linden projects.

Clay reviewed Cash Flow Statement from December 2009.

Clay reviewed Statement of Revenue, Expenses and Changes in Net Assets for January 2010.

Clay reviewed the Statement of Budget, Income, and Equity for the 4th quarter of 2009.

Motion #031005 made by Rinehart, seconded by Young, to introduce and approve the Statement of Revenue, Expenses and Change in Net Assets, Statement of Net Assets, Statement of Cash Flow and Operating Checking Account Report from December 2009 through February 2010 and the Statement of Budget, Income and Equity for 4th quarter 2009. Motion passed. No dissenting vote.

Water User's/Occupant's Agreements

Motion #031006 made by Powers, seconded by DeLong, to introduce and approve the Water User's Agreements and Occupant's Agreements presented. Motion passed. No dissenting vote.

Approve Bills

Attorney bills

Andrew Anderson reviewed Faegre and Benson bills including Bouton financing to permanent financing and other restructuring work.

McCormac presented Faegre and Benson bills from 1/27/10 through 3/19/10 totaling \$43,399.19.

Motion #031007 made by Sansgaard, seconded by Rinehart, to introduce and approve Faegre and Benson Invoices as presented by McCormac. Motion passed. No dissenting vote.

Engineering bills

McCormac presented Bartlett & West Engineers' Invoice #730022605 date January 8, 2010 in the amount of \$8,727.59; Bartlett & West Engineers' Invoice #730022911 dated February 5, 2010 in the amount of \$2,094.46; and Bartlett & West Engineers Invoice #730023357 dated March 5, 2010 in the amount of \$1,969.50.

Motion #031008 made by DeLong, seconded by Young, to introduce and approve Bartlett & West Engineers' Invoice #'s 730022605, 730022911, and 730023357. Motion passed. No dissenting vote.

Committee Reports

Executive Committee

Pierce presented R.W. Beck Report. DeLong gave an overview of the report and noted that the report did not address potential loss of users. Also, the recommendation did not cover debt requirements for the district.

Jester Park residents spoke about raising rates at different levels in different areas. Since Jester Park had a system and then capped their wells, they feel they should have a lower increase than very costly areas.

Creation of a Negotiation Committee was discussed. Motion #031009 made by Powers, seconded by Sansgaard, to introduce and approve the creation of a Negotiating Committee. Motion passed. No dissenting vote.

Proposal to Resolve Xenia Rural Water District's Insolvency was discussed. Pierce noted that the goal of the proposal is to keep users rates as low as possible Motion #031011 made by Rinehart, seconded by Powers, to introduce and approve the Proposal as written. Roll Call requested. Motion passed. No dissenting vote.

Motion #031012 made by Pierce, seconded by DeLong, to introduce and approve the Resolution to Increase Xenia Rural Water District Water and Wastewater Rates as published in Des Moines Register. Roll Call requested. Motion passed. No dissenting vote.

Executive Committee made recommendation to board to hire a new law firm, Belin McCormick, to represent the District in negotiation. Motion #031013 made by DeLong, seconded by Powers, to accept and approve Belin McCormick. Motion passed. No dissenting vote.

Other Wastewater and Management/Billing Contract rate increases to Ortonville, Country View, and Central Iowa Expo were discussed. Motion #031014 made by DeLong, seconded by Powers, to introduce and approve the Other Wastewater and Management/Billing Contract rate increases. Roll call requested. Motion passed. No dissenting vote.

Reviewed Reading and Billing Rates and possible increase. McCormac reviewed a letter and proposed agreement from the City of Boone regarding the billing of their residents. Motion #031015 to table the approval of rate increases for Reading and Billing Rates made by Powers, seconded by Sansgaard. Motion passed. No dissenting vote.

Governance Committee

Recommended holding the annual meeting at Bouton Community Center on April 28th at 7:00pm. Motion #031017 made by DeLong, seconded by Fevold, to introduce and approval the 2010 annual meeting on 4-28-10 at 7:00pm at Bouton City Hall. Motion passed. No dissenting vote.

DeLong noted the District had four candidates for the board but that one candidate had withdrawn. DeLong gave a brief review of each candidate.

Management Report

Presented SRF Loan Documents to extend the maturity date on loans for SA 3C PhII, Winn/Worth Project, NSA 3 PhIIB, and Beaver Creek Treatment Plant. Motion #031018 made by Rinehart, seconded by Sansgaard, to introduce and approve SRF maturity date extensions. Motion passed. No dissenting vote.

McCormac and Reutter reviewed Tower Site Lease Agreement. Goal is to keep pricing fair for all tower site rentals. McCormac suggested it would be prudent to add a provision for site access. Motion # 031019 made by DeLong, seconded by Sansgaard, to approve agreement including notification for site access.

Christianson provided distribution update discussing bringing Stratford water south, flushing in Madrid, correcting nitrite issue in Original Service Area, Worth County hardness and discoloration situation at casino.

Motion #031020 to introduce and approve the release of franchise for Scarville, Linden and Stanhope made by Pierce, seconded by Powers. Motion passed. No dissenting vote.

Motion #031021 to introduce and approve adaptation of Capitalization Policy made by Pierce, seconded by DeLong. Motion passed. No dissenting vote.

Fire Department Water Policy review was assigned to the Governance Committee.

McCormac provided report on status of employee evaluation process and wage/salary review. Management will make recommendations to improve employee attrition and morale issues relating to District's uncertain future.

McCormac discussed meter reader opening due to promotion of current meter reader. Opening has been internally posted with no interest among current employees. Board authorized management to interview and hire external candidate due to need to fill position.

McCormac presented letter from Warren Water District raising wholesale rates for 2010. McCormac presented letter from Warren Water District agreeing to sell water in excess of existing purchase capacity set forth in agreement between Xenia and Warren.

McCormac presented letter from Des Moines Water Works responding to Xenia's request for another 90 day extension of DMWW proposal.

McCormac presented letter responding to proposed annexations by Waukee and West Des Moines.

Clay explained increases in 2010 health and dental insurance premiums. Board concurred to keep existing employer/employee contribution percentages.

Farm Leases for Raccoon River Property and Frasier Valley Property were reviewed. Motion #031022 made by Pierce, seconded by Rinehart to introduce and approve renewal of farm leases for Raccoon River and Fraser Valley properties on same terms as 2009. Motion passed. No dissenting vote.

Attorney Report

McCormac presented and reviewed Chapman and Cutler LLP, attorneys for Assured Guaranty Corp; letter dated March 17, 2010. The letter discuss' proposed rate increases and threatens litigation if the District does not raise water rates in accordance with the R.W. Beck Report.

McCormac discussed that two parties have expressed interest in purchasing Beaver Creek Property.

McCormac provided status report on Caldwell Tanks collection litigation.

Motion #031023 made by Pierce, seconded by Powers, to introduce and approve to adjourn the meeting. Motion passed. No dissenting vote.

Xenia Rural Water District, Secretary Date