

Resolution # _____
XENIA RURAL WATER DISTRICT
July 22, 2010 – 7:00 PM – Bouton Office
Regular Board Meeting Minutes

Board Members Present: Tomenga, Pierce, Hayer, Fevold, Wilson, Larson, Rinehart

Board Members Absent: None

Staff Present: DeLong, Clay, Iben, Cooper, Christianson, Reutter

Others Present: Stan Thompson, Jeanine Hettinga, Harold Jensen

Call to Order

Tomenga called the meeting to order.

Approve Agenda

Motion #071001 made by Fevold, seconded by Larson, to introduce and approve the July 22, 2010 Agenda presented. Motion passed. No dissenting.

Approve Minutes

Motion #071002 made by Pierce, seconded by Wilson to approve June 24, 2010 Board Meeting Minutes. Motion passed. No dissenting.

July Financial Reports

Statement of Revenue, Expenses, and Changes in Net Assets

Clay reviewed the June Financial Statements. He noted the District realized one million in revenue due in part to the rate increase. A reclassification of commercial water sales revenue resolved a portion of the budget variance noted in the prior month. Clay also notes we are \$75,000 behind budgeted operating revenue and that operating expenses are very close to what has been budgeted. The spreadsheet for Changes in Net Assets was put on overhead and briefly reviewed.

Statement of Cash Flow

Clay reviewed the statement of cash flow and noted that the Caldwell Tanks litigation was settled and was noticed in last month's cash flows.

Statement of Budget, Income & Equity

Clay reviewed the statement of Budget, Income & Equity and noted that the district was close to budget for June. Pierce commented that he was pleased to see that were very close to budget and appreciated the presentation.

Motion #071003 made by Rinehart, seconded by Fevold to introduce and approve financial statements. Motion passed. No dissenting vote.

New Customers/Water User Agreements/Occupant Deposit Listing/Voluntary Terminations

Clay summarized the reports and noted that the District's net gain on customers in the system were down 3 year to date.

Pierce and Tomenga asked if reasoning was being given for disconnections. Iben stated that quite a few of the disconnections were due to vacant homes and second meters on properties.

Management & Operation Reports

2009 Audit Update- DeLong explained that the Audit Report for Xenia Rural Water District is on the State of Iowa Auditors web site and that the Xenia web site has a link to the Auditors page. DeLong then reviewed the financial statements with the Audit Report.

Some highlights from the Statement of Net Assets, etc key points were addressed. Reasons for increase in cash; capital equipment sales, FEMA reimbursements, and USDA missed payments. Accounts payable are down considerably since the stoppage of construction. Change in Net Assets and Notes Payable changes are due to reclassification of short-term debt to long-term debt. Statement of Revenue, etc shows 6% rate increase. The ethanol plant in Menlo is the reason for increase in industrial sales.

Chairman Tomenga reviewed the Schedule of Findings and Questioned costs. Audit states that the District does not have a written policy on capital assets. The Board has since adopted a policy.

Item IV-C-09 states the District must have proper bond coverage. DeLong and staff will be meeting with insurance agent to rectify the situation.

Item IV-E-09 states the District has not adopted a written investment policy which includes all the requirements of Chapter 12B.10B of the Code of Iowa. Policy has been adopted during this meeting.

Item IV-H-09 refers to instances of non-compliance with the revenue note and bond resolutions with USDA notes and users rates and minimum balance requirements in water reserve accounts. The District now has policies in place to circumvent this situation from occurring in the future.

Item IV-J-09 refers to the District has with an employee for land owned by the District. Management will be talking with the USDA regarding process. The District can participate in CRP programs as a member of the state pool. It is likely the District would not have gotten land into the CRP program if we had applied as Xenia Rural Water District.

Attorney & Engineering Fees Summary - DeLong reviewed the legal and engineering bills.

Belin McCormick – Matters for which we have been billed include; 2006 debt payments, phone call with Assured Guarantee, Caldwell settlement and Olson settlement.

Faegre & Benson – Billed matters include; Notice of Material Event, easement issues and opinion on tax exempt entity status for the District.

Bartlett & West – completed Hydraulic Model update and issues with well four at North Treatment Plant.

Caldwell Litigation & Lien Dismissal – DeLong reviewed the settlement documents and releases of claims and liens from Caldwell. Settlement amount was \$146,000.

Woodward Treatment Plant Improvements – Christianson gave PowerPoint presentation over upgrades that will be made to the Woodward Treatment Facility. One factor for the

upgrades to the treatment facility was the recent nitrite issues that were experienced in the system.

Pierce asked if we need to do breakpoint chlorination more frequently to prevent Nitrite issues. Christianson noted that we will be watching these levels very closely and he did not feel that it would be necessary.

The center mixer on the clarifier in the plant has not been functioning properly. This needs to be fixed because it causes the plant to be backwashed more often which increases the cost of production.

2006 Bond Funds Process & Bank Accounts Definition – Clay reviewed the process and the resolutions passed by the District to meet criteria. Resolutions include #061004 2006 Water Revenue Bond Fund Authorization and #061005 Capital Expenditures Resolution. Also discussed was the Financial Transaction Policy enacted by the board at the June meeting.

Pierce asked if this meets Assured Guarantee's criteria and DeLong responded that it did meet Assured criteria.

Motion #071004 made by Fevold, seconded by Pierce, to introduce and approve a resolution whereby staff will initialize the balances in the Improvement Fund and Sinking Fund, and to authorize transfers of projected monies from the revenue fund to the Operating and Maintenance Fund and Sinking Fund Account. Motion passed. No dissenting

Surplus Asset Inventory, Valuation, & Disposition – Cooper presented an overview of sales of assets. Noted the Kubota was the last item sold.

Rinehart requested an individual breakdown of land values at the next meeting.

Fevold vocalized looking into more internet sites for equipment and other asset sales.

Hayer asked for clarification of when we expect to see equipment sales start up again. Cooper responded that it should be in three to five weeks if board approves moving forward.

Board of Directors shall be presented with the details of any proposed sale of land and the sale of land must be approved by the Board of Directors prior to execution of any agreement.

Any land, equipment or inventory associated with the Winn/Worth water and wastewater service area sales shall be reviewed and then approved by the Board of Directors.

Physical Inventory items may be sold at the discretion of management at a price that is not less than 50% of the current value of the inventory item.

Equipment may be sold at the discretion of management at price that is not less than the auction value as determined by the Districts 2009 Appraisal of Excess Equipment.

Motion #071005 made by Wilson, seconded by Pierce, to introduce and approve a resolution for Surplus Inventory Disposition. Motion passed. No dissenting

Cooper noted he would give monthly updates on dollar amount of sales.

Winn/Worth Asset Disposition– DeLong gave overview of Snyder & Associates activity and status update.

Tomenga inquired about the proposed connection for the hotel under construction. DeLong noted that we plan a proposed connection fee and water use rate that appropriately covers the operating and capital costs associated with the hotels requested peak capacity requirements.

Tomenga asked for an update at the next board meeting.

City of Boone – Iben updated the Board regarding the communications with the city of Boone.

Iben reviewed outstanding sewer bills Xenia has with the City and how the resolution is processing. City of Boone enacted a rate increase for the customers in the city limits in July of 2009, which was not instituted in Xenia's bills to the 21 customers that receive sewer service from the city. Xenia will pay the difference to Boone and then recoup the cost from the 21 customers over the next 6 months.

Xenia also had a meter issue as it relates to the wastewater treatment for the Central Iowa Expo. Staff members corrected the issue with the meter and determined actual sewer flows according to pump data at the lift station. Xenia and Boone have settled on the proper billing amount.

Iben to update the Board at next month's meeting.

Reconfigure & Improve Telephone Answering Service – Reutter updated the Board on the new phone system. Reutter explained how the phone system was too complicated and there were several complaints about not being able to have a live person answer the phone. The new system is simplified and eliminated the on hold marketing contract the District has. Annual savings for the new system is estimated to be \$719.88.

Xenia External Web Site – Reutter discussed the relevance for updating the external web site for the District. The current website is grossly outdated with information that is no longer applicable. Reutter is in the process of updating the pertinent information as well as adding/updating picture on the site. Emergency notifications are being updated which will make the site more user friendly.

Old Business

New Business

None

Open Forum

Harold Jenson asked in Xenia expects another rate change? None are planned for the near future.

Adjournment

Motion #071006 made by Wilson, seconded by Rinehart, to approve adjournment of the meeting.
Motion passed. No dissenting vote.

Xenia Rural Water District, Secretary

Date