

Resolution # _____
XENIA RURAL WATER DISTRICT
October 21, 2010 – 7:00 PM – Bouton Office
Regular Board Meeting Minutes

Board Members Present: Tomenga, Pierce, Hayer, Fevold, Wilson, Larson
Board Members Absent: Rinehart
Staff Present: DeLong, Clay, Iben, Cooper, Lyons, Christiansen
Others Present: Stan Thompson, Mike Abbott, Brian Hoellein, Brad Pleima, Lindsay Mutchler

Call to Order

Tomenga called the meeting to order.

Approve Agenda

Motion #101001 made by Larson, seconded by Pierce, to introduce and approve the October 21, 2010 Agenda presented. Motion passed. No dissenting.

Approve Minutes

Motion #101002 made by Wilson, seconded by Fevold to approve September 23, 2010 Board Meeting Minutes. Motion passed. No dissenting.

August Financial Reports

Statement of Revenue, Expenses, and Changes in Net Assets

Clay reviewed the September Financial Statements. Residential water sales are 1% over budget. Total operating revenue for the month was 2% over budget. Equipment/Shop expenses are half of the budgeted amount due to no major repairs and delayed tire replacements. Labor expenses were 2% over budget. Assured Guarantee did not provide a Legal Expense Report to Xenia prior to the preparation of the September financial statements. Expenses were understated by \$80,000 from the omission of these legal expenses.

Statement of Cash Flow

Clay reviewed the statement of cash flow and noted cash increased \$543,779 during the month of September giving the District an end of the month cash balance of \$3,881,407.

Statement of Budget, Income, & Equity

Clay reviewed USDA Form 442-2 for the third quarter of 2010.

Motion #101003 made by Fevold, seconded by Pierce 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 the District has completed 40 new water service connections and had 29 members terminate water service as of September 30th.

Motion #101004 made by Wilson, seconded by Fevold, to approve new customers/water user agreements. Motion passed. No dissenting vote.

Iowa Finance Authority Notes (IFA) / Board Resolutions

DeLong met with the Executive Director of IFA and updated them on Xenia's financial situation and requested an additional one year extension, in the IFA debt instruments, from October 2010 to October 2011.

Abbott explained the required documents to complete the extension.

Motion #101004 made by Fevold, seconded by Hayer to introduce and approve an extension of the maturity date from October 16, 2010 to October 16, 2011 of the resolution entitled "Resolution Authorizing Amendment to an Interim Loan and Disbursement Agreement (Project Note) For \$250,000 State Revolving Fund Planning And Design Loan For Xenia Rural Water District's Service Area 3C Phase II Project Pursuant To Section 76.13 Of The Code Of Iowa. Motion passed. No dissenting vote.

Motion #101005 made by Fevold, seconded by Wilson to introduce and approve an extension of the maturity date from October 16, 2010 to October 16, 2011 of the resolution entitled "Resolution Authorizing Amendment to an Interim Loan and Disbursement Agreement (Project Note) For \$358,000 State Revolving Fund Planning And Design Loan For Xenia Rural Water District's Winn/Worth Project Pursuant To Section 76.13 Of The Code Of Iowa. Motion passed. No dissenting vote.

Motion #101006 made by Pierce, seconded by Fevold to introduce and an extension of the maturity date from October 16, 2010 to October 16, 2011 of the resolution entitled "Resolution Authorizing Amendment to an Interim Loan and Disbursement Agreement (Project Note) For \$175,000 State Revolving Fund Planning And Design Loan For Xenia Rural Water District's North Service Area 3 Phase II Project Pursuant To Section 76.13 Of The Code Of Iowa. Motion passed. No dissenting vote.

Motion #101007 made by Fevold, seconded by Pierce to introduce and approve an extension of the maturity date from October 16, 2010 to October 16, 2011 of the resolution entitled "Resolution Authorizing Amendment to an Interim Loan and Disbursement Agreement (Project Note) For \$917,000 State Revolving Fund Planning And Design Loan For Xenia Rural Water District's Beaver Creek Treatment Plant Project Pursuant To Section 76.13 Of The Code Of Iowa. Motion passed. No dissenting vote.

Management & Operation Reports

Attorney and Engineering Fees – DeLong reviewed the bills from September for engineering and legal services.

Attorney - Ahlers & Cooney received \$10,000 retainer for representation in Bank of America matter. Belin & McCormick billing includes work done on the following; Menlo Ethanol contract review, Phoenix Fabricators' settlement, Assured Guarantee response,

engage counsel on Bank of America litigation. Faegre & Benson researched and provided opinion on surplus assets.

Engineering - Bartlett and West assisted the District with IDSE updates for the IDNR and are currently working on a Capital Improvement Plan. Snyder & Associates provided a valuation of Winn/Worth assets.

Motion #101008 made by Wilson, seconded by Pierce, to approve attorney and engineering bills. Motion passed. No dissenting vote.

DeLong provided a spreadsheet to the board summarizing projects efforts to improve the day to day operations of the District.

Business Plan Control Log

GPS Equipment RTK Lease Amendment - The District has upgraded its GPS equipment that will provide more accurate data than the previous system that was suited for agricultural based applications. DeLong explained to the board he felt the District will realize a quick return on investment by renting tower space to the previous the local GPS supplier who previously was allowed access to the towers in return for use of their signal.

Capital Improvement Plan– Brad Pleima and Brian Hoellein provided an update on the supply/demand curve for the entire District. Pleima reviewed each Xenia water supply area. Bartlett & West hopes to provide a final report to the board at next month's regular board meeting.

Woodward Treatment Plant System Improvements - Plant issues with nitrite and arsenic were reviewed along with plant age issues and possible resolutions to these problems.

Laboratory Plan - DeLong reviewed a Cost Analysis for lab relocation verses outsourcing. Questions were raised by the board regarding turnaround time if outsourced. Vote was tabled following USDA update.

Surplus Assets Sale Update

Winn/Worth – Tomenga and DeLong reviewed a meeting with Terry Lutz, the representative engineer for Worth County. The District has provided a counter offer proposal to Worth County.

Pipe – DeLong updated the Board on the progress of the sale of pipe. In September, the District sold 600 feet of 24 inch for \$12,600. A recommended alternative disposal plan will be given to the Board prior to the next monthly meeting for their review and approval.

Parts/Supplies – No sales to date of our surplus parts. Plan to market the most age sensitive parts/supplies on GovDeals.com. They specialize in providing services to government agencies in the sale of surplus assets via the internet. The items sold will have an established and documented minimum. Matt Cooper will coordinate this effort with the review and approval of DeLong.

Equipment – District has sold only one small item (tiller) recently. Clay, with Cooper’s review and assistance, has updated the estimated market value of our surplus equipment (approximately \$300,000 increase). DeLong, Cooper and Clay have agreed that auction in December would not be the best time to try and sell the surplus equipment. Next step is to contact a consignment company to agree to appraised market value minimums and a reasonable commission. This company would take responsibility for direct marketing and handling the sales transactions, consistent with our agreed upon requirements.

Land - The District has not sold any land to date. Appraisals have been completed on the Fraser Valley TP site as well as the Raccoon River TP site. DeLong will interview realtors to potentially list the sites.

USDA Letter/ New Debt Workout Proposal – Tomenga and DeLong reviewed meeting with USDA regarding their request for a new Debt Workout Proposal. A new proposal will be ready by end of November. DeLong will engage PFM to assist.

Lab Outsourcing – Returned to lab outsourcing discussion. Tomenga identified Option A as outsourcing only and Option B as in-house testing with outsourcing backup. Concern with turn around on weekends with outsourcing was expressed, also noted possible issues with recertification if we decided we wanted an in-house lab in the future.

Motion #101009 made by Fevold, seconded by Wilson, to approve the Option A. Motion passed. Two dissenting votes.

Old Business

Background Checks – Nothing to report. No areas of concern were identified.

New Business

None

Open Forum

None

Executive Closed Session – The Board and Executive Director went into closed session to discuss various legal matters.

Adjournment

Motion #101010 made by Peirce, seconded by Wilson, to approve adjournment of the meeting.
Motion passed. No dissenting vote.

Xenia Rural Water District, Secretary

Date