

Resolution # _____
XENIA RURAL WATER DISTRICT
April 21, 2011 – 6:00 PM
Regular Board Meeting Minutes

Board Members Present: Tomenga, Pierce, Hayer, Fevold, Rinehart, Larson, Wilson
Board Members Absent: None
Staff Present: DeLong, Clay, Iben, Carran, Reutter, Lyons, Christianson, Cooper
Others Present: Stan Thompson (Assured Rep), Wade Houser (Ahlers & Cooney), Bill Noth (Ahlers & Cooney), Lindsay Mutchler, Mike Maloney (PFM)

Call to Order

Tomenga called the meeting to order.

Approve Agenda

Motion #041101 made by Fevold, seconded by Wilson, to introduce and approve the April 28, 2011 Agenda. Motion passed. No dissenting.

Approve Minutes

Motion #041102 made by Wilson, seconded by Fevold to approve March 31, 2011 Board Meeting Minutes. Motion passed. No dissenting.

Executive Closed Session

Tomenga requested the Board enter into Executive Closed Session to discuss litigation.
Motion #041103 made by Wilson, seconded by Pierce to enter into closed session. Motion passed. No dissenting.

March Financial Reports

Income Statement

Clay reviewed the income statement. Clay noted that an error was noticed on the residential billing which overstated revenue by approximately \$106,000. After corrections were made, the water revenues for the month were \$784,517.35. Total operating income for April was \$852,365.94 with total direct expenses of \$560,647.93.

Statement of Net Assets

The District realized an increase in net assets of \$586,093 during March.

Statement of Cash Flows

Clay reviewed the statement of cash flow and noted cash increased \$1,586,291 during the month of March giving the District an end of the month cash balance of \$5,086,453.

Operating Checking Transactions

Hayer reviewed these transactions.

Revenue, Operations & Maintenance, Sinking Fund Allocations

Clay reviewed the transactions that will take place in April to transfer monies into the Sinking and Operating & Maintenance funds. \$391,667 will be moved from the Revenue fund into the Operations and Maintenance Fund and \$490,083 from the Revenue fund into the Sinking fund.

Motion #041104 made by Rinehart, seconded by Larson to introduce and approve financial statements and the funds transfer subject to correction of inaccuracies. Motion passed. No dissenting vote.

Customer Service & Accounts Receivable

Accounts Receivable Aging/Cut-offs/Reinstatements

In the month of March, the District disconnected 82 members service due to delinquent accounts and reinstated 73 accounts after payment was received. The total amount due for the accounts disconnected was \$37,448.32.

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

Board reviewed the new occupant listing. One member termination was completed in March. No new connections. The District has 9,433 active accounts.

Motion #041105 made by Pierce, seconded by Hayer, to approve new customers/water user agreements. Motion passed. No dissenting vote.

Management & Operation Reports

Attorney and Engineering Fees

DeLong reviewed the bills from February for legal services.

2010 Audit Status

Clay informed the board that the audit is on schedule and an opinion is anticipated to be issued prior to the annual meeting.

Surplus Assets Sale Update

The District is waiting for official purchase offer from Worth County. Offer is being drafted by Bob Josten with Dorsey & Whitney.

Peoples Company is in the process of marketing the Fraser property on behalf of the District. No offers have been made on the property to date.

The District is continuing to sell excess pipe via GovDeals website. Total year to date sales proceeds on pipe sold by the District is \$316,389.75.

The District sold excess trucks and equipment at a Ritchie Bros. auction in Medford Minnesota. Sales proceeds were \$2,304,853.21.

2011 Business Plan Projects Review and Status

- Instrumentation & Control System (“SCADA”) – DeLong updated the board on the status of the SCADA systems updates.
- Construction Estimating & Takeoff Templates – Cooper updated the board on how the accounting system is now being used to estimate and bill for any construction processes.
- Elevated Tank Maintenance Contract – Cooper reviewed with the board the water towers that are currently under contract and which towers are in need of maintenance.
- Employee Handbook Update/HR Policies – Iben reviewed significant changes being made to the current employee handbook. External review is needed before the handbook can be instituted.
- Customer Service Process Improvement/Bill Print Services – Reutter updated the board on the status of outsourcing the bill printing services.
- Woodward WTP Improvements regarding nitrite and arsenic remediation – Christianson overviewed the steps that are being taken to remedy the current contaminant issues facing the treatment plant. Plans are expected to be submitted to the DNR by the first week of May.
- Flushing process improvement – Carran and Lyons overviewed the process that had been put into place to flush the original system following the nitrite notifications. With the help of Bartlett and West, the District would like to implement a program (Info Water), which would track water quality and flushing data within the original system. Automated flushing stations would also be placed strategically throughout the system to aid in flushing.

Review & Approve Engineering Scope of Services No. 28

DeLong reviewed Bartlett’s scope of services based on Carran and Lyons presentation.

Motion #041106 made by Wilson, seconded by Rinehart, to approve Bartlett and West’s Specific Authorization No. 28. Motion passed. One dissenting vote (Hayer).

Status of Iowa General Assembly House File 571

Tomenga reviewed the status of House File 571, which would allow the District the ability to file for bankruptcy.

Debt Workout Plan Status Update

- Flint Hills Resources (Menlo) Fixed Component Rate Increase Status – They have disagreed with the fixed component rate increase as proposed by Xenia.
- Flint Hills Resources (Menlo) Variable Component Rate Increase Status – Flint Hills would like to see more supporting documentation/data supporting the increase. DeLong will respond as necessary.

- USDA Response Letter to Debt Workout Proposal – USDA is agreeable to the debt workout proposal, subject to Administrator approval and contingent on the approval of other entities outlined in the proposal. They do not agree to capital improvements as part of the proposal.
- B of A Settlement Proposal and Assured Guaranty Corporation Counsel Response – DeLong reviewed the correspondence received by Assured Guaranty. Tomenga will follow up on correspondence.
- Membership Rate Increase Overview & Timing – Mike Maloney with PFM overviewed the rate increase which will take effect beginning with bills mailed out in the month of June.

Resignation of Interim Executive Director

Tomenga thanked DeLong for the work he has accomplished since taking on the responsibility of Interim Executive Director.

Motion #041107 made by Rinehart, seconded by Hayer, to accept resignation of Marc DeLong and pass a resolution to thank Mr. DeLong for his service. Motion passed. No dissenting vote.

Old Business

Rural/Franchise Main and Service Line Maintenance and Repair

DeLong reviewed the new policy.

Motion #041108 made by Pierce, seconded by Rinehart, to adopt the policy for Rural/Franchise Main and Service Line Maintenance and Repair. Motion passed. No dissenting votes.

New Business

None

Open Forum

None

Adjournment

Motion #041109 made by Pierce, seconded by Hayer, to approve adjournment of the meeting. Motion passed. No dissenting vote.

Xenia Rural Water District, Secretary

Date