

Resolution # _____
XENIA RURAL WATER DISTRICT
July 26, 2012 – 6:00 PM
Regular Board Meeting Minutes

Board Members Present: Tomenga, Hayer, Mestad, Wilson, Ballard

Board Members Absent: Lovett

Staff Present: Mason, Andrews, Shires

Others Present: Wade Hauser of Ahlers and Cooney Law, Jana Luttenegger of Davis Brown Law, Delores and Ron Peterson, Dana Grefe, Susan Ballard, Mary Walsh, Mark Watkins, Larry S., Judy Tomenga, Kevin Lyons

Call to Order

Tomenga called the meeting to order.

Approve Agenda

Motion #071201 made by Wilson, seconded by Ballard to introduce and approve the July 26, 2012 Agenda. Motion passed. No dissenting.

Approve Minutes

Motion #071202 made by Hayer, seconded by Mestad to introduce and approve the June 28, 2012 minutes. Motion passed. No dissenting.

Chairman Announcement

Chairman Tomenga advised the board of the resignation of Dave Bert from the Board of Directors of Xenia Rural Water District. Mr. Bert's resignation is due to a conflict with his job responsibilities as President of the Iowa Association of Realtors.

Financial Reports

Andrews advised the board that the audit is in the hands of the State of Iowa auditors and they should have their review completed in the next two to three weeks.

Statement of Net Assets

Andrews reviewed statement of net assets. As of June 30, 2012 assets totaled \$135.0 million. Liabilities totaled \$132.6 million. Fund balance was \$2.4 million.

Income Statement

Andrews reviewed the income statement. Total Operating Income for first six months of 2012 was approximately \$5.8 million.

Statement of Cash Flows

Andrews reviewed the statement of cash flows. Net increase in cash and cash equivalents for the first six months of 2012 was \$530,174.

Operating Checking Transactions

Andrews reviewed with treasurer the transactions that will take place in August to transfer monies into the Sinking and Reserve funds.

Sinking Fund Allocations and Reserve Fund Allocations

Transfers from Revenue Fund to occur in August include \$755,470 to Bond Sinking Fund and \$87,088 to Bond Reserve Fund.

Customer Service & Accounts Receivable

Accounts Receivable Aging/Cut-offs/Reinstatements

Andrews reviewed receivables.

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

District had 15 new service connections and four terminations in June.

Motion #071203 made by Ballard and seconded by Mestad to introduce and accept financial statements and moving of funds to sinking and reserve accounts. Motion passed. No dissenting vote.

Contract for Engineering Services

Contract is in legal review. There have been minor changes made in insurance liability section. The document should be ready for presentation in August.

Approve Updated Financial Transaction Policy

Motion made by Ballard, seconded by Wilson to bring the matter before the board. Mason, Tomenga, and Ballard reviewed aspects of the Financial Transaction Policy. Motion by Ballard, seconded by Hayer to amend policy item # 5 to include A and B and to revise opening paragraph to add language "... and subject to required resolutions by the Board of Directors and other limitations of law..." Motion #071204 to approve Financial Transaction Policy with changes. Motion passed. No dissenting.

Review and Approve Standards for Participation in Meetings for Board Members

Motion #071205 made by Ballard, seconded by Hayer to introduce and approve Standard for Participation in Meetings for Board Members of Xenia Rural Water District. Ballard presented the document by stating that; "This resolution for Board Members participation in meetings will provide and show the strong unity and resolve of the entire Xenia board. The resolution will allow the board to utilize the talents, skills and expertise of the board members in responsibilities to Xenia, our Members and employees." Motion passed. No dissenting.

Review and Approve SCADA Project

Mason and Reutter reviewed how the system currently works and why it is needed to maintain operations in the North part of Xenia's system including; pump stations, water towers, chemical injection stations, and North Treatment Plant. The project was formerly approved as part of the Capital Improvement Plan and is \$3,500.00 over what had been budgeted. The overages will come from the Woodward Plant Refurbishment portion of the previously approved Capital

Improvement Plan as new solutions to the Woodward Plant issue have been developed that will contribute to significant cost reduction for that project. Project Cost \$28,461.00. Vendors Instrument Control Systems for upgrade and Wonderware Midwest for software. Motion #071206 made by Wilson, seconded by Ballard to introduce and approve proceeding with SCADA Project. Motion passed. No dissenting.

Board Recognition of Cory Reutter

Tomenga requested a motion to recognize the efforts of Cory Reutter to improve the IT department of Xenia Rural Water District as excellent and commend Mr. Reutter for his service to the District. Motion #071207 made by Ballard, seconded by Wilson. Motion passed. No dissenting.

Mason announced resignation of Reutter as IT Manager and promotion of Engman as IT/Planning Manager with outsourcing of Network Administration functions to a yet to be determined organization.

Surplus Assets Sale

Motion #071208 made by Ballard, seconded by Wilson to introduce and approve allowing the Finance and Audit Committee of the Board of Directors to review and act on the sale of surplus assets that are valued at less than \$15,000, as presented to them by staff. Real estate transactions are not a part of this resolution and sales of such can only be considered by the full Board of Directors.

CEO and General Manager Comments

Mason reviewed the Departmental Updates.

Mason discussed new report "Budget to Actual by Department". Addressed the purpose of reports to be as follows; evaluating if performance was achieved and identifying variances, planning for management to make informed decision based on results, control of resources with the confines of the budget, coordination of purchases between departments, communication allowing departments to quantify results and affirm commitment to goals, detecting error and omissions by scrutinizing variances. A copy was given to each board member to review.

New Business

Ballard asked about resignation of Dave Bert and possible replacement. The board discussed timing of appointing a replacement given the pending litigation. Board determined it would not be fair to expect a member to join in the middle of this complicated matter. Tabled the appointment of replacement member until after litigation issue.

Public Comments

A member of the District asked about pending litigation and the board's position regarding the issue. Tomenga answered within the constraints of the pending litigation. It was noted that the purpose of the litigation is to allow the bond insurer to take the right to set rates away from the board of directors of Xenia Rural Water District.

A District member noted that he and his family have cut water usage by 50% in the past two years and that their water bill has increased during that time, despite the conservation efforts. Member suggested Xenia absorb cost of new service connections so that we can entice more members and create a better revenue stream.

Executive Closed Session

Ballard made motion, seconded by Wilson, to take a break and then enter into closed session to discuss strategy with counsel in matters that are presently in litigation or where litigation is imminent where its disclosure would be likely to prejudice or disadvantage the position of the governmental body in that litigation. Motion passed. No dissenting.

Motion made by Wilson, seconded by Mestad to end closed session.

Motion #071209 made by Ballard, seconded by Wilson to approve an Employee Performance Plan and engage an outside party to provide consultation, if necessary. Motion passed. No dissenting.

Xenia Rural Water District, Secretary

Date