

Resolution # _____
XENIA RURAL WATER DISTRICT
February 24, 2011 – 6:00 PM – Dexter Elementary School
Regular Board Meeting Minutes

Board Members Present: Tomenga, Pierce, Hayer, Fevold

Board Members Absent: Rinehart, Larson, Wilson

Staff Present: DeLong, Clay, Iben, Ruden

Others Present: Stan Thompson (Assured Rep), Karla Peiffer (USDA), Six District Members

Call to Order

Tomenga called the meeting to order.

Approve Agenda

Motion #021101 made by Hayer, seconded by Fevold, to introduce and approve the February 24, 2011 Agenda presented. Motion passed. No dissenting.

Approve Minutes

Motion #021102 made by Fevold, seconded by Pierce to approve January 20, 2011 Board Meeting Minutes with the additional comments requested by Hayer. Motion passed. No dissenting.

January Financial Reports

DeLong reviewed the new financial format that is reported to the board. The new reporting structure will have a breakdown of costs associated with the District's water service areas and wastewater facilities. In addition, expense detail comparing actuals to budget will be provided for direct, indirect, and overhead cost categories.

Income Statement

Clay reviewed the income statement. Water revenues for the month were \$847,199, which is a 5% increase from December. Total operating income for January was \$907,574 with total direct expenses of \$651,026 bringing income from operations before debt expense to \$256,548.

Statement of Net Assets

The District realized a decrease in net assets of \$338,281 during January.

Statement of Cash Flows

Clay reviewed the statement of cash flow and noted cash increased \$649,573 during the month of January giving the District an end of the month cash balance of \$3,086,981.

Operating Checking Transactions

Hayer reviewed these transactions prior to meeting and there were none discussed.

Revenue, Operations & Maintenance, Sinking Fund Allocations –

Clay reviewed the transactions that will take place in March to transfer monies into the Sinking and Operating & Maintenance funds. \$532,930 will be moved from the Revenue fund into the Operations and Maintenance Fund and \$539,508 from the Revenue fund into the Sinking fund.

Motion #021103 made by Hayer, seconded by Pierce to introduce and approve financial statements and the funds transfer. Motion passed. No dissenting vote.

Customer Service & Accounts Payable

Customer Service Billing Status Update

The District began disconnecting members who more than 90 days past due in the month of January. Disconnections were behind schedule due to turnover in the customer service department. Members that are more than 60 days past due were sent letters in the beginning of February for disconnection.

New TransWorld Collection Agency Agreement

DeLong updated the board of an agreement he had recently signed with TransWorld to be the collection service for uncollected accounts. The agreement had expired in May 2010. DeLong will update current past due collection board policy and business process and bring recommendations to the board at their next regular meeting.

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

Board reviewed the new occupant listing. No new connections or terminations were completed in January.

Motion #021104 made by Pierce, seconded by Fevold, to approve new customers/water user agreements. Motion passed. No dissenting vote.

Management & Operation Reports

Attorney and Engineering Fees

DeLong reviewed the bills from January for engineering and legal services.

March Board Meeting Date

Next Board Meeting will be held March 31st at the office in Bouton.

Board Resolution – New Wells Fargo Bank Account

The District is outsourcing the statement printing and mailing process to Wells Fargo beginning in May. Wells Fargo requires the District to open a bank account with their organization to cover the costs of the billing services. An amendment has been made to

the Financial Institutions as Depositories Resolution to add Wells Fargo as an additional financial institution with a maximum deposit amount of \$10,000. Motion #021105 made by Pierce, seconded by Hayer, to approve the First Amendment to Financial Institutions as Depositories Resolution. Motion passed. No dissenting vote.

Woodward WSA Water Quality Update Letter

DeLong reviewed letter that is to be sent out to the members located in the Woodward Water Service Area on March 1st. No questions were raised regarding the letter.

Surplus Assets Sale Update

No final proposal for the purchase of the Worth County assets has been received by the District from the Worth County Board of Supervisors.

The sale of the Van Meter property is expected to be completed March 1st. Net proceeds of the sale is \$819,116.82, which will be deposited into the Improvement Fund.

Peoples Company is in the process of marketing the Fraser property on behalf of the District. An oversight was detected by staff, showing the District overpaid the previous owner \$10,000 when the property was originally purchased. A letter will be sent to the original owner asking for the funds to be repaid to the District. At the time of closing, the option payment was not deducted from the final settlement amount.

The District has had success selling surplus pipe on GovDeals. Pipe is selling at 25% - 50% of its value.

Equipment Auction Agreement

DeLong is working with two companies (Ritchie Bros and EMA) to ensure the best possible outcome for auction proceeds. An agreement will be signed February 25th. The District will be responsible for hauling equipment to the sale site.

Debt Workout Proposal Update

DeLong has met with the two ethanol plant companies served by the District. A proposal has been given to each entity for increased fixed rates and changes to their variable rates. Proposals are being considered by each entity.

Audit Progress Update

Auditors expect to begin on-site field work February 28th. Three staff members from the State Auditor's Office will work on the audit as opposed to two.

Board Elections Status Update

Hayer updated the board on the progress of interviews of potential candidates. Six members have expressed interest in becoming members on the Board. Biographies on the candidates are due by March 2nd so they may be sent out to the membership as a part of the proxy mailing to members.

Debt Workout Proposal Public Meeting

Tomenga plans on holding a meeting the first week of April to update membership on the progress of the debt workout proposal. Tomenga and DeLong will lead the meeting. The other board members are not required to attend.

Motion #021106 made by Pierce, seconded by Fevold, to approve Tomenga to hold a Debt Workout Proposal Public Meeting at a date to be determined and to be held at the Bouton Community Building. Motion passed. No dissenting vote.

Old Business

Employee Vehicle Use Update

DeLong reviewed information pulled together by staff detailing the cost of employees commuting in District vehicles. Board will review the information and address any possible changes after the annual meeting.

Investment Policy

Clay reviewed changes made to the investment policy from the December Board Meeting.

Motion #021107 made by Hayer, seconded by Pierce, to approve and adopt the Investment Policy as written. Motion passed. No dissenting vote.

New Business

None

Open Forum

A few members that were present at the meeting asked questions about the District's insolvency status. Tomenga and the board responded to their questions and stated the District would hold a public meeting the beginning of April to update the members on the District's status.

Adjournment

Motion #021107 made by Pierce, seconded by Fevold, to approve adjournment of the meeting. Motion passed. No dissenting vote.

Xenia Rural Water District, Secretary

Date