

City Corporation
Board of Directors' Meeting
Main Office Conference Room
Tuesday, July 17, 2012, 4:00 p.m.

PRESENT:

Directors:	Tommy Richardson Art Jones	Don Guess Luke Duffield
City Corp:	Hope Penman Brenda Austin Kenny Lutz	Larry Collins Jim Lynch Rena Taylor
Others:	Bob Hardin Craig Johnson Mayor Bill Eaton Clint Bell Jared Wood David Allen Elizabeth Nokleby	Mayor Bill Eaton Rusty Gadberry Preston Tolliver Gary Bennett Linda Wooten Ron Knost

Chairman Richardson called the meeting to order at 4:00 p.m.

Approval of the June 2012 Minutes: Don Guess made a motion to approve the minutes. Art Jones seconded. Minutes were approved as presented.

Review and Consideration of the June 2012 Financials: On the water side, revenues were 18.2% (\$87,027.83) over budgeted amounts for the month. The yearly variance is running 0.8% less than budgeted amounts. Total Operations & Maintenance (O&M) expense for the month was 5% over budget (\$18,491.64). The O&M budget amount was \$366,568.00 with the actual O&M monthly total being \$385,059.64. The yearly variance is 5.1% (\$244,668.22) under projected budget. The net income for the month was 58.4% (\$67,547.68) more than the budgeted income. On the sewer side, revenues were 4.7% (\$15,623.10) under projected amounts. The budgeted revenue was projected to be \$333,875.00 with the actual total revenue being \$318,251.90. The yearly variance is 0.1% (\$2,591.93) under budget. Total O & M expense was \$32,344.81 under budget. The yearly variance is 3.9% (\$159,977.09) under budget projections. The net income for the month was 19153.8% (\$16,663.79) over budget. Art Jones made a motion to approve the June 2012 financials. Don Guess seconded. The Financial Report was approved as presented.

Capital Projects Status Report: Reported that all areas are operating well with no issues being noted.

Operating Reports: Reported that all operations had run smoothly for the month. Collins stated that the Environmental Protection Agency was onsite conducting a Risk Management plan review and that staff was ensuring that all files were in order and organized. He stated that he anticipated that next week around the 25th or 26th that ADEQ would visit. The Reservoir is currently 7.1 feet down as of today. Art Jones stated that since there were no violations the staff was obviously doing very well. He also asked if we were doing anything in our process that would contribute to the issues that the Gulf of Mexico is experiencing currently. Mr. Collins assured Mr. Jones that our treatment process did not contribute to issues of this nature.

Lockbox Presentation: David Allen with regions Bank gave a presentation on the Lock box option City Corporation is considering currently. Jared Wood and Linda Wooten were also in attendance. Tommy Richardson asked what sort of time frame City Corporation was looking at. Mr. Allen said that City Corporation could expect a month to a month and a half. This service could be cancelled at any time. Luke Duffield made a motion to approve. Art Jones seconded. Motion carried.

Mayor Bill Eaton asked where City Corporation stood on the capacity of our tanks. Mr. Collins stated that we are doing very well and even considered pulling the voluntary water ad that we have placed in the local paper. Tommy Richardson stated that he would like to continue to run the advisory as a precautionary measure. He also stated that he would like to thank the employees of City Corporation for providing excellent water to the community.

Bid Items: A bid was presented to the Board in the amount of \$73,146.48 from Green Equipment Company for the purchase of Camera Equipment for the I&I Crew. Don Guess made a motion to accept the bid. Art Jones seconded. The bid was approved. Two bids were received on the East 2nd Street Sewer Replacement Project. Because the bid amounts exceeded the available funds, it was recommended that the project be broken up into separate bids. Art Jones made a motion to table the item. Luke Duffield seconded. Item was tabled.

Retirement Resolution: Art Jones made a motion to make a contribution in an amount equal to 10% of each employee's annual wages to its Employee Benefit Plan Fund. Luke Duffield seconded. Motion carried.

Audit Letter of Engagement: A letter of engagement for the audit services of City Corporation was presented to the Board. Art Jones made a motion to accept the proposal. Luke Duffield seconded. Motion carried.

Consent Administrative Order Update: Clint Bell gave an update on the Consent Administrative Order for the month of June. Art Jones asked if we were currently land applying or diking. Clint Bell stated that land application was currently being utilized. The sludge that was stored

from the winter months was disked. Luke Duffield asked where City Corporation was in calculating the price of hauling off the accumulated sludge. No numbers were available at this time. He also stated that he would help in negotiations with a third party hauler if necessary.

PCW Plant Design Update: Craig Johnson gave an update on the PCW Plant Design Project. Mr. Johnson reiterated that a meeting with ADEQ on February 1 had failed to endure a revision of the schedule or relief on nitrate perimeters.

2012-2013 Budget Review/ Approval: Don Guess made a motion to table the budget until a meeting could be set up between the City Finance Committee and Mayor via liaison Burke Larkin and the City Corporation Board to discuss the budget. Luke Duffield seconded. Item was tabled.

Art Jones made a motion to adjourn. Luke Duffield seconded. Motion carried. Meeting was adjourned.

Art Jones, Secretary