

City Corporation
Board of Directors' Meeting
Main Office Conference Room
Tuesday, June 18, 2013, 4:00 p.m.

PRESENT:

Directors:	Don Guess Luke Duffield	Art Jones Harold Barr
City Corp:	Steve Mallett Kenny Lutz Rena Taylor Randy Bradley Hope Penman	Jim Lynch Larry Collins Lance Bartlett Brenda Austin
Others	Clint Bell Andrew Pownall Aaron Stallmann	Oren Noble David Garza

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

Approval of the May 2013 Minutes: Art Jones made a motion to approve the minutes. Luke Duffield seconded. Minutes were approved as presented.

Review and Consideration of the May2013 Financials: On the water side, revenues were 1.4% (\$6,171.97) under budgeted amounts for the month. The yearly variance is running 0.66% less than budgeted amounts. Total Operations & Maintenance (O&M) expense for the month was 2.4% under budget (\$9,343.40). The O&M budget amount was \$387,994.20 with the actual O&M monthly total being \$378,650.80. The yearly variance is 1.9% (\$89,709.02) over projected budget. The net income for the month was 5.1% (\$3,104.93) more than the budgeted income. On the sewer side, revenues were 3.3% (\$11,028.75) under projected amounts. The budgeted revenue was projected to be \$336,065.00 with the actual total revenue being \$325,036.25. The yearly variance is 4.3% (\$156,465.97) under budget. Total O & M expense was \$129,104.68 over budget. The yearly variance is 14.8% (\$627,330.00) under budget projections. The net income for the month was 130.9% (\$118,431.16) less of a loss than anticipated. Luke Duffield made a motion to approve the May2013 financials. Harold Barr seconded. The Financial Report was approved as presented.

Chief Operating Officer Report: Steve Mallet gave an update to the Board regarding several items that he has been working on recently. Among those items, he addressed the 2013/2014 Budget. Mallett thanked staff and the Board for their input and involvement during the

process. Mallett also stated that the Consumer Confidence Reports were being sent out to all customers as required by law. A copy was provided in the packets. Mr. Mallett reported that he met with Dan Jackson, City Corporation rate consultant, and John Choate concerning the wholesale water rate for Tri-county that should be adjusted on an annual basis in accordance with a formula outlined in the current agreement. After clarifying an error in the last audit, the rate will be adjusted from \$1.35 to \$1.44 per 1,000 gallons. Mr. Mallett also explained that City Corporation received a letter from the Arkansas Department of Environmental Quality summarizing violations from the twenty month period of August 1, 2011 through March 31, 2013 which numbered 29. City Corporation, with the assistance of Clint Bell and CDM Smith provided a response and efforts to correct each violation. The letter appears to be a routine review that is performed on all permitted facilities and no an indication of lack of performance on City Corporation's behalf. Mr. Mallett attended several meetings in the month including USGS, Sales Tax Meetings, CleaResults and the Arkansas Valley Alliance Meeting.

Capital Projects Status Report: Larry Collins reported on the various capital projects that are currently open within the system. Aaron Stallmann gave an update on the 23rd Street Gravity Line.

Operating Reports: Collins reported that all operations had run smoothly for the month. Plant staff has been busy this month with painting and mowing. The elevation of the reservoir is at 459.7 which is 0.6 feet down. The lake was four feet down this time last year. Mr. Collins also pointed out that there was one violation this month for the PCW Facility. The violation was for copper loading.

Consideration of 2013-2014 Budget: Art Jones made a motion to accept the 2013-2014 budget. Luke Duffield seconded. Budget was approved as presented. Mr. Mallett also presented the board with a Resolution authorizing budget amendments to certain capital improvement projects to be carried over into the 2013-2014 Capital and Operations and Maintenance Budget. Art Jones made a motion to approve the resolution. Harold Barr seconded. The Resolution passed.

El Paso Water and Wastewater Relocation Bid: Bids were received on June 7, 2013, for the North El Paso Utility Relocation. The low bidder was Willis Parks Construction in the amount of \$541,876.42. Luke Duffield made a motion to approve the bid. Harold Barr seconded. Bid was accepted.

Certificate of Deposit Bid: Bids were accepted on the Certificate of Deposit Bid for the \$474,963.22 which is currently at Liberty Bank. Mr. Mallett suggested that some of the requirements be reviewed before the next bid to see if they are too stringent and therefore hampering the number and percentages of bids received. Harold Barr suggested the requirements be brought before the Board before the next Certificate is advertised for bid. Art Jones made a motion to approve the bid. Luke Duffield seconded. The bid was accepted.

City of Russellville/ City Corporation Lease Renewal: Per the current lease agreement between City Corporation and the City of Russellville, both parties are required to provide notice of intent to renew and extend the lease by 12 months. Art Jones made a motion to pass the resolution demonstrating City Corporation's intent to extend the lease. Harold Barr seconded. Resolution was passed as presented.

Consideration of Administrative Policy for Purchasing: Revisions were made to the former purchasing policy per staff and board recommendations. Harold Barr made a motion to approve the revised policy. Luke Duffield seconded. Policy was approved as presented.

Consent Administrative Order Update: Clint Bell gave an update on various projects pertaining to the CAO. KAJACs has completed one road bore in front of Walgreens and all pipe activity associated with the construction work west of Knoxville and north of East 2nd street. The contractor is currently working on East 2nd Street. Design work is complete for the City Mall project. Plans have been submitted to the Health Department, the Highway Department, and City Corporation for review and comment.

PCW Plant Design Update: Andrew Pownall gave an update on the progress relating to the improvements at the Pollution Control Works Facility. The PCW Schedule 1 – Dechlorination project is under construction currently. A monthly meeting was conducted earlier in the day between City Corporation, CDM Smith, and the contractor, VEI. A pre-construction conference will be set for the Schedule II – Nitrate Removal project once the VE (Value Engineering) alternatives are addressed. It is expected that the notice to proceed will be issued in late June.

Executive Session: The Board went into executive session for a performance evaluation of the General Manager. The Board emerged and stated that the General Manager had exceeded expectations for the evaluation period.

Harold Barr made a motion to adjourn. Luke Duffield seconded. Motion carried. Meeting was adjourned.

C. Frank Russenberger, Secretary