

City Corporation
Board of Directors' Meeting
Main Office Conference Room
Tuesday, October 15, 2013, 3:00 p.m.

PRESENT:

Directors:	Don Guess Frank Russenberger Harold Barr	Art Jones Luke Duffield
City Corp:	Steve Mallett Kenny Lutz Lance Bartlett Hope Penman Jim Lynch	Larry Collins Brenda Austin Randy Bradley Rena Taylor
Others	Clint Bell Andrew Pownall John Shoptaw	Aaron Stallmann Bob Hardin Whitney Snipes

Chairman Guess called the meeting to order at 3:00 p.m.

Approval of the September 2013 Minutes: Art Jones made a motion to approve the minutes. Harold Barr seconded. Minutes were approved as presented.

2012-2013 Financial Audit Presentation: John Shoptaw presented the results of the 2012-2013 financial audit. Mr. Shoptaw noted that while the bond issue created a major increase in the cash balance, it also increased the total liabilities due to borrowing on the bond. Operating revenue declined, Mr. Shoptaw noted, while operating costs continued to increase. Art Jones made a motion to approve the financial audit. Frank Russenberger seconded. Motion passed.

Review and Consideration of the September 2013 Financials: On the water side, revenues were 4.5% (\$23,353.23) over budgeted amounts for the month. The yearly variance is running 4.44% less than budgeted amounts. Total Operations & Maintenance (O&M) expense for the month was 44.3% under budget (\$294,052.66). The O&M budget amount was \$663,921.00 with the actual O&M monthly total being \$369,868.34. The yearly variance is 25.8% (\$409,551.97) under projected budget. The net income for the month was 231.9% (\$332,328.27) more than the budgeted income. On the sewer side, revenues were 1.6% (\$5,292.95) under projected amounts. The budgeted revenue was projected to be \$331,750.00 with the actual total revenue being \$326,457.05. The yearly variance is 2.7% (\$26,882.59) under budget. Total O & M expense was \$19,710.36 under budget. The yearly variance is 6.0% (\$66,046.24) over budget projections. The net income for the month was 25.4% (\$14,450.83) less of a loss than

anticipated. Luke Duffield made a motion to approve the September 2013 financials. Frank Russenberger seconded. The Financial Report was approved as presented.

General Manager's Report: Steve Mallett gave an update to the Board regarding several items that he has been working on recently. Among those items, he addressed random drug testing/training for employees, potential Tri-County water adjustment, Leadership Russellville, HR manual revisions, and various budget and staff items. The Board agreed to meet for a midyear budget review before December 10 or after the beginning of the new year.

Capital Projects Status Report: Lance Bartlett deferred to Aaron Stallmann with Garver Engineers for updates on three projects including the 23rd Street Gravity Line, the Carbon Feed System Replacement, and the Western Hills Tank Painting project. Clint Bell with CWB Engineers gave a report on East 2nd street wastewater improvements. City Corporation staff is currently monitoring (31) local developments at this time.

Operating Reports: Collins reported three violations for the month. One grinder pump was repaired and the electrical components were replaced at the Lost Corners and Station A sewer lift stations. The #3 sewage pump at Prairie Creek lift station was sent off for repair as well.

Consideration of Bids/ Contracts: Staff made a recommendation to waive requirements for competitive bidding as outlined in the purchasing policy and accept a quote from RP Power, LLC in the amount of \$7,503.00 for annual maintenance on the seven generators throughout our system. Art Jones made the motion. Luke Duffield seconded. Motion passed. Staff asked that the Board approve the Joint Funding Agreement with the USGS as the sole source provider of the programs as described above in the amount of \$90,700. Frank Russenberger made a motion to approve the agreement. Harold Barr seconded. Motion passed. Quotes were solicited from three vendors for a compact excavator to be used in replacement of a backhoe that will be sold as surplus. The low bid was \$42,632.00 plus tax from Stribling Equipment of Fort Smith for a John Deere Model 35D 2013 Tier 3 Compact Excavator. Art Jones made a motion to accept the bid. Luke Duffield seconded. Motion passed. Quotes were received for a Skid Steer for the PCW facility. The low bid was from Sanders Ford Tractor in the amount of \$27,950.00 plus tax for a 2012 Model L218 Tier 3 Skid Steer Loader. Harold Barr made a motion to approve the bid. Luke Duffield seconded. Motion passed.

Consider Revision to Deposit Policy: Art Jones made a motion to reject the proposed changes and leave the deposit policy as is at this time. His motion also included creating a line item in the budget to separate deposit monies paid from the general revenue fund in the event that the policy is ever changed in the future. Harold Barr seconded. Motion passed.

Consent Administrative Order Update: Clint Bell gave an update on various projects pertaining to the CAO. KAJACs has completed all pipe activity associated with the East 2nd Street Wastewater Improvements project. The overall construction cost will be approximately 1,800,000 and result in a savings of over \$300,000 from the original contract amount.

PCW Plant Design Update: Andrew Pownall presented the PCW Plant Design Update for the month. He noted that Schedule I – Dechlorination is near completion. Schedule II – Nitrate Removal is under construction currently. Monthly progress meetings are held between CDM Smith and City Corporation staff as well as the contractor, Archer Western Construction.

Executive Session: The Board adjourned into executive session to discuss the appointment of the new Board officer. The Board reconvened into open meeting. Art Jones submitted William Harmon, General Retired, as the City Corporation Board nominee to replace Don Guess, outgoing member. Luke Duffield made a motion to accept the nomination. Frank Russenberger seconded. Motion passed.

Harold Barr made a motion to adjourn. Art Jones seconded. Motion carried. Meeting was adjourned.

C. Frank Russenberger, Secretary