

City Corporation
Board of Directors' Meeting
Main Office Conference Room
Tuesday, March 18, 2014, 3:00 p.m.

PRESENT:

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| Directors: | Art Jones Luke Duffield Bill Harmon | Frank Russenberger Harold Barr |
| City Corp: | Steve Mallet Lance Bartlett Randy Bradley Rena Taylor Hope Penman | Larry Collins Kenny Lutz Jeremy Myers Brenda Austin Anita Dennis |
| Others: | David Garza Stephen Sharkey Aaron Stallmann | Clint Bell Rick Barger Bob Hardin |

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

Approval of the February 2014 Minutes: Frank Russenberger made a motion to approve the minutes with one correction. Bill Harmon seconded. Minutes were approved.

Review and Consideration of the February 2014 Financials: On the water side, revenues were 8% (\$32,588.41) over budgeted amounts for the month. The yearly variance is running 6.1% greater than budgeted amounts. Total Operations & Maintenance (O&M) expense for the month was 27.6% over budget (\$109,345.32). The O&M budget amount was \$395,908.00 with the actual O&M monthly total being \$505,253.32. The yearly variance is 10.9% (\$397,483.23) under projected budget. The net income for the month was 516.7% (\$77,257.81) less than the budgeted income. On the sewer side, revenues were 0.2% (\$664.03) more than projected amounts. The budgeted revenue was projected to be \$305,450.00 with the actual total revenue being \$306,114.03. The yearly variance is 0.2% (\$5,995.30) under budget. Total O & M expense was \$36,644.25 under budget. The yearly variance is 6.4% (\$182,631.25) under budget projections. The net income for the month was 128.9% (\$37,308.45) less of a loss than anticipated. Harold Barr made a motion to approve the February 2014 financials. Luke Duffield 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 the 2014-2015 Budget,

Sales Tax Proceeds, ADEQ Update and Regulation two proposal as well as various meetings that he attended this month. Mallett also briefly discussed the Solid Waste Agreement that he received that afternoon and planned to review. A workshop was set up for 1:00 p.m. on Tuesday, April 15, at the Water Treatment Plant to discuss the budget.

Capital Projects Status Report: Lance Bartlett deferred to Aaron Stallmann with Garver Engineers for updates on the Alum Storage Building, the I-40 Water/Sewer Project, the 23rd Street Gravity Line, the Western Hills Tank Painting project, and the Water Master Plan Update. Mr. Harmon asked if we had considered working with the Engineering department at Arkansas Tech University to possibly see if City Corporation can utilize the skills of interns who are interested in the modeling work being done. Aaron Stallmann said that this had been discussed and could be done. Lance Bartlett gave an update on the Highway 124 Center Valley School Force Main Relocation, the Water Treatment Plant Residual Removal, and the 2013 Root Control. Dave Garza gave a report on the East H and Parker and the North El Paso projects.

Operating Reports: Collins reported the status of system operations for Board discussion. Reports presented addressed the Pollution Control Works Facility, Inflow and Infiltration program, Water plants, and system statistical information. Collins also noted all three storm water basins are currently full. He also stated that the Lab at the Water Treatment Plant is substantially complete. Collins noted 14 violations for the month. City Corporation is currently working with Sam Gates to determine the issues causing multiple violations.

Consent Administrative Order Update: Clint Bell gave an update on various projects pertaining to the CAO. CWB Engineers has completed the preliminary design for the City Mall project. CWB is awaiting approval to move forward with the advertisement of this project. Basins 7 and 14 have had construction postponed until after the interstate project in 2015. Basin 23 will be separated from the rest of the project and addressed earlier.

PCW Plant Design Update: Rick Barger and Stephen Sharkey from CDM Smith were present to give the monthly report. Mr. Barger discussed improvements at the Pollution Control Works Facility. Mr. Barger said that the Schedule II Project is difficult because the plant was continuing to operate while the upgrades being completed. He stated that a lot of the issues being experienced are due to the water quality and those issues should begin to get better by this fall. He also stated that the project was one third complete and he planned to have the plant in operation by August.

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

Luke Duffield, Secretary