

**NOTICE OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
RURAL WATER DISTRICT NO. 2
MIAMI COUNTY, KANSAS**

The Regular Meeting of the Board of Directors of Rural Water District No. 2, Miami County, Kansas will be held at 7:30 p.m. on Monday the 14th day of January, 2013 at the District Office located at 255th Street and Harmony Road, Hillsdale, Kansas.

AGENDA

- I. Opening
- II. Minutes
 - 1) Reading
 - 2) Approval
- III. Current Invoices
 - 1) Review
 - 2) Approval
- IV. Guests
 - 1) Ken Cox, Acord Cox & Company-Audit Report
- V. Leak Adjustment
 - 1) Bonna Yost-Account #1256
 - 2) Sandy Anderson: #1922
- VI. Subscriptions & Relocates
 - 1) Lester Town, 359th & Somerset Rd
- VII. Line Extensions
 - 1) Glen McCann, on 271st- west of Indianapolis
- VIII. Old Business
- IX. New Business
 - 1) Spring Hill Minimum Use
 - 2) Annual Meeting Agenda
- X. Reports
 - 1) Engineer
 - 2) Legal
 - 3) Treasurer
 - 4) Manager
- XI. Announcements
- XII. Adjournment

Board Meeting Minutes

The regular meeting of the Board of Directors of Rural Water District No. 2, Miami County, Kansas was held on January 14, 2013 at the District Office located at 25290 Harmony Road, Hillsdale, Kansas.

Attendance:

Directors Attending: Jim Dycus, Doug Hensley, Alan Hire, Mike McClurg, Jim Bracken, Gary Guetterman and Lyle Wobker.

Also Attending: Jerry Bennett and Carl Hartley.

Guests Attending: Tom McClanahan-Acct #2137, Ken Cox of Acord & Cox, Bonna Yost - acct. 1256, Sandy Anderson - acct. 1922.

Welcome and Approval of Minutes

Chairman Jim Dycus called the meeting to order at 7:30 p.m.

A motion was made by Gary Guetterman to dispense with reading the minutes for the regular monthly meeting. Lyle Wobker seconded. Vote: 7-0, motion passed.

Mike McClurg moved to approve the minutes as written. Lyle Wobker seconded. Vote: 7-0, motion passed.

Alan Hire moved to pay the bills as presented. Motion was seconded by Doug Hensley. Vote: 7-0, motion passed.

Audit Report

Ken Cox, Acord & Cox, presented the draft audited financial statements for the 2012 fiscal year. The District's total operating revenues increased by \$254,899 from \$2,637,041 in 2011 to \$2,891,940 in 2012. Total operating expenses increased by \$97,975 from \$2,270,502 in 2011 to \$2,368,477 in 2012. The major contributors to the increase in expenses were related to plant expense and line maintenance expense. Mr. Cox indicated the District continues to demonstrate a very strong financing position.

Alan Hire moved to approve the draft audit as presented by Mr. Cox. Jim Bracken seconded. Motion passed 7-0.

Leak Adjustments

Bonna Yost, Account No. 1256, presented a leak adjustment application. Mrs. Yost said it had been repaired and she was aware of the four year limit between adjustments.

Leak Amount-101,920 gallons over 2 months

Average Usage-9,430 gallons

Leak Billing Amount-\$450.05

Adjusted Billing Amount-\$325.46

Savings-\$124.59

Motion made by Jim Bracken to approve the leak adjustment, seconded by Gary Guetterman. Vote: 7-0, motion passed.

Sandy Anderson, Account No. 1922, presented a leak adjustment application. Mrs. Anderson said it had been repaired and she was aware of the four year limit between adjustments.

Leak Amount – 214,700 gallons over 2 months

Average Usage – 57,475 gallons

Leak Billing Amount - \$897.67

Adjusted Billing Amount - \$748.05

Savings - \$149.63

Motion made by Lyle Wobker to approve the leak adjustment, seconded by Doug Hensley. Vote: 7-0, motion passed.

Guests

Tom McClanahan-Account No. 2137 was present to ask the manager if he had received his attorney's correspondence. Mr. Bennett explained the letter was received and forwarded to the District legal counsel for reply. Mr. Hartley explained he responded to Mr. McClanahan's attorney's letter reiterating the board's position on Mr. McClanahan's claim. No further action was taken by the board.

Subscriptions

There was one subscription application received following the December 2012 board meeting: Lester Town, 359th & Somerset.

Jerry Bennett presented a line extension request from Glen McCann near 271st & Indianapolis. The length is 300 ft. Alan Hire moved to approve the lines extension as presented. Doug Hensley seconded. Motion passed 7 – 0.

New Business

Jerry Bennett presented the Spring Hill usage for 2012 and that they remain using less than the 50% minimum as required by contract (actual usage was 45% of contract) The usage is 19,940,000 less than the contracted minimum of 182,500,000. If the board decides to use the formula established in 2010, the billing would be \$20,937.00. If not, the billing would be \$41,241.90. After a short discussion, Doug Hensley motioned to apply the formula agreed to during the last two years and to bill Spring Hill \$20,937.00. Lyle Wobker seconded. Motion passed 7 – 0.

The board reviewed the 2013 annual meeting agenda and no changes were made from the proposed agenda.

Chairman Dycus appointed Gary Guetterman to review the election ballot count once staff prepared the count recap.

Engineering

Jerry Bennett advised SKW is proceeding with the Jo. 7/Spring Hill/Mi. 2 tower feasibility study and has agreed to bill only for the budgeted amount.

Legal

Carl Hartley reported that the Lindley annexation was complete and the district is preparing to install the water main extension. Mr. Hartley also advised the board he was continuing discussions with Cass Co. 7 in the effort to provide water to property on the Miami County side. Cass 7 has a waterline across Stateline Rd and can easily provide water service rather than the need for a \$26,000 waterline extension from Miami 2. This will be done by agreement and the details will be worked through to present a good agreement to the board for approval.

Treasurer's Report

Alan Hire reported there was no activity this month.

Manager's Report

Jerry Bennett advised the current Hillsdale Lake level is 913.26. Normal pool is 917.

Geothermal quotes were considered. Proposals from three companies were presented. Jerry Bennett advised that after presenting the quotes to the engineer, SKW suggested the G.K. Smith and Sons quote was most likely what the District office and pump rooms require in terms of tonnage and product description. The G.K. Smith quote was \$120,040 for the office area and \$88,379 for the pump room area. Doug Hensley motioned to accept the GK Smith quote for the office area only and consider the pump room as phase 2 to complete at a later date. Alan Hire seconded. After some discussion, Jim Bracken moved to call for the question. The motion was approved by unanimous vote. The original motion passed 6 – 1 with Mr. Bracken dissenting.

Doug Hensley motioned to approve the GK Smith quote for the office area only in the amount of \$120,040. Mike McClurg seconded. Motion passed 7 - 0.

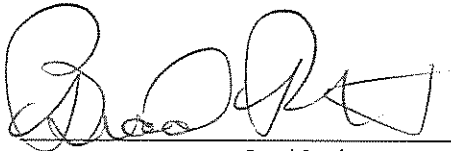
Announcements

Chairman Dycus advised those board members who planned to attend the KRWA conference in March to let Lana know. Jim Dycus will serve as the voting delegate during the business meeting.

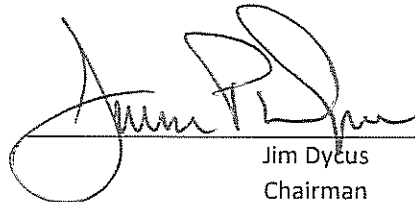
Adjournment

Motion made by Brad Ryckert to adjourn. Seconded by Doug Hensley. Vote: 9-0, motion passed.

Adjournment Time: 8:55 p.m.



Brad Ryckert
Secretary



Jim Dycus
Chairman

01 / 14 / 2013

Date