

Board Meeting Minutes

The regular meeting of the Board of Directors of Rural Water District No. 2, Miami County, Kansas was held on January 12, 2015 at the District Office located at 25290 Harmony Road, Hillsdale, Kansas.

Attendance:

Directors Attending: Jim Dycus, Brad Ryckert, Mike McClurg, Alan Hire, Gary Guetterman, Rick Norland and Lyle Wobker.

Absent Director: Doug Hensley, Jim Bracken

Also Attending: Jerry Bennett, Lana Kettler, Carl Hartley and Ed Kluber

Guest Attending: Melanie Landis and Jonathan Roberts, City of Spring Hill
Ken Cox, Acord Cox & Company

Welcome and Approval of Minutes

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

A motion was made by Brad Ryckert to dispense with reading the minutes for the regular monthly meeting. Lyle Wobker seconded. Vote: 6-0, motion passed.

Mike McClurg moved to approve the minutes as written. Lyle Wobker seconded the motion. Vote: 6-0, motion passed.

Alan Hire moved to pay the bills as presented. Motion was seconded by Brad Ryckert. Vote: 6-0, motion passed.

Rick Norland arrived 7:33 p.m.

Subscriptions & Line Extensions

There was one meter subscriptions received since the December 2014 board meeting:
Robin Green-287th & Osawatomie Road

Guest

Ken Cox, Acord Cox & Company, the District's auditor, presented the audit report for the 2014 fiscal year end. He gave the highlights of the audit and stated there were no problems and the audit went well. He said there were no changes in the accounting policies, but there will be some changes coming into play the next year revolving around under-funded pension plans (*i.e.* KPERS). Ken reviewed the "Statement of Net Position", "Statement of Revenues", Expenses and Changes in Net Position". Ken stated the District still had one wholesale customer with a large outstanding receivable. He asked the Board

what the current status was on payment. The Board advised Ken the outstanding account was on the agenda tonight and hopefully the issue will be resolved. He recommended to keep the audit in draft until the outstanding issue was resolved. He finished the report by stating the District has no debt and was in good financial standings. Alan Hire moved to keep the audit in draft until the outstanding wholesale receivable was resolved. Lyle Wobker seconded. Vote: 7-0.

Jonathan Roberts, City Administrator for the City of Spring Hill, addressed the Board. He reviewed the City's wholesale contract with the District. He proposed reducing the City's supply amount of the contract from 365,000,000 gallons per year to 275,000,000 gallons per year. He said the minimum amount of fifty percent would remain the same, lowering the minimum usage from 180,000,000 gallons to 137,500,000. These changes would allow the city to meet the annual minimum usage requirements and they would not owe the additional amount at the end of each year. There was discussion on the contract and the minimum usage amount.

Melanie Landis, Financial Administrator for the City of Spring Hill, reviewed the outstanding invoice for 2013 minimum charge and the new invoice for 2014 minimum charge. She asked the Board to reduce both invoices as they have in the past years. Chairman Dycus said the Board would take the request under consideration.

Later in the meeting the Board considered Spring Hill's requests. The minimum usage and rate for the last several years was reviewed. Carl Hartley, District legal counsel, recommended the Board should not amend the contract until all the bills have been paid. There was a discussion on changing the discount percentage from fifty percent to forty percent. Alan Hire moved to collect the full amount due with the first payment (2013 minimum charge) due in 30 days and the second payment (2014 minimum charge) due in 60 days. The motion died for a lack of second. After further discussion, Brad Ryckert moved to reduce the discount percentage rate from fifty percent to forty percent, with the first payment (2013 minimum charge) due in thirty days and the second payment (2014 minimum charge) due in sixty days and that the reductions be withdrawn if not paid timely with the contract negotiations to commence upon timely receipt of both payments. Lyle Wobker seconded the motion. There was discussion on the terms and conditions. Vote 6-1.

Engineering

Jerry Bennett and Carl Hartley reviewed the changes in the SKW agreement. Carl stated that SKW had approved all of the Board's requested changes. Gary Guetterman moved to approve the agreement and proceed with the study, with the cost of the study being \$32,000.00. Brad Ryckert seconded. Vote 7-0.

Manager's Report

Jerry Bennett presented the bids for replacing the next truck in the rotation-2009 Chev. Two bids were received:

Lang Chevrolet-\$29,673.00 (\$38,673.00 less \$9,000.00 trade in)

Beckman Motors-\$22,314.00 (\$31,314.00 less \$9,000.00 trade in)

Gary Guetterman moved to purchase the new 2015 pickup truck from the low bidder- Beckman Motors-\$22,314.00. Lyle Wobker seconded the motion. Vote 7-0.

Jerry Bennett reported the plant had a filter issue. Filter #4 blew out the filter underdrain and the filter media was sucked into the clear well. The estimated cost of the repairs is \$30,000.00. The clearwell will have to be cleaned out and then the filter will have to have the filter media pulled out and underdrain replaced. The malfunctioning electronic valve controller will have to be replaced as well.

Jerry reminded the Board the voting ballots are due back in the office by January 15, 2015 or postmarked by January 15th. It was decided to open the ballots on Monday, January 19, 2015. Director Mike McClurg would assist office staff with the opening and processing of the ballots.

Announcements and Adjournment

Jerry Bennett stated the Annual Meeting and the February monthly meeting is scheduled for Thursday, February 5, 2015, 6:00 p.m.

Meeting adjourned 9:00 p.m.

Brad Ryckert
Secretary

Jim Dycus
Chairman

Date