CREEK COUNTY RURAL WATER DISTRICT #2

BOARD OF DIRECTORS MEETING

March 8, 2016

The meeting was called to order at 5:30 p.m. by Harvey Morris, President. The roll was called and a quorum was recognized.

**BOARD MEMBERS PRESENT:** **BOARD MEMBERS ABSENT:**

Harvey Morris, President

Bill Martin, Vice-President

Larry Bayouth, Secretary

Charles Volturo, Treasurer

Roy Kirby, Member

Pat Scott, Member

Bergen Young, Member

1. **EMPLOYEES & GUESTS PRESENT:**

District staff: Dorothy Greek, Manager: Cindy Hubbell, Admin. Asst.: Marty Lademann, Field Supervisor, Steve Harris, Attorney; Jay Cobb and Rick Petricek Engineers with Poe and Associates, BobWerling, Landmark Structures, Tim Fox, Roger Kolman, City of Glenpool.

**2. VISITORS’ BUSINESS:**

**3. ENGINEERS REPORT**

**A.** Jay Cobb with Poe and Associates introduced Rick Petricek . Rick will be working on the Creek 2 improvements and taking Jay’s place as our main engineer. Jay also announced that the fees are increasing for all engineering services and provided a new fee schedule.

**B**. A spheroid tank has been chosen for the shape of the new water tower. A tentative date of March 24-25 has been set for closing date of our loan with USDA. Any project change orders submitted by the contractors or engineers must be approved by the board.

 **4. ATTORNEY REPORT:**

A. Discussion and possible action to authorize an amendment

 to Sections 5 and 10 of the Settlement Agreement entered into

 between and among the City of Glenpool, GUSA (together,

 “Glenpool”) and Creek County Rural Water District No. 2

 (“Creek-2”), effective as of May 15, 2015, for the purposes

 of: (i) amending the definition of “Auditable Period” shall

 mean successive 12-month periods, commencing on February 1,

 2015” to “shall mean successive 12-month periods, commencing

 on July 1, 2015, *provided that* the first Auditable Period

 shall also include the dates of May 15, 2015 through June 30,

 2015”; (ii) amending the deadline date for issuance of the

 audit to be changed from no later than 90 days following

 July 1; and (iii) to clarify that the deadline date for

 either party to report claims of non-compliance with the

 Settlement Agreement to the other party shall be 90 days

 following the actual date of issuance of the audit.

**Discussion/Vote**

**Motion** by Larry Bayouth, second by Bill Martin, to authorize the amendment to Section 5 and Section 10 of the Settlement Agreement.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**B**. The Board will discuss, consider and vote regarding whether or not, to enter into an agreement which would permit Glenpool to cause (or a developer to cause) fire hydrants to be installed (and owned by Glenpool)

on District water lines, at selected locations, for which Glenpool would be responsible for all costs, maintenance, and risk/liability associated with the installation, maintenance and use of fire hydrants attached to the District’s water system. Any such agreement, if adopted and approved by the Board, would provide that the District shall be permitted to have access to and utilize the Glenpool hydrants for flushing purposes and for temporary sale of water metered through any such hydrant. The purpose and objective of such an agreement would be to avoid the necessity of the developer to pay for duplicate or parallel lines, one system used for the delivery of potable water for consumption, which is a District responsibility and the other system for fire flow purposes, which is a municipal responsibility. Any such agreement may include a provision for installation of a pressure activated valve by Glenpool.

**Discussion/Vote**

**Motion** by Larry Bayouth, second by Roy Kirby to authorize counsel to work with the City of Glenpool to construct an acceptable agreement.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**5. WATER AND FIELD REPORT:**

Marty Lademann discussed the District water loss of 6.76%. The control valve on Pump #2 was replaced. Out of the ten lines extensions on the drawing board, two are currently being worked on. Thirty new Bac-T sample sites have been selected as required by the DEQ.

**6. CONSENT AGENDA BUSINESS:**

 6a**.** Regular Meeting Minutes of 2/09/16 and the Organizational Minutes of the same date.

 6b. Treasurer’s Report (pages 2 thru 5)

 6c. Accounts Payable Report (pages 6)

 6d. Transfer of Benefit Units & New Taps (page 7)

**Discussion/Vote:** The board members reviewed the Consent Agenda Business; questions were asked and answered.

**Motion**: by Larry Bayouth, second by Pat Scott to accept the Consent Agenda,

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**7. PREVIOUSLY KNOWN BUSINESS OR OLD BUSINESS:**

**A.** Charles Volturo, Treasurer, discussed and answered questions on the funding options for the new loan with the USDA Rural Development.

**B.** **Discussion/vote** on approval of funding options as explained or modified that were reviewed during the presentation. Motion will include language in the documents that explain the details and thought process that was arrived at during the discussion on funding. In addition to the Board approved minutes, the documentation detail will be permanently retained for future reference.

**B.1**  **Vote/Motion** by Charles Volturo, second by Pat Scott to confirm Engineers selection of bidders to construct scope of work per Engineers Specifications as outlined in letters dated February 18, 2016 from Poe and Associates Engineering and as presented in meeting on February 22, 2016.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**B.2 Vote/Motion** by Charles Volturo, second by Larry Bayouth to confirm decision to use $449,635.98 from Loan Project Contingency funds of $505,429.00 due to higher contractor bids versus USDA Loan approved Project estimate. This leaves $55,793.02 in Contingency funds for the remaining project activity.

 - Rather than request a revised USDA Loan increase by $450,000.00 (from $6,434,000.00 to $6,884,000.00

It is agreed to use whatever reimbursement funds for Engineering services already paid by Creek 2, to redirect into a Reserved Project Contingency Fund. Any funds remaining in this special contingency fund are subject to the Creek 2 Board decision in the future for reallocation.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**B.3 Vote/Motion** by Charles Volturo, second by Larry Bayouth to take action as part of the USDA Loan Agreement, Creek 2 to pay $25,000.00 to the USDA as a loan down payment. (USDA Loan Approval Conditions, letter April 30, 2015, USDA to Harvey Morris). Sources of funds are: “Capital Investment Account” payable to USDA at Loan Closing.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**B.4a.Vote/Motion** byCharles Volturo, second by Bill Martin to take action per the Finance Committee recommendation to increase the meter Base Rate from $25.00 to $28.50 per meter per month, effective April 1, 2016 billing cycle. This added $3.50 /meter/month is to be directed to the Capital Investment Account for the new Loan payment.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**#4 b.(1)** To achieve the lowest increase in the Base Rate, other actions are required.

**Vote/Motion** by Charles Volturo, second by Larry Bayouth to divert current monthly $7,452.00 from the Tower Maintenance Fund to the Capital Investment Account to partly pay for the new loan.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

#**4 b. (2)** Creek 2 has obtained approvalfrom our Auditor to credit $10,473.00 from our monthly Depreciation item in our monthly income statement to a Short-Lived Asset Reserve.

**Vote/Motion** by Charles Volturo, second by Pat Scott, to increase the Short-Lived Asset Reserve to $10,473.00 per month. **Further, motion made** that a modified entry shall be established by Creek 2 Accounting to reflect these changes to the Depreciation line item.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**4 b. (3)** The USDA Loan requires Debt Service Reserve to be established either monthly or by fully funding the account equal to one (1) annual loan payment. This applies to both an old loan and the new 2016 USDA loan.

**Vote/Motion** by Charles Volturo, second by Pat Scott as recommended by the Finance Committee to fully fund both old loan and new 2016 loan USDA Debt Service Reserve Accounts from the existing Creek 2 Tower Maintenance Fund and establish a Restricted Reserve CD of these funds.

Debt Service Reserve Transfers

 USDA Loan (old loan): $ 58,487.35 (part of new CD for $165,756)

 USDA new Loan 2016: $298,404.00 (new CD for $298,404)

 Total $356,891.35

Current Tower Maint Fund: $417,024.00

Transfers to Debt Service Reserve -$356,891.35

 Balance: $60,132.65 (or current account balance)

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**C. Vote/Motion** by Larry Bayouth, second by Roy Kirby to pursue the purchase of property, for future water tower in the Tulsa South area, after we have cleared precautionary hurdles.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**D.** **Vote/Motion** by Larry Bayouth, second by Bill Martin to acknowledge the withdrawal of the request for an exception to the Board policy on the boot allowance.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**E Motion** by Larry Bayouth, second by Pat Scott not to accept either bid, for maintenance of the private road to the Kellyville Tower, but to present the bids to the other property owners that use the road and see what they are willing to contribute to the project.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against**: None

**Motion carried**.

**8.** **UNKNOWN BUSINESS OR NEW BUSINESS:**

1. Approval of Permit #WL000072150971 for Haddington Heights Addition, SW1/4, SE1/4, Section 25, Township 18 North, Range 12 East, Tulsa County. This addition will be served by Jenks, but the contractor has to lower our existing 4” water line. **Vote/Motion** to Approve by Bill Martin, second by Pat Scott

 **For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

 **Against**: None

 **Motion carried**.

**9. BOARD MEMBERS’ COMMENTS AND DISCUSSION:**

**10. MANAGER’S REPORT:**

Last month, Dorothy had requested an exception to the boot policy for an employee who had purchased boots that were one hundred dollars over the allowed limit. The employee in question has a difficult foot to fit, and intended to use these boots as all-purpose boots, including using them as leak boots; the District supplies fire boots for the field employees to wear when fixing leaks. Since our last meeting, Dorothy found out from our safety advisor that the rules had changed regarding steel-toed boots, as OSHA now requires that steel-toed boots must be worn when fixing leaks. The request has been rescinded.

**ADJOURNMENT:**

**Motion:** There being no further business, a motion was made by Larry Bayouth and seconded by Pat Scott to adjourn the meeting at 9 pm.

**For**: Young-yes, Martin-yes, Scott-yes, Bayouth-yes, Kirby-yes, Volturo-yes.

**Against:** None

**Motion carried.**

Minutes recorded by tape and Cindy Hubbell; reviewed by Dorothy Greek.