

CLAY RURAL WATER SYSTEM, INC.
BOARD MEETING SUMMARY
DECEMBER 22, 2009

On December 22, 2009 at 9:10 a.m. a special meeting of the Clay Rural Water System Inc., Board of Directors was called to order by President Bob Wood at the System Office. The following Directors were also present: Craig Nelson, Tom Manning, Rick Peterson, Randy Erickson, Glen Gilbertson, and Vic Hendriks. Also present was Manager, Greg Merrigan.

In the absence of the Secretary, Vic Hendriks was appointed as acting Secretary.

APPROVAL OF AGENDA: A motion was made, seconded and carried to approve the agenda.

Greg Merrigan gave a photo report on construction activities for the 2010 Project Phase I.

Jim Ross arrived at 10:10 a.m.

2010 BUDGET AND WORKPLAN: Greg Merrigan presented the proposed 2010 Budget and Workplan. The One Year and Five Year Workplans, Description of Funds, Capitol Purchases and Cash Budget were reviewed. A 3% rate increase is proposed for the Island Rate Class as a result of a rate increase from the City of Vermillion. Tom Hollingsworth and Evan Peterson presented additional information on Capitol Purchases.

A motion was made, seconded and carried to accept the Budget and Workplan as presented.

ADJOURNMENT: A motion was made, seconded and carried to adjourn the meeting at 11:40 a.m.

**CLAY RURAL WATER SYSTEM, INC.
BOARD MEETING SUMMARY
DECEMBER 22, 2009**

On December 22, 2009 at 12:50 p.m. the regular meeting of the Clay Rural Water System, Inc. Board of Directors was called to order by President Bob Wood at the System Office. The following directors were also present: Randy Erickson, Jim Ross, Tom Manning, Rick Peterson, Vic Hendriks, Craig Nelson and Glen Gilbertson. Also present were: Manager Greg Merrigan and Office Manager Donna Henriksen.

ADOPT AGENDA: A motion was made, seconded and carried to adopt the revised Agenda.

MINUTES: The minutes of the November 24, 2009 regular Board meeting were distributed previously. Minutes were approved as presented. A motion was made, seconded and carried to approve the Board Summary for November 24, 2009.

VISITORS TO BE HEARD: None

FINANCIAL STATEMENTS: The November Financial Summary was received. A motion was made, seconded and carried to approve the transfer of funds.

BILLS FOR PAYMENT: The December Bills for Payment and January Bills requiring pre-approval were presented for approval. A motion was made, seconded and carried to approve.

MANAGER'S REPORT: Greg Merrigan presented the December Manager's Report.

LEGAL REPORT: Greg Merrigan reported on an issue the System attorney is dealing with.

ANNUAL TECHNICAL CONFERENCE: The Annual Technical Conference will be held Jan. 12-14 in Pierre. Rick, Glen & Greg plan to attend. Rick Peterson reported on the SDARWS meeting he attended on December 3 in Sioux Falls. Greg Merrigan reported on issues the Policy Committee discussed.

NATIONAL RURAL WATER RALLY: The Rally will be held Feb. 8-10 in Washington, DC. Two rooms have been reserved.

2010 PROJECT: Greg Merrigan presented the monthly project update. Additional grant funding is being sought.

CLAY RW TOWERS – ANTENNA USE: Long Lines has accepted the lease terms. They will forward a lease agreement for review. Clay RWS will be providing power and standby generation for the Long Lines equipment.

2010 SCHOLARSHIP PROGRAM: The Scholarship will be renamed the Jack & Arlene DeVany Scholarship Program. A motion was made, seconded and carried to award three (3) \$500.00 scholarships this year and approve the Scholarship Program.

COMMITTEE MEETING DATES: A motion was made, seconded and carried to set the Committee Meetings on January 20th. Employee Relations Committee will meet at 9:30 a.m.; Policy Committee will meet at 1:00 p.m.

BOARD RETREAT OR TOUR: Greg Merrigan is recommending a Board Tour this year with all the new construction taking place. A motion was made, seconded and carried to approve a Board Tour, possibly the week of April 6th.

EXECUTE MANAGER'S CONTRACT: A motion was made, seconded and carried to execute the Manager's Contract for 2010.

ADOPT MOTION FOR LOBBYING: Greg Merrigan presented a motion that would authorize any Director or employee to lobby during the upcoming legislative session. This is a standing motion. A motion was made, seconded and carried to authorize any Director or Employee of the Clay Rural Water System to lobby during the 2010 Legislative Session on behalf of the Clay Rural Water System on any legislative issue of interest or importance to the Clay Rural Water System, the South Dakota Association of Rural Water Systems or any other entity that promotes a common cause.

APPOINT NOMINATING COMMITTEE: The three Directors whose terms are up in 2010 are: Jim Ross, Duane Holoch, & Rick Peterson. Jim & Rick both indicated they would seek re-election so a Nominating Committee is not needed at this time.

SLUDGE LAGOON INFORMATION: Greg Merrigan presented information on the sludge lagoons including the original cost and annual costs. The lease on the lagoons is up in July of 2010. A motion was made, seconded and carried to have Greg Merrigan consult with our Engineers about moving the Lagoons and to contact the landowners regarding lease renewal terms.

NEW SAVINGS ACCOUNT AT BANK OF THE WEST: Greg Merrigan is recommending opening a new Savings Account at Bank of the West to transfer funds from First Premier due to FDIC insured limits. A motion was made, seconded and carried to approve the new account.

RETIREMENT PLAN RESOLUTION: A resolution from Fringe Benefits Design, the administrator for our pension plan, was presented. The plan was restated in 2009 to comply with new federal regulations. The resolution confirms that we have acknowledged these changes. A motion was made, seconded and carried to adopt the Resolution and authorize the President to sign.

ROUTINE OFFICE BUSINESS: Greg Merrigan reviewed the Routine Office Business for the month. A motion was made, seconded and carried to approve seven drop services, one membership transfer, and four new services.

OTHER ITEMS FOR DISCUSSION: A motion was made, seconded and carried to give the Employees a Christmas gift.

CALENDAR OF EVENTS: Dec. 24 – office closes at noon; Dec. 25 – Office closed for Christmas Day; Jan. 1 – office closed for New Year’s Day; Jan. 12-14 – Annual Technical Conference in Pierre; Jan. 28 & 29 – 2009 Audit; Jan. 28 – next regular Board meeting.

SUPPLEMENTAL INFORMATION: None.

ADJOURNMENT: A motion was made, seconded and carried to adjourn at 2:12 p.m.