

CLAY RURAL WATER SYSTEM, INC.
BOARD MEETING SUMMARY
JANUARY 28, 2010

On January 28, 2010 at 7:30 p.m. the regular meeting of the Clay Rural Water System, 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, Duane Holoch, Tom Manning, Rick Peterson, Vic Hendriks, Craig Nelson and Glen Gilbertson. Also present were: Manager, Greg Merrigan, Office Manager, Donna Henriksen, Attorney, Mike McGill and about 50 guests.

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

MINUTES: The minutes of the December 22, 2009 regular Board meeting and December 22, 2009 special Board meeting were approved as corrected. The Board Summary for December 22, 2009 regular meeting and December 22, 2009 special meeting were approved as corrected.

VISITORS TO BE HEARD: None.

HYPERION EC REQUEST FOR WATER: Greg Merrigan presented information on a request from Hyperion Refining LLC to provide between 9 – 12 million gallons of water per day to their proposed refinery in Union County. Hyperion is requesting Clay RWS finance all improvements and then Hyperion would repay the costs through a long-term repayment agreement. Testimony was presented from three members. Two comments were also received via email. The President declared the member comment period closed and that the matter would be taken up by the Board. A motion was made that Clay Rural Water System respectfully reject the current proposal submitted by the Hyperion Energy Center, and to inform Hyperion of this decision. There was a second on the motion. Attorney, Mike McGill presented the legal issues of this proposal. A roll call vote was taken on the motion and it passed 9-0 to reject Hyperion's proposal. The President directed the Manager to draft a letter to Hyperion regarding the vote and territorial issues.

The Board recessed at 8:10 p.m.

The Board reconvened at 8:20 p.m.

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

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

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

LEGAL REPORT: Greg Merrigan reported that Mike McGill spent time on the Hyperion issue.

ANNUAL TECHNICAL CONFERENCE: Greg Merrigan, Rick Peterson and Glen Gilbertson attended the ATC in Pierre. Rick Peterson reported on the SDARWS Board meeting. One legislative issue was discussed. The SDARWS office plans to move to the new building in Madison in early February.

NATIONAL RURAL WATER RALLY: The Rally will be held Feb. 8-10 in Washington, DC. Rick Peterson plans to attend.

2010 PROJECT: Greg Merrigan presented the monthly project update and distributed pictures highlighting construction activities at the Garfield Booster. A Notice to Proceed for Phase II of the well project was presented. A motion was made, seconded and carried to authorize the President to sign the Notice.

DISTRICT ELECTIONS: Rick Peterson, District I; Duane Holoch, District II; and Jim Ross, District III have all completed and submitted a Notice of Intent Form to run for re-election.

HEALTH INSURANCE RENEWAL: A motion was made, seconded and carried to table this item until the February 25th meeting.

SLUDGE LAGOON STUDY: A proposal from DeWild, Grant Reckert and Associates to perform a preliminary study for relocation of the lime sludge lagoons was presented for approval. A motion was made, seconded and carried to authorize DGR to complete the study.

COMMITTEE REPORTS: A motion was made, seconded and carried to table the Committee Reports until the February 25th meeting.

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

OTHER ITEMS FOR DISCUSSION: None.

CALENDAR OF EVENTS: Feb. 4 & 5 - Manager's meeting in Pierre; Feb. 15 - Office closed for President's Day Holiday; Feb. 25 - One Call Breakfast; Feb. 25 - next regular Board meeting, 7:30 p.m., System Office.

SUPPLEMENTAL INFORMATION: A thank you letter from the Beacom School of Business was reviewed.

ADJOURNMENT: A motion was made, seconded and carried to adjourn at 9:16 p.m.