

CLAY RURAL WATER SYSTEM, INC.
BOARD MEETING SUMMARY
APRIL 21, 2009

On April 21, 2009 at 7:40 p.m. the monthly meeting of the Clay Rural Water System, Inc. Board of Directors was called to order by Board President Robert Wood at the System Office. The following directors were also present: Tom Manning, Vic Hendriks, Glen Gilbertson, and Craig Nelson. Also present were: Greg Merrigan, Donna Henriksen and Attorney, Mike McGill.

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

MINUTES: The minutes of the March 26, 2009 regular Board meeting, the March 28, 2009 Audit meeting and the March 28, 2009 re-organizational meeting were distributed previously. No corrections were noted and the minutes were approved. A motion was made and seconded to approve the Board Summary for March 26, 2009. Motion carried unanimously.

VISITORS TO BE HEARD: None.

A motion was made and seconded to suspend the rules and move up Agenda Item 12H. Motion carried unanimously.

SCHOLARSHIP RECIPIENT: Michael Oberle, one of the two Scholarship winners, was present to meet with the Board. Michael will be attending Black Hills State University to major in Biology and play football.

FINANCIAL STATEMENTS: The March Financial Statements were presented. A motion was made, seconded and carried to approve the transfer of funds.

BILLS FOR PAYMENT: A motion was made and seconded to approve the April Bills for Payment and the May Bills requiring pre-approval.

MANAGER'S REPORT: Greg Merrigan presented the April Manager's Report. He discussed the annual meeting, QOT, 2008 Annual Report, rate adjustment information and noted various meetings he had attended along with distribution, and general and administrative activities performed by the Staff. Also included was the February, 2009 Water Sales Report.

LEGAL REPORT: Greg Merrigan introduced Attorney, Mike McGill. Mr. McGill has agreed to serve the water system on an interim basis.

SDARWS UPDATE: No report.

2010 PROJECT: Greg Merrigan reported on a preliminary meeting with DENR to review the project and discuss funding options. DENR is recommending that we split the project into two separate projects (Improvements and Added User) and try to move the Improvements Project timeline up to obtain stimulus funds. Merrigan reviewed a revised project scope, budget and timeline. A motion was made and seconded to approve this recommendation. Discussion followed. Motion carried unanimously. The Added User Project will lag by several months.

Greg Merrigan reported that he contacted the landowner of land where we wish to locate the new Garfield Booster. The landowner is willing to sell one-half acre of land and requested that we make him an offer in writing. A motion was made and seconded to give the Manager the authority to negotiate a purchase price with the landowner in a specified price range and to consult with Tom Manning and Craig Nelson on the negotiations. Discussion followed. Motion carried unanimously.

DGR has prepared an Engineering Services Agreement for signature for the Improvements Project. Mike McGill has reviewed the contract and offered comments. A motion was made and seconded to accept the Engineering Services Agreement and to authorize the President to sign. Motion carried unanimously.

RIVER PRESERVE: Attorney, Kent Hagg and Engineer, Kim McLaury were present to provide the Board information on the River Preserve Project. Hagg would like Clay RWS to finance all costs for installation of water and sewer and to recoup the costs through fees, assessments or rate charges. The Board thanked Hagg and McLaury for their time and no action was taken.

ANNUAL MEETING REVIEW: It was the consensus of the Board that the Annual Meeting went well. One director inquired as to the possibility of a night meeting to increase attendance.

DEER RUN OPERATIONS CONTRACT: Greg Merrigan explained the Operation Contract with Deer Run. The existing Contract expired 12/31/08 and a new one needs to be executed. A motion was made and seconded to accept the Contract and authorize the President and Secretary to sign. Motion carried unanimously.

ADOPT COMMITTEE RESOLUTION: Resolution 2009-02, designating Board Committees was presented. A motion was made and seconded to accept the Resolution as presented. Motion carried unanimously.

SANFORD POTABLE WATER AGREEMENT: Greg Merrigan reviewed an agreement to provide Sanford Vermillion Hospital with potable water during emergency periods when their current supply might be interrupted. Sanford would like to update the agreement to reflect their new name. A motion was made and seconded to accept the Sanford Potable Water Agreement as presented. Motion carried unanimously.

DESIGNATE 2009 LEGAL SERVICES: A motion was made and seconded to take from the table, Designate 2009 Legal Services, tabled at the Annual Reorganizational meeting. Motion carried unanimously. A motion was made and seconded to designate Mike McGill as interim legal counsel. Motion carried unanimously.

2009 BUDGET REVISIONS: Greg Merrigan reviewed several changes that have occurred with the 2009 Budget and requested the Board adopt a revised budget with the new changes included. A motion was made and seconded to adopt the 2009 Budget revisions as presented. Motion carried unanimously.

AUTHORIZE CREDIT CARD USERS: A motion was made and seconded to designate all employees and Board members as authorized users of the Corporation's credit cards. Motion carried unanimously.

POLICY NO. 211 “RED FLAG RULE”: Greg Merrigan explained Policy No. 211 “Red Flag Rule”. As a water system that extends credit to members, we are required to adopt this policy. A motion was made and seconded to adopt Policy No. 211. Motion carried unanimously.

ROUTINE OFFICE BUSINESS: A motion was made and seconded to approve one Drop Service; two Membership Transfers; seven New Services; and two Bad Debts.

OTHER ITEMS FOR DISCUSSION: None.

CALENDAR OF EVENTS: April 29 & 30 – Manager’s Meeting in Chamberlain; May 25 – Office closed for Memorial Day; May 28 – next regular Board meeting at 7:30 p.m., System Office.

SUPPLEMENTAL INFORMATION: Thank you from Gayville-Volin After Prom Party Committee.

ADJOURNMENT: Bob Wood declared the meeting adjourned at 9:30 p.m.