

**CENTRAL WYOMING REGIONAL WATER SYSTEM
JOINT POWERS BOARD**

MEETING PROCEEDINGS

December 16, 2008

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (JPB) was held Tuesday, December 16, 2008 at 11:30 AM, in the Joint Powers Board Conference Room, Regional Water Treatment Plant, 1500 SW Wyoming Boulevard, Casper, WY.

Board Members Present - Chairman Bertoglio, Treasurer Bentley, Board Members Keffer and Schlager. Vice-Chairman King, Secretary Peryam, Board Members Daubin and Walsh were absent.

City of Casper - Bertoglio, Schlager, Gary Clough, Janette Brown, John Naquin, Tim Rail, V.H. McDonald, Deca Wasson

Natrona County –

Salt Creek Joint Powers Board –

Wardwell Water & Sewer District – Keffer

Pioneer Water & Sewer District – Bentley

Poison Spider Improvement & Service District -

Wyoming Water Development Office -

Sandy Lakes Estates -

Lakeview Improvement & Service District -

33 Mile Road Improvement & Service District –

Central Wyoming Groundwater Guardian Team (CWGG) –

Others – Lovelett, Skogen & Associates – Roxy Skogen, John McPhee

The JPB meeting was called to order at 11:40 a.m.

1. In Announcements, Chairman Bertoglio announced that he has proxies for Board Members Daubin and Walsh. He stated that Board Member Keffer would be arriving soon. Chairman Bertoglio stated that he would be changing the order of the agenda so Board Member Keffer could be present for the presentation of the annual audit.

2. Chairman Bertoglio turned the time over to Mr. Naquin for the Operations Update.

Mr. Naquin stated that there have been no freeze ups in the well field this winter. He stated that two well heaters failed, but are in the process of being replaced.

Mr. Naquin stated that production is about the same, with November '08 production of 181 mg and November '07 production of 187 mg. He stated that the difference was only 6 mg less.

Mr. Naquin stated that the 2.6 mg tank was inspected in October. He stated that there was some moderate corrosion in the tank that will have to be dealt with. Mr. Naquin stated that this will be difficult to take care of as the tank is used for backwashing filters and for groundwater storage. He stated that some modifications will need to be made so the tank can be taken out of service. He stated that a by-pass could be made and the distribution system used to backwash the filters.

Mr. Naquin stated that the #5 surface water high service pump is being repaired and the motor bearings are being changed.

Mr. Naquin stated that the wells are in the process of being painted and some minor maintenance is being done.

Mr. Naquin stated that the new heater for the South Chemical building has been installed and is working very well.

The time was turned over to Mr. Rail for the Distribution Report.

Mr. Rail stated that flushing has been done in the Sandy Lake area to bring up the residuals. He stated that this has to be done every year.

Mr. Rail stated that his crew is finished with the air vac's and everything else is fine.

3. There was no Public Comment.
4. Chairman Bertoglio asked the Board to skip to the Sole Source Purchase of Turbidimeters. Mr. Clough asked the Board to reference the memo in their agenda from Mr. Naquin requesting authorization to sole source purchase eight turbidimeters as part of the SCADA upgrade. He stated that this would not only upgrade the turbidimeters to work with the SCADA upgrades, it would also standardize the equipment used in the plant and well field. Mr. Clough stated that the eight turbidimeter units would cost \$18,696 plus shipping fees. Treasurer Bentley asked if this was to change out the existing turbidimeters or if they were spare turbidimeters. Mr. Naquin stated that these turbidimeters would change out the existing turbidimeters so they could be networked into the SCADA upgrades and the existing turbidimeters would be kept as spares. A motion was made by Board Member Schlager and seconded by Treasurer Bentley to approve the sole

source purchase of eight Hach 1720E turbidimeters for the cost of \$18,696 plus shipping fees. Motion put and carried.

5. Chairman Bertoglio asked for a motion to approve the minutes from the October 21, 2008 meeting. A motion was made by Treasurer Bentley and seconded by Board Member Schlager to approve the minutes from the October 21, 2008 meeting. Motion put and carried.
6. Chairman Bertoglio asked for a motion to reaffirm the verbal approvals of the November 2008 Voucher Listing. A motion was made by Board Member Schlager and seconded by Treasurer Bentley to reaffirm the verbal approval of the November 2008 voucher list to include voucher numbers 6637 through 6647 in the amount of \$1,460,794.83. Motion put and carried.

Mr. Clough asked the Board to reference the voucher list handed out on this date. He stated that voucher number 6651 was added to the listing. Mr. Clough stated that the vouchers are in good order and recommended approval. Chairman Bertoglio asked for a motion to approve the December 2008 voucher list that was handed out on this date. A motion was made by Board Member Schlager and seconded by Treasurer Bentley to approve the December 2008 voucher list to include voucher numbers 6648 through 6651 in the amount of \$227,882.79. Motion put and carried.

7. Chairman Bertoglio asked the Board to reference the Financial Report. Mr. Clough stated that there was nothing unusual to report in the monthly Financial Report and offered to answer any questions the Board might have. Chairman Bertoglio stated that the Cash and Cash Equivalents are up substantially and asked if this was due to a timing issue with the payments for Debt Service. Mr. Clough stated that this would have to be looked into for the next meeting. Chairman Bertoglio stated that the Total Assets went down but the Current Assets were up a little over a million dollars. Mr. McDonald stated that he believes it is a combination of sales being up for the year and expenses being down and some of the capital not being incurred as of yet. A motion was made by Board Member Schlager and seconded by Treasurer Bentley to approve the November 2008 Financial Report. Motion put and carried.

Board Member Keffer arrived at 11:55 a.m.

8. Old Business:
 - a) Mr. Clough asked the Board to reference the preliminary draft FY2008 Annual Audit that was handed out on this date. Mr. Clough turned the time over to Ms. Roxy Skogen of Lovelett, Skogen and Associates to review the audit with the Board. Ms. Skogen stated that this is the preliminary draft of the audit and changes were made this morning. She stated that they are working with the new Financial Reserve Policy and the interpretation of the policy. Ms. Skogen stated that there is some question as to whether things are being done in accordance with the Board's plan for the policy. Ms. Skogen stated that according to the Reserve Policy, the

Operations Reserve and the Emergency Reserves are to have 45 days of the ensuing year's budget. She stated that the budget for FY08 and FY09 are comparable and the number was set at \$314,000. She stated that the Debt Service Reserve is required by the Bond Covenant and there is to be one year's reserve for the debt. She stated that in the past, the Board has had an insurance bond that covers the requirement and then the monthly deposit has been made to cover the current year reserve. She stated that the amount that has been deposited for the last year was to cover the Bonds and the WWDC loans, but only the Bonds have been paid out of the account so the account has grown. Ms. Skogen stated that the only portion of the account that is restricted is the amount for the next payment and the rest of the amount has been set as designated, but not restricted. Ms. Skogen asked the Board to read Note 5 on page 24 to make sure this is what they planned for their designations.

Ms. Skogen stated that the Capital Improvement Reserve Fund increased over the prior year. She stated that the System Investment Charges go into this account along with the interest earned on the account.

Ms. Skogen stated that the Rate Stabilization Fund has gone away and the Board is operating with just a shade under the Operating Reserve and Emergency Reserves.

Ms. Skogen stated that the Water Rights Reserve stayed and the only change was the interest earned during the year.

Ms. Skogen stated that the Debt Service Fund is the additional contributions sitting in the account for the WWDC loans which came out of a different account. Chairman Bertoglio asked if there was still the Capital account. Ms. Skogen stated that there is the million dollar restricted account that is discussed in the Long-Term Debt on page 9. Ms. Skogen stated that there is a difference between restricted by an outside party and designated by the Board. She stated that the million dollars is listed under the restricted assets and the Debt Service is the monthly contribution to the account and is also restricted.

Ms. Skogen asked the Board to reference page 9, Net Assets. She stated that there were no significant changes; the assets went down due to depreciation. She stated that the Liabilities also went down due to Debt Service payments.

Ms. Skogen asked the Board to reference page 10, Statement of Revenues and Expenses. She stated that there was nothing significant or unusual on this report. She stated that the increase in Net Assets was due to Revenue and Expenses both being down.

Ms. Skogen asked the Board to reference the Cash Flows on page 11. She stated that even though the assets went down there was still an increase in Cash and Cash Equivalents.

Ms. Skogen stated that most of the notes for the Financial Statements are the same with the exception of Note 5 which was discussed previously. She stated that there were no changes in accounting policies that affected the Financial Statements this year.

Ms. Skogen asked the Board to reference page 18, which has the Cash and Cash Equivalents note. She stated that all the Board's funds were collateralized or insured as required.

Ms. Skogen stated that page 19 shows the Capital Asset activity for the current year. She stated that depreciation was \$2 million and additions during the year were approximately \$700 thousand which is why the total for Capital Assets decreased.

Ms. Skogen stated that page 21 shows the Long-term Obligation Note. She stated that there was no addition to the debt during the year, only payments made.

Ms. Skogen stated that on pages 22-23 shows the obligations for the bonds and notes payable in the coming years.

Ms. Skogen stated that the Retirement Plan on page 25 will eventually go away since the Board no longer has any employees.

Ms. Skogen stated that page 26 lists the payments to the City of Casper for Operations and lists the payments made by the City of Casper for wholesale water.

Ms. Skogen stated that pages 27-28 discuss the Internal Control and Compliance Report. She stated that this was a clean report and there were no findings.

Ms. Skogen stated that she has talked with Mr. McDonald concerning the various bank accounts. She suggested that the Board consolidate the accounts and do internal accounting and tracking of the designated funds.

Chairman Bertoglio asked if the audit was a clean report. Ms. Skogen stated that it was. She asked the Board to review the preliminary draft of the audit and if they have any questions to either contact Ms. Wasson, Ms. Brown and they will get a message to her or they can contact her directly. Chairman Bertoglio stated that due to time constraints, the audit must be submitted to the State by December 31st, he asked the Board to review the audit and get their verbal approvals to Ms. Brown on Monday and then the approval will be reaffirmed at the next meeting.

- b) Chairman Bertoglio asked Board Member Keffer for an update on the Wardwell Zone IIIB Project. Board Member Keffer stated that the project has gone out for bid and the bid opening will be on January 6th. He stated that there has been a good response from contractors. Board Member

Keffer stated that they expect they will have 3-4 bids on the tank and 10-11 bids on the booster station and pipeline. Chairman Bertoglio asked if there will be capacity in the system to handle the new concrete plant that is going to be built in the area. Board Member Keffer stated that once the additions to the system are built there will be the capacity in the system. He stated that since Wardwell decided to build the tank and booster station at the same time, in order to meet DEQ requirements for fire protection the tank went from being a 400 thousand gallon tank to a 700 thousand gallon tank. Chairman Bertoglio asked what the additional cost will be for the increased size of the tank. Board Member Keffer stated that it is unknown until they receive the bids.

c) Mr. Clough stated that negotiations with ARCADIS for the continuation of the WTP Emergency Power Study were completed and a proposal was received in the amount of \$5,800. Mr. Clough stated that the scope of service is in the back of the contract. He stated that ARCADIS will present the completed study at a Board meeting. Chairman Bertoglio stated that the contract seems straight forward. Mr. Clough stated that ARCADIS gathered some of the data from staff for the continuing study during the first phase. A motion was made by Board Member Keffer and seconded by Board Member Schlager to increase the WTP Emergency Power Study contract in the amount of \$5,800. Motion put and carried.

d) There was no Other Old Business.

9. There was no Other New Business.

10. In the Chairman's Report, Chairman Bertoglio stated that he received the annual notice from the Bureau of Reclamation stating that pursuant to the Casper/Alcova agreement there is approximately 7000 acre-feet of water available for purchase.

Chairman Bertoglio asked the Board to review the annual audit and Ms. Brown would call the Board for verbal approvals of the audit on Monday and the Board will reaffirm the approval at the next meeting.

A motion was made by Board Member Schlager and seconded by Board Member Keffer to adjourn the meeting at 12:20 p.m. Motion put and carried.

Chairman

Secretary

Paul C. Bertoglio

Kenneth Schlager