

Rogers Waterworks and Sewer Commission

March 13, 2012

Minutes

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 5:00 PM, Tuesday, March 13, 2012, in the Rogers Water Utilities Administration Building. Present were Commissioners Don Kendall, Travis Greene, Guy Cable, Jene' Huffman-Gilreath, and Roger Surly. Rogers Water Utilities staff in attendance were Tom McAlister, Joyce Johnson, Mark Johnson, Johnny Lunsford, William Evans, and Robert Moore. Others in attendance were Deputy City Attorney Jim Clark, Jim Fowler of Morgan – Keegan, and Jill Drewyor of Mitchell-Williams Law Firm. Chairman Greene called the meeting to order at 5:00 PM.

There was a motion by Kendall, second by Greene, to approve the minutes of the January and February minutes as submitted. All in favor, motion carried.

Greene recognized Mark Johnson, Utilities Engineer. Johnson presented the Commission with a spreadsheet detailing the status of the several projects in which the Commission had a pecuniary interest. Cable asked about the proposed Ash Street overpass. Johnson said that the Arkansas Highway Department had ruled out a suspended water main over Interstate 540, but had agreed to allow a waterline to be installed underneath the highway at an oblique angle as a concession. Johnson said that his preference was to install the water crossing nearer to New Hope Road where a casing pipe existed, since the required easement on the west side of the highway might now be acquired reasonably.

Greene asked Johnson about the status of the sludge drier. Johnson said that the drier was scheduled to ship from California on April 23. He said that several RWU staffers were planning to go to the manufacturing site to witness the drier in operation.

Huffman-Gilreath asked about the planned use of the dried sludge. Johnson said that several entities had expressed interest in the dried sludge, but nothing was reduced to writing as of yet. He said that, at the very least, the sludge could be disposed of in the local landfill at no additional cost to RWU. Tom McAlister, RWU Manager, said he thought demand would increase as soon

as word got out about the quality of the product. Several Commissioners agreed that their preference would be to sell the material to offset the cost of the drying operations.

Greene asked Johnson about the Sewer Department Capital Improvement Plan status. Johnson promised to present the final draft to the Commission next month. He said that the Sewer Department was not as “healthy as he thought”. Kendall asked Johnson what he meant by that. Johnson said that the capital needs of the sewer department were significant enough to require the use of the Department’s cash reserves, where he had previously assumed that the CIP might be “cash flowed”.

Greene asked Johnson about the line to the NACA plant. Johnson said that the preliminary design had been completed. He said that the costs for easement acquisition would be about \$1 million. He said that the capacity in the Rogers wastewater treatment plant was adequate for about ten years, depending on growth. He said there was room at the current site for one more expansion. Johnson said that the piping from the Rogers Pollution Control Facility to the NACA plant would be about \$10 million, depending on how much sewage might be shipped to NACA.

Greene recognized Joyce Johnson, Utilities Controller. Johnson presented financial reports to the Commission for January and February. She said that revenue for the Water Department was off from the February 2011. However, net income for FY 2012 was still higher than last year and higher than budget, thanks to the hot dry summer of 2011. She said that sewer sales were off from a year ago, and costs were up slightly, owing in part to damage payments arising from a sewer backup flooding a residence and a \$20,000 payment to the Northwest Arkansas Planning Commission for costs relating to the USEPA- sponsored Illinois River Total Maximum Daily Load (TMDL) study underway.

There were questions from the Commission to Johnson. Why were sales down when the number of users was increasing? Cable asked. Mark Johnson opined that one of the reasons was the widespread usage of “low flow” plumbing fixtures designed to save water. Kendall asked about the sewer back up/flood. Johnny Lunsford, Sewer System Field Team Leader, said that the main line was obstructed by a large tree root intruding into a break in a clay sewer line in an older part of the City. Kendall asked Lunsford if the stoppage would have been prevented by rehabilitating the sewer main. Lunsford answered in the affirmative.

Greene asked Joyce Johnson how much cash reserves the City of Rogers had on hand. Johnson said she did not know.

Greene recognized Jim Fowler, Managing Partner of Morgan-Keegan, bond underwriters for the proposed Water Revenue Bond Refunding Series 2012. Fowler said that the bonds had sold very well that morning, and that his firm had underwritten the sale of the bonds. He said that the

Rogers Water Department would save about \$620,000 over the term of the bond (17 years) owing from the reduction in the existing bond rate (4.7% average coupon) to 2.9%. He said the present worth of the savings was \$480,000, or about 6.5%. The par amount of the bond issue was \$8.546 million.

The Commission thanked Fowler for his good work selling the bond issue two weeks earlier than planned, in order to take advantage of the strong bond market. Fowler said that the bond rating agency rated Rogers Water Department “Aa2”, which was a reflection of the Department’s strong cash position. Fowler said that the bonds required no insurance or debt service reserve fund. He said the only tasks remaining were to have the Commission approve the issuance and have the Council pass the bond ordinance.

Jill Grimsley Drewyor, bond attorney with the Mitchell Williams Law firm, presented the Commission with proposed Resolution No. 12-03, which approved the bond issue and recommended the bond ordinance to the Rogers City Council for approval. She said that the bond issue would close in thirty days after the publication of the bond ordinance. At that time, the bond proceeds would go to the Trustee (Regions Bank), out of which the bond costs would be paid, and the 2004 Water Revue Bond would be defeased.

There was a motion by Huffman-Gilreath, second by Cable, to approve Resolution No. 12-03. All in favor, motion carried.

The meeting adjourned at 5:30 PM.

Respectfully submitted,



Tom S. McAlister, Acting Secretary
Rogers Waterworks and Sewer Commission

File: RWWSC minutes, 3-13-12