

**Finance, Expenditure & Legal
Subcommittee Meeting
January 11, 2011
6:45 p.m.
(Or immediately following the PPO Subcommittee meeting)
Agenda**

Finance, Expenditure & Legal Subcommittee Members:

Rich Tesar, Chairperson
Jim Thompson, Vice-Chairperson
Larry Bradley
John Conley
Dorothy Lanphier

Alternate Members: Fred Conley Staff Liaison: Jim Becic
Rick Kolowski Jerry Herbster
Carey Fry *
Brian Henkel
Lori Laster

1. Meeting Called to Order – Chairperson Tesar
2. Notification of Open Meetings Act Posting and Announcement of Meeting Procedure – Chairperson Tesar
3. Quorum Call
4. Adoption of Agenda
5. Proof of Publication of Meeting Notice
6. Review and Recommendation on Authorization of Construction Financing for Washington County Service Center – John Winkler
7. Review and Recommendation on Director Lanphier’s Motions regarding Fixed Assets and Accounts Payable– Director Lanphier
8. Adjourn

MEMORANDUM

To: Finance, Expenditures and Legal Subcommittee

Subject: Blair construction financing

Date: January 10, 2011

From: John Winkler, General Manager

In August, the Board of Directors approved the District's FY11 budget, including \$1,900,000 in proceeds from a five-year loan from Wells Fargo.

- **It is staff's recommendation that the FEL Subcommittee recommend to the Board of Directors that the General Manager be authorized to borrow funds from a financial institution to finance construction of the Washington County Service Center.**

Whereas, the Papio-Missouri River Natural Resources District is constructing a 10,125 square foot office building in the City of Blair, intended as a service center for the convenience of the Public in the northern portion of the District, such project ("the Project"), being constructed on a parcel of land owned by the District, and having an estimated construction cost of \$1,900,000; and,

Whereas, it is necessary that the District provide financing of the construction cost of the Project by borrowing the amount thereof pursuant to the authority provided by Sec. 2-3228(1) Neb. Rev. Stat.

Whereas, Sec.2-3252(3) Neb. Rev. Stat., provides that projects having a predominantly general benefit to a district with only an incidental special benefit, as determined by the Board of Directors, may be developed and executed using any available funds of the District, and should be financed by a District borrowing of the construction cost thereof pursuant to the authority provided by Sec. 2-3228(1) Neb. Rev. Stat. ("Each district shall have the power and authority to ... (e) Borrow money to carry out its authorized purposes.")

Now, therefore, be it resolved by the Board of Directors of the Papio-Missouri River Natural Resources District (1) that the Board of Directors hereby determines that the Project has a predominantly general benefit to the District with only an incidental special benefit; (2) and that the Project should be financed by borrowing the construction cost thereof from a bank within the District; and, (3) that the General Manager of the District should be and is hereby authorized and directed to (a) obtain loan proposals from at least two banks within the District; (b) execute a promissory note for and on behalf of the District with one of such banks, in the amount he determines necessary to finance the construction cost of the Project, and on such terms and conditions as he determines most favorable for the District; (c) renegotiate such borrowings in the future on such terms and conditions as he determines most favorable for the District should he determine that it would be advantageous for the District; and, (d) execute for and on behalf of the District such other and further documents, approved as to form by District Legal Counsel, as he determines necessary to effectuate such borrowing for such purpose.

Memorandum

To: Programs, Projects and Operations Subcommittee

Re: Director Lanphier's Motions

Date: January 2, 2011

From: John Winkler, General Manager

Motion #1: I move to direct management to physically inventory all tangible property (equipment and vehicles) as listed on the District's schedule of Fixed Assets. During this physical inventory, management should assign and permanently affix a unique number to each asset and that number should be included in the description in the District's schedule of Fixed Assets for matching purposes. This inventory should be completed on or before the District's June 30, 2011 fiscal year end.

In response to Motion #1 I would like to explain the tracking of NRD equipment and vehicles. At the time of purchase, all items within the NRD inventory are assigned an NRD equipment number. This number is affixed to all NRD vehicles and equipment by staff members and is inventoried and/or reviewed annually. The deficiency identified in the FY 2010 Audit conducted by Bland and Associates was not accurately explained; the deficiency had nothing to do with the current inventory of NRD assets, but with the Depreciation Schedule.

Prior to the retirement of J. Lawless (approximately three years ago), it was the responsibility of Bland and Associates (with some coordination from the accounting section), to track the Depreciation Schedule. When our past Accountant retired, the tracking of the Depreciation Schedule by Bland and Associates stopped. Now, three years later; it was stated by Bland and Associates that there was no tracking mechanism in place to account for NRD assets. This is not the case. Find attached the NRD Equipment Listing as of January 3, 2011. It lists the Districts' assets, the items serial or model number (when available) and the location of that asset. When items move within the system (i.e. new asset, trade-in, transfer, scrape, etc.) the project manager has the responsibility to notify Jean Tait, Bill Warren or Martin Cleveland to ensure the information is properly updated on this list. All updates are processed by the Accounting Department.

To assure the Board that the District has control of all of our assets appearing on the NRD Equipment Listing, a 100%, physical inventory of these assets will be completed prior to June 30, 2011. All updates or changes will be made accordingly. It is my understanding that Carey Fry is currently in the process of matching the NRD Equipment List assets to the Depreciation Schedule reflecting the assigned NRD equipment identification number.

Motion #2: I move that the unpaid invoices be presented to the Board each month for approval. The following language is passed by the Board of Directors each month when approving the treasurer's report and claims to be paid by the District. This resolution was written by District legal counsel in order for the District to meet its financial obligations with efficiency and effectiveness and not subject the taxpayers to additional fees and penalties because of its meeting schedule.

BE IT RESOLVED that the Treasurer is authorized to expend general funds to pay: (1) claims listed in the November, 2010, financial report; and, (2) any claims made prior to the next Board meeting for (a) earned salaries of District employees, (b) withholding taxes, (c) social security payments, (d) retirement program contributions, (e) utilities, (f) registration fees and expenses for upcoming meetings and conferences, (g) certified completed CAP and Special Project Area applications, (h) invoices which offer a credit or discount for payment made prior to the next Board meeting, (i) postage, and, (j) building and grounds contract expenses.

BE IT FURTHER RESOLVED that the Treasurer is authorized to pay, from the respective operating accounts of the Dakota County, Thurston County and Washington County #1 and Washington County #2 rural water supply projects, the Elkhorn River Bank Stabilization Project, the Elkhorn Breakout Project, the Elk/Pigeon Creek Drainage Project, and the Western Sarpy Drainage District, the project bills listed on the November, 2010, financial report, and future claims for project utilities.

BE IT FURTHER RESOLVED that the financial reports be affixed to and made a part of the minutes.

Motion #3: I move the GM report beginning January 2011, include the Project Cost Reports for Pigeon Jones, Western Sarpy Clear Creek, Waterloo Levee, WPRB-5, Dam Site 15A and Zorinsky Basin 1.

The attached monthly financial report clearly delineates expenses and revenue for each project and program of the District. This information is provided to the Board of Directors each month to inform the Board of Directors as to the progress and status of each of the District's budget line items.