

TAYLOR COASTAL WATER & SEWER DISTRICT
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MINUTES OF REGULAR COMMISSION MEETING
June 21, 2006

1. The meeting was held at the District Building at 5:00 PM on June 21, 2006. Present were:
COMMISSIONERS: Glenn Senter, Travis Beach, Lonnie A. Houck, and Tommy Mauldin
TCW&SD STAFF: John Gentry, Jim Gooding, David Morgan, Diane Carlton and Shirley Shinholser.
Chairman Senter called the meeting to order and declared a quorum present.
2. The meeting was opened with prayer and the Pledge of Allegiance.
3. Our guests were welcomed and the floor was opened for questions. Guests present included Trey Howard, Ken McHenry, Stacy Holton, Ken Johnson, Ward Ketrting, and Dell Pomeroy.
 - Trey Howard (representing Dr. Firas Hamdan, Customer #347): Dr. Hamdan is planning a development of 15 (¼ acre) lots for single family housing and is seeking water & sewer provision from TCW&SD. Chairman Senter stated that he's become aware of a Presidential mandate not to build in high hazard areas. TCW&SD cannot give a firm commitment to supply sewer. We can issue a letter stating that "as Federal agencies allow and as long as we have capacity" we can offer sewer service for low density development. The \$2,000 service fee per newly developed lot must be submitted and will be used towards the provision of water service as allowed.
 - Ken McHenry (#295) and Ken Johnson (#147): Both appeared to solicit relief from sewer charges for non-potable water which is to be addressed in item #6 on tonight's agenda.
 - Stacy Holton (#231): Stacy paid a water "membership" fee in 2001 but failed to have his water connected nor does he have an existing septic tank; therefore, he is not eligible for a "free" GP installation under the Grant program. Since he was "told by a member of the Board" during 2001 that he would be "grandfathered in" if he became a member, he feels that TCW&SD should offer some relief against the \$5,000-\$6,000 installation charge. The Board advised Stacy that we regret that he was "miss-informed" in 2001, but we must adhere to the rules and regulations established by the Grant agencies. No relief can be offered. He must pay the full contract price at time of installation.
 - Ward Ketrting and Dell Pomeroy: Ketrting Power Technologies, LLC issued a proposal for the provision of electrical services to be discussed in New Business (item 7).
4. The minutes of our meeting on May 17, 2006 were presented. **A motion was made by Travis Beach and seconded by Lonnie A. Houck to approve the minutes as read. Minutes were adopted unanimously.**
5. Staff and Committee Reports
 - Sewer Project Update – John Gentry
We are continuing to work punch list items through Fritz Grady of Jones Edmunds. We will not sign off for final completion until all items have been satisfied; all liens have cleared; and a satisfactory field inspection has been completed. We are now beginning our audit reviews by the Grant agencies with the first to be held on July 12 for EPA. We are reviewing and organizing our data and completing informational forms in preparation for the audit. The plant is operating well and we are receiving excellent lab reports for our DEP/DMR submittals. We have experienced a few minor problems that have been quickly resolved. We are diligently seeking "closure" with QPS so that Rural Development will release funding for our new WWTP office.
 - Financial Reports
Diane Carlton- Director's Report
Our sales are down but we had three (3) reconnects during May. Our past dues are up slightly but are not of concern at this time since there are only two(2) over 60 days and of the six (6) that are shown to be 31-60 days, three (3) have already paid current. The adjustments recorded are due to meter issues, line breaks, and a toilet mal-function in the home of a now deceased customer (Ann Wight). Per our new Rules and Regulations, we have issued three (3) turn-off orders for Ball, Bratcher, and DeVane.

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Shirley Shinholser-Financial Report

1) Since it was not an interest bearing account, we closed "Membership Checking" after distributing assets per policy: 50% to loan payment (\$4,100); 25% to Savings, Capital Improvements (\$2,050); and, 25% to Savings, Cash Reserve (\$2,050). The balance remaining of \$26.90 was transferred to a newly created account in Savings – Water Connection Fee – where funds will be deposited and disbursed as approved.

2) CD #13472 (\$17,022.66 as of 6/7/06) matured 6/17/06. It no longer serves as collateral for the \$16,000 TCU loan which was due and payable on 6/17/06. After application of the \$4,100 from Membership Checking and the Savings interest of \$547.41, the loan balance of \$5,786.27 was paid in full on May 31st from surplus funds in our Operating Checking account. Therefore, the CD can be renewed and back-dated to 6/17/06 as follows:

6 months	4.10 %
1 year	4.35 %
2 years	4.50 %

A motion was made by Travis Beach; a second received from Lonnie A. Houck; and unanimously approved to renew the CD funds for 1 year at 4.35%.

3) Our RD reserve payments for interest only are due and payable on 9/1/06 in the amounts of:

TCU Loan 91-03	\$21,124
Construction Loan 92-01	\$28,688

After our monthly deposits in June, July, and August, we will still be \$12,444 short of funds. RD may allow payment of the \$7,173 Construction loan deficit from Grant monies since we did not become revenue producing as soon as expected but we will most likely be required to supply the balance needed for the TCU loan. **Board agreed to transfer additional funds from our Operating Account as feasible on a monthly basis and review the remaining shortage in our July and August meetings.**

4) The fire hydrants, funded by Taylor County Board of County Commissioners Grant monies, are now listed as a fixed asset valued at \$10,700.

5) Our Profit/Loss indicates a shortage of anticipated revenue and a reduction of anticipated expenses resulting in a loss for May of \$816.04. There are no expenses out of the ordinary.

6) We are preparing new signature cards to convert our Operating Checking and Wastewater Construction accounts to "Interest Bearing" accounts.

7) The recent Worker's Compensation audit indicated a premium increase of \$2400 for 2005; however, we believe they incorrectly classified wages for the General Manager and the Office Manager and have challenged their decision. The report is being reviewed and payment will not be made until reconciled.

8) Due to customer requests (less than 10), we inquired about automatic draft for bill payments. Citizen's Bank would require a signed contract with an initial set-up fee of \$300 and an annual fee of \$99. As an alternative, to receive Visa and MasterCard payments would require a terminal/printer for \$395 plus a \$35 application fee, 29 cents transaction fee, 1.33% of sales, and a \$5.00 statement fee. **Board unanimously agreed to leave our policy as is and not allow auto-draft or credit card payments. Customers may pay in advance or establish their own "on-line" bill payment system.**

- Management Issues – John Gentry

There's nothing to discuss at this time. We may desire to review Administrative wages at the July meeting.

- Water Operational Issues – Jim Gooding

Our Emergency Response Plan has been prepared and should be reviewed by all TCW&SD personnel. The Operations Manual as required by DEP will soon be ready. We have a minor leak in our 4" line on Egret at Cedar Island and will be performing the repair soon. (The ERP will be provided to Commissioners.)

- Wastewater Operational Issues – David Morgan

Doyle and David reported that the rye in the spray field needs cutting so that the bahia grass can grow. Chairman Senter contacted Wayne Butler who will mow the field for \$300. **Board agreed to hire Wayne Butler to mow the field for \$300.** At some point in the future, we need to obtain a small boat to be used to clean debris from the pond and/or make repairs to the pump. We are looking into redirecting some of the GP vent tubes and advised customers that they cannot be cut off or removed as some desire. We will also investigate the possibility of using snorkel valves.

- Phase II Funding – Glenn Senter

It seems we were omitted from the funding list this year. We will review our options and take action to obtain funding from whatever sources we can find.

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6. OLD BUSINESS

- Consider Second Meter for Non-potable Water Service Only

Joan Douglas of SERCAP contacted Michael Langston of Rural Development who stated that he sees no reason why we can not install second meters as long as it is done at customer's expense and we do not exceed our permitted water usage. We have determined the installation costs should be approximately \$266 so we propose an installation fee of \$300. Since there has been some concern expressed by our guests tonight of having to pay minimum billing on two meters, we will investigate our possibilities further and be prepared to make a decision at the July meeting.

- Update on planned development off Sand Dollar Road regarding our water supply – Glenn Senter (Paul Millard, Jr., Owner and Terry Turner, Developer)

The proposed development will be within the 500 acre buffer zone of our wells. We will continue to monitor the advancement which seems to be about 1 ½ years away for road construction and possibly three years until the first house is occupied.

7. NEW BUSINESS

- Adopt Amended Rules and Regulations

A motion was made by Travis Beach and seconded by Tommy Mauldin to adopt the revised Rules and Regulations incorporating the reduction of the late penalty and adding a statement to address water disconnect for unpaid accounts as decided upon in the May 2006 meeting. The motion was approved unanimously.

- Review possible costs of Water Treatment Plant Building Expansion

No information at this time. We will address this issue in July.

- RFP for Electrical Services

The one (1) proposal received from Ketring Power Technologies, LLC will be reviewed and a recommendation presented to the Board at the July meeting.

8. A motion to adjourn was presented by Commissioner Beach, seconded by Commissioner Houck, and the meeting was adjourned.

(The next meeting is scheduled for Wednesday, July 19, 2006 at 5:00)

Board Actions:

1. Advise Stacy Holton (#231) that no relief can be offered by TCW&SD for costs incurred to install a Grinder Pump on his property
2. Approve Minutes of May 17, 2006
3. Approve renewal of CD at Citizen's Bank for one (1) year at 4.35%
4. Approve additional deposits into our Reserve Savings for our RD loans as Operating funds allow
5. Reaffirm existing payment policy which excludes Auto-Draft and Credit Card payments
6. Approve hiring of Wayne Butler to mow the rye in our spray field for a cost of \$300
7. Adopt revised Rules and Regulations

Action Items:

1. Consider letter to provide water and/or sewer to Hamdan development
2. Investigate Phase II funding opportunities
3. Develop a plan/procedure for a 2nd meter installation for non-potable water supply
4. Investigate options and costs involved for Water Treatment Plant Building expansion

Shirley Shinholser
Secretary