

TAYLOR COASTAL WATER & SEWER DISTRICT  
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MINUTES OF REGULAR COMMISSION MEETING  
July 20, 2005

1. The meeting was held at the District Building at 5:00 PM on July 20, 2005. Present were:  
COMMISSIONERS: Floyd Ford, Sandra Hatcher, Glenn Senter, and Danny Everett.  
TCW&SD STAFF: John Gentry, Sandra Bolton, Jim Gooding, David Morgan, and Shirley Shinholser.  
Chairman Ford declared that a quorum was present.
2. Chairman Ford welcomed Joan Douglas from SE Rural Community Assistance. (Verelyn Mason arrived late in the meeting and was given opportunity to speak as noted below in item 5.)
3. The minutes of our meeting on June 15, 2005 were presented. Motion to approve the minutes was made by Danny Everett and seconded by Sandra Hatcher. Minutes were adopted unanimously. The minutes of the "absentee meeting" of June 21, 2005 were presented. Motion to approve was made by Sandra Hatcher, seconded by Glenn Senter, and approved unanimously.
4. Joan Douglas of Southeast Rural Community Assistance presented various options for our ongoing rate study through prepared charts comparing gallons of usage versus EDUs (Equivalent Dwelling Units) with one (1) EDU representing 4,000 gallons. Currently, our high usage customers (19%) generate only 5% of the revenue. The EDU approach will balance high users' revenue per usage but will greatly increase their monthly billing (50,000 gallons or more now costing \$156 could increase to \$525). The Modified EDU Plan could offset that increase somewhat. Another option would be to change our current block groups based on gallons used and adjust the increment increases, thus balancing the usage/revenue for all levels. Chairman Ford and the Board encouraged Joan to prepare 2-3 final plans that will meet the following goals:
  - keep our baseline customers level
  - increase income from high users to balance revenue and further encourage conservation
  - generate the \$200,000 in revenue that is needed for our budget
  - provide reserves for repairs/upgradesThe sewer rate will be set in accordance with Rural Development's Letter of Conditions. Joan will return in August with her final presentation.
5. Staff and Committee Reports
  - Sewer Project Update – John Gentry  
At our last Construction Meeting, we were advised that the target date for completion is mid-November. QPS is aware of the potential \$500/day liquidated damages incurred for delay. Tom Aaron is to document all delays for consideration of penalties not to apply. QPS is installing grinder pumps into the wet wells. Some (100+) were immersed in salt water due to hurricane Dennis. The systems are being flushed and tests are being conducted to document any damage. JEA is following through with the report to insure the manufacturer's warranty is still valid. We've been advised that there are five (5) tractor-trailers en route with our plant's components so the wastewater facilities should be erected soon. Since our last meeting, we have exhausted our RD interim loan at Capital City Bank and are now using our RD Grant monies (\$1,404,914.17 total to date from RD). We have paid loan-closing costs, JEA's May invoice and PPE #9 to Quality "Plus" Services Inc. leaving a balance of \$207,891.86 in our Construction account. We are currently preparing a submittal to EPA for \$135,634.
  - Financial Reports – Sandra Bolton/Shirley Shinholser  
Sandra Bolton reviewed the Directors Report dated 6/28/2005 (total receivables \$10,661.23) and notified the Board of three (3) late accounts (David Crowder who has been turned off since he did not respond to last month's certified letter; Hugh Poppell and Ron Sheaffer who are expected to pay any time).

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Shirley Shinholser reviewed the June Balance Sheet noting that the (2) CDs in the name of TCU have been closed and the TCU \$20,000 line of credit dissolved. The funds were used to create a new CD #13472 in the amount of \$16,600, which will secure the TCU Citizen's Bank loan balance of \$16,583.74 now in the name of TCW&SD. The balance of the funds (\$7,789.24) was placed in a newly created Savings Account. The interim loan at Capital City Bank was exhausted and closed on 6/24/05 creating a Series B Bond Loan with Rural Development in the amount of \$675,000. An interest only payment of \$5502 is due on September 1, 2005. We are asking RD to allow us to make that payment from our Construction Account since our sewer is not yet revenue producing. At closing, we also assumed full liability for the balance of TCU's RD loan balance of \$406,914.60, now our Series A Bond Loan, with a payment of \$7,347 due on September 1, 2005. A second annual payment of \$21,124 is due on September 1, 2006.

We are submitting a signed resolution to Citizen's Bank allowing Internet access to all accounts by John Gentry and/or Shirley Shinholser for the purpose of transferring funds.

Per conversations with the Florida Auditor General's office, we have been advised that Florida Statutes Section 218.32 and 218.33 states that, as a local government entity, we are required to have a fiscal year end of September 30<sup>th</sup>. Our new CPA, Richard Powell, has advised us that a June 30<sup>th</sup> audit (\$5500) followed by a July-September 2005 audit (\$1200-\$1500) will be required in order to get us in compliance. A motion to change our fiscal year end to September 30<sup>th</sup> and perform the necessary audits to become compliant was made by Danny Everett, seconded by Sandra Hatcher, and approved unanimously.

- Management Issues – John Gentry

Upon receiving our letter regarding non-compliance with one house/one meter, Herbert and Sherry Davis responded with phone calls and a letter indicating a desire to comply but declaring hardship in paying the \$1,000 membership fee. Mr. Davis has been deployed to Afghanistan. They request permission to pay a deposit of \$100 to get the new meter installed and operative and pay \$100 per month thereafter until the obligation is met. A motion was made by Sandra Hatcher to allow the \$100 deposit and payment option duly noting in a prepared agreement that the water will be turned off immediately if any monthly payment is late. The motion was seconded by Danny Everett and approved unanimously.

It has come to our attention that Acey and June Holt are advertising (4) RV spaces for rent on their (2) lots at Cedar Island. We believe this to be a County code violation. We will advise code enforcement and observe the situation to see if it remains a problem for us. They have only one (1) water meter to supply these (4) sites

We are expecting Mack Odom to join us mid-November as our licensed contract operator for the Sewer plant. He will serve us for one year with David Morgan as a trainee. We may need to seek a part-time tech that can serve as a floater for Jim (water) and David (sewer). This tech may eventually become full time. We also need to consider a part-time Office assistant to become familiar with our operations as well as to fill in when our Office Manager is on vacation, out sick, etc.

- Operational Issues – Jim Gooding

We have obtained two (2) contracts from Utility Services Co. for our required tank maintenance on our two (2) new tanks. They have quoted \$1500 per year per tank. The contracts contain a list of services required that will be performed during the year.

We have obtained a water easement from H.C. Corbitt at the end of Marina Road and have relocated our flush valve to the edge of the canal.

QPS needs to pressure test the water line to the sewer plant under the supervision of JEA and TCW&SD.

- Phase II Funding – Floyd Ford

Rural Development sees no problem in obtaining grant monies for Phase II. We are "in line" in Washington for 2006 or 2007 funding.

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- Reports from standing committees

Legal Services Recommendation

The Committee of Lonnie Houck, Jim Moody, and Shirley Shinholser recommends the law offices of Cooper, Byrne, Blue & Schwartz, PLLC. All of the firm's lawyers are available to represent us, though it is contemplated that Bill Blue and June Byers will have the most contact. They propose to charge TCW&SD \$90 per hour. (NOTE: Mike Smith is obligated to Phase I needs.)

A motion to accept the recommendation of the Committee for legal services was made by Glenn Senter, seconded by Sandra Hatcher, and approved. Lonnie Houck will be asked to prepare a letter and follow through.

Budget for 2005-2006

Glenn Senter shared with the Board a revised proposed budget. New information and loan closing/bond issues are being considered. Changes need to be made to accommodate the proposed hiring of new employees. According to our income/budget, it appears that membership funds are still needed to support our operating expenses unless we have a rate change. We need to make allowances for improvement/replacement funds (\$10,000 to \$15,000 per year suggested by Joan). These adjustments will be completed in a timely manner so that the budget can be submitted to RD before August 5<sup>th</sup> and to Joan Douglas for the final rate study. A completed budget should be ready for our August meeting.

Office Manager Recommendation

A committee of John Gentry, Sandra Hatcher, Lonnie Houck, and Sandra Bolton reviewed and evaluated the submitted resumes. Shirley Shinholser scored the highest. There is one other applicant that we may interview for consideration as part-time help. The Committee recommends that Shirley Shinholser be hired for the position of Office Manager and that the 90-day probation period be waived due to her interim assistance since March 23<sup>rd</sup>. A motion was made by Glenn Senter to accept the recommendation of the Committee to hire Shirley and waive the probation period. Danny Everett gave a second and the motion was approved.

Connection charges for 181 platted lots

We have at least 34 known customers for post-construction grinder pumps. Tom Aaron has provided us with an estimate of costs for various levels of installation. Most of the 34 already have tees and boxes. In our August mailing, we will include a notification to those under Phase I to solicit any and all desiring grinder pumps. We will need to develop a separate contract with QPS for this work outside the grant, have a dedicated crew for stub-outs, and stress that it is to be on a "non-interfering basis". All tees and valves need to be installed prior to start-up. We will check with Rural Development to see if we are allowed to use contingency funds for this project. We will also try to prioritize the placement of grinder pumps to customers who will use them on a regular basis.

Verelyn Mason presented questions to the Board regarding the estimates on grinder pump installations and was advised to go ahead and purchase the tee for her property. She can purchase the grinder pump and have it installed at a later date when she is ready to build. She was advised that the water impact fee is still \$1,000 at this time. Single use water customers have priority over developments.

6. Old Business

- Update Taylor County contact on installation of Fire Hydrants – John Gentry  
We should know by the end of August if this item will be in the County's budget.
- Update of proposed District O&M Building – John Gentry  
Tom Aaron has indicated that the lessor of the QPS complex has quoted a sale price of \$27,000. This seems too high. We will request a written quote to verify.
- Sludge Hauling – John Gentry  
We have not yet made contact with Danny Lundy of the City of Perry. We are playing telephone tag.
- Sign – Glenn Senter  
Glenn has made three trips to town, nine phone calls, and numerous Emails but as of yet has had no response. He will now Email Commissioner Clay Bethea.

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- Drop Box – Jim Gooding  
The receptacle for the door has been obtained. Per the Board's request a lock box will be purchased to install on the inside of the door to catch the mail.
  
- Distribution of Keys  
The Board has considered the request of Taylor Coastal Community Association to get a key to the building and decided to refuse. The Board feels there would be complications involved due to the alarm system and we would be opening the door for further issues from others who might use the building. We suggest that members of our Board and Staff who are also members of TCCA be contacted to open and close the building. (Glenn Senter; Sandra Hatcher; Floyd Ford; Sandra Bolton; Shirley Shinholser)
  
- Customer Complaints  
Glenn Senter shared with the Board a letter he had received from George and Frances Klisiewicz regarding the placement of their grinder pump. They are refusing to pay the \$1,000 re-location fee and threatening to litigate. After discussing several possibilities, the Board asks John Gentry to attempt to meet with the Klisieweczs to try to resolve the issue. The grinder pump was installed per the map in what is considered to be the best location. The Klisieweczs want the pump relocated because they plan renovations to the existing home. We need to know whether the existing sewer piping can be connected to the grinder station at the required down slope in the proposed location so that QPS can abandon the existing septic tank. The first issue is to determine if it can be done; then, we will discuss the expense.

7. New Business

- Revised Tri-County Electric service agreements  
A motion as made by Sandra Hatcher to authorize the signature of the revised contracts stipulating the new rate due to a larger transformer desired by JEA and changing the name on the contracts to TCW&SD. Danny Everett gave a second and the motion was approved.
  
- Water line and telephone line cuts by QPS  
A report of our incurred expenses due to QPS water line cuts has been prepared and will be submitted to Rural Development for consideration. GT Com has advised us of an outstanding QPS debt of \$20,000 for telephone line cuts. Rural Development requires proof of payment to all sub-contractors prior to final payment to the general contractor. . We will need to watch this issue closely to be sure all accounts are clear prior to final payment to QPS so that QPS creditors do not place liens against TCW&SD.
  
- Contracts for tank maintenance from Utility Services Co.  
A motion was made by Glenn Senter to accept both contracts. Sandra Hatcher gave a second and the motion was approved.
  
- The Board was advised that a letter had been sent to Mike Smith regarding the failure of Timothy Brooks to sign an easement and allow the installation of a grinder pump. A court order must be obtained. If Mike Smith does not respond after one week, we will write again in an effort to get this resolved prior to November.

8. Motion to adjourn was made by Sandra Hatcher; second by Danny Everett. Meeting adjourned.

The next meeting is scheduled for Wednesday, August 17<sup>th</sup>, at 5 o'clock.

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- Board Actions:
1. Approved change of fiscal year end to September 30<sup>th</sup>
  2. Approved membership payment plan for Herbert & Sherry Davis
  3. Approved negotiation of a contract for legal services from Cooper, Byrne, Blue & Schwartz, PLLC
  4. Approved hiring of Shirley Shinholser as Office Manager
  5. Approved revised Tri-County electric service agreements
  6. Approved two contracts from Utility Services Co.

- Action Items:
1. Continue discussions with Taylor County on fire hydrants.
  2. Pursue written quote from QPS for construction trailer.
  3. Pursue response from City of Perry regarding Sludge hauling.
  4. Obtain permit for TCW&SD sign installation.
  5. Notify code enforcement of Holt's proposed RV lots
  6. Pursue supervised pressure-test of line to sewer plant
  7. Pursue GP installation on Timothy Brooks lot
  8. Pursue compensation for line-cuts by QPS

John K. Gentry, P.E.  
General Manager