



Daphne Utilities

APPROVED MINUTES

Utilities Board Meeting

City of Daphne Council Chambers ♦ August 27, 2008 ♦ 5:00 p.m.

I. CALL TO ORDER

The August 27, 2008, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman Robert Segalla, at 5:04 p.m.

II. ROLL CALL

Members Present: Robert Segalla, Chairman
Ron Scott, Vice Chairman
Lon Johnston, Secretary Treasurer
Fred Small, Mayor
Fenton E. Jenkins

Others Absent:

Others Present: Jerry Speegle – Board Attorney
Rob McElroy – General Manager
Danny Lyndall – Operations Manager
Teresa Logiotatos – Finance Manager
Deloris Brown – Human Resources Manager
Drew Klumpp – Adm. Services Manager – arrived at 5:09 p.m.
Lori Scharles – Executive Assistant
Voneka Nettles
Pam Kellum
Tammy Cannup
Tim Patton – Volkert
Melinda Immel – Volkert
Ray Moore – HMR

Others Absent:

III. PLEDGE OF ALLEGIANCE

The Chairman led the Board and meeting attendees in the Pledge of Allegiance.

IV. APPROVAL OF MINUTES

a. Utilities Board Minutes from July 23, 2008:

The Chairman requested one grammatical correction and no other additions, deletions, or corrections for the Minutes from the July 23, 2008, Daphne Utilities Board meeting were made. No comments were given.

MOTION BY Mr. Johnston to approve the Utilities Board of the City of Daphne minutes from the regular Board meeting conducted July 23, 2008; Seconded by Mayor Fred Small.

AYE: SEGALLA, SCOTT, SMALL, JOHNSTON, JENKINS

ABSENT:

MOTION CARRIED

The agenda was rearranged in order to accommodate the early departure of Board member Mayor Small.

V. BOARD ACTION

a. *Revisions of Bylaws*

Chairman Segalla requested any comments or remarks regarding the Bylaws. Mr. Speegle stated he was uncertain if the wording of the paragraph was what the Board wanted. The Board decided to have it reworded to state that the governing body of the City of Daphne may elect the Mayor of the City of Daphne and one council member or two council members as directors and will address the topic again at the next Board meeting. Mr. Scott suggested that the wording in question should state that the Mayor should be on the Utilities Board. Chairman Segalla stated that he thought the option should be left up to the council or Mayor because the Mayor appoints the Planning Commission but the City Council appoints the members of the Utility Board. Mr. Johnston, while understanding Mr. Scott's point, he also agreed that it should be the option of the council. Mayor Small also agreed that it should be the first option of the Mayor to serve on the Utility Board. Mr. Speegle answered Mr. Scott's question of what the enabling legislation that gives this Board the right to determine the five members as the Alabama Code Statute that organizes the utilities board that has a provision stating that officers of the City can sit on the Board. He explained that the wording in question in that provision is the interpretation of "officers" and that it is difficult to phrase it correctly. Mr. Scott asked if Mr. Speegle could reword Article V to state that the members would "consist of officers of the City which would be the Mayor if he so agreed to serve and up to one council member or if the Mayor chose not to serve, a maximum of two council people." It was reiterated that the Board agreed to have the wording of Article V stated as it "would consist of officers of the City which would be the Mayor, if he so agreed to serve, and one council member or if the Mayor chose not to serve, a maximum of two council people." Mayor Small asked if the officers would be elected yearly. Mr. Speegle confirmed that they are required to be staggered for six-year terms, but the council members serve either their terms or as long as they are in office and he interpreted the Statute to state that if the council member is re-elected your six-year term is not up and continues for the length of the six-year term. Mr. Speegle stated that at the end of the six-year term re-appointment will be necessary.

b. *Resolution to Adopt "Sewer Only" Policy 2008-03*

Chairman Segalla called for a streamlined re-write of this Resolution. Mr. McElroy stated that he and Mr. Speegle have already discussed this issue and will submit at a later date.

c. *Motion to Accept Emergency Generator Procurement – Volkert Contract 408120-10*

Melinda Immel highlighted the details and explained that the Hazardous Migration Grant awarded to Daphne Utilities is 75% funded, 25% match. She further added that Volkert & Associates recommended the bid for the generators be granted to Energy Systems Southeast, LLC for a bid amount of \$147,197.00 of which Daphne Utilities would be accountable for roughly \$60,000 with the assistance of the Grant award.

MOTION BY Mr. Scott to accept the bid amount from Energy Systems Southeast LLC in the amount of \$147,197.00 for the Emergency Generators; Seconded by Mr. Johnston.

AYE: SEGALLA, SCOTT, SMALL, JOHNSTON, JENKINS

ABSENT:

MOTION CARRIED

d. *Resolution to Refinance 2000 Series Bond 2008-04*

Teresa Logiotatos highlighted the bond issue and introduced Larry Jackson to discuss the Standard and Poors Rating of Daphne Utilities. Mr. Larry Jackson of Gardnyr Michael Capital, Inc., further detailed the particulars of the rating from Standard and Poors.

MOTION BY Mr. Scott to adopt Resolution 2008-04 as shown in the supplement; Seconded by Mayor Small.

AYE: SEGALLA, SCOTT, SMALL, JOHNSTON, JENKINS

ABSENT:

MOTION CARRIED

Mrs. Logiotatos also stated that the Bond Purchase Agreement is required to be authorized in order to move forward with the bond issue.

MOTION BY Mayor Small for approval of the Bond Purchase Agreement dated August 27, 2008, in the amount of \$5,925,000.00; Seconded by Mr. Johnston.

AYE: SEGALLA, SCOTT, SMALL, JOHNSTON, JENKINS

ABSENT:

MOTION CARRIED

Mayor Small left the meeting at 5:36 pm.

VI. OLD BUSINESS

- a. **Park City Service Agreement** – On Hold
- b. Revision of Bylaws – discussed above.
- c. Items in Abeyance –
 1. Gas Franchise Agreement – no update.
 2. 19 Acres – no update.
 3. Daphne High School Stadium – Mr. McElroy explained that he spoke to a representative from the Baldwin County Board of Education who is researching the agreement.
 4. Capacity Fee Study – Call for work session – TABLED

VII. NEW BUSINESS –

- a. **Bond Rating Information**
Presented above by Mr. Larry Jackson from Gardner Michael Capital Inc.
- b. **Resolution to Refinance 2000 Series Bond**
Addressed above by Mrs. Logiotatos.

VIII. BOARD ATTORNEY'S REPORT

Mr. Speegle had no further information to add to his report except to request direction on the City Proposed Franchise Agreement with Baldwin County Sewer. Chairman Segalla requested him to discuss the status with Daphne City Attorney Jay Ross on any development of this proposal and to monitor. Chairman Segalla also inquired as to the compilation of the Daphne Utilities properties to which Mr. Lyndall replied that he has that information available for review.

IX. FINANCIAL REPORT

Voneka Nettles reviewed the financial report with the Board. Mr. Johnston observed the water and sewer taps stability on the income statements. He also inquired as to the overtime and contract labor costs being overrun. Mr. McElroy explained the increase due to the extensive work at the Bass Pro Shop site. Mr. Johnston also asked for Mr. McElroy's comment on the consulting fees. Mr. McElroy explained that the increase is due in part to unforeseen projects, such as Elizabeth Yelding Park and the raw water line connection line between Well 1 and Well 2 during the City Hall expansion as well as the gas lights in front.

X. GENERAL MANAGER'S REPORT

- a. **GM Report**
Rob McElroy highlighted the General Manager's Report with the Board. He advised the board regarding approving an ad hoc committee to authorize the General Manager to make an offer on property for a Central Services location in the event time is of the essence but contingent upon Board approval. Mr. Johnston suggested authorizing Mr. McElroy to investigate and negotiate for the property subject to Board approval.

MOTION BY Mr. Johnston to authorize up to \$25,000 in earnest money for prospective land for Central Services facility as determined by the General Manager. Seconded by Mr. Jenkins.

AYE: SEGALLA, SCOTT, JOHNSTON, JENKINS

ABSENT: SMALL

MOTION CARRIED

Chairman Segalla passed along the favorable comments he was told by Mrs. Fran Terry who explained that Mr. McElroy had made a presentation to a Teachers Conference in June in Mobile.

- b. **Operations Report**

Mr. Lyndall updated the Board on the hurricane preparations with regard to by-pass pumps. Chairman Segalla inquired as to the necessity to require a customer's social security number on the Application For Utility Service form. Drew Klumpp responded that it is necessary for collection purposes in the event that debt collection is required. Chairman Segalla asked what the safeguards are in place for that information. Mr. Klumpp explained that this information is used for internal use only and are aware of the security sensitivity of this information. Mr. Jenkins suggested employee training for privacy laws. Mr. Johnston asked about a relative policy in the employee handbook, to which Mrs. Brown responded that information in the employee handbook does address this issue.

Chairman Segalla suggested preparing a schematic for what happens to return water going into the plant and the different phases it goes into the Bay. Mr. McElroy explained that discussions have taken place on this to include with our website upgrade.

Melinda Immel had nothing further to add to her Volkert report. However Chairman Segalla noted the completion of the Highway 90 sewer project and to insure that the Harley Davidson shop would be connected to this new system. Mr. McElroy agreed and further added that Daphne Utilities continues to work with Volkert on refining a water model and water equity relative to consistent flows and pressure throughout the City of Daphne.

Ray Moore had nothing further to add to his HMR report.

XI. BOARD ACTION – presented above

XII. PUBLIC PARTICIPATION –

Mrs. Karen Simmons addressed the Board requesting retiree insurance for her husband, Ray Simmons a former Daphne Utilities and City of Daphne employee. Chairman Segalla explained that Daphne Utilities will investigate the issue and will provide a letter of explanation. Chairman Segalla called for any additional comments, and then closed public participation.

XIII. BOARD COMMENTS – none.

XIV. ADJOURNMENT:

MOTION BY Mr. Johnston to adjourn the meeting.

AYE: SEGALLA, SCOTT, JOHNSTON, JENKINS

ABSENT: SMALL

MOTION CARRIED

Chairman Segalla re-opened the Public Participation for discussion for Susan Young regarding an adjustment on her account. Mrs. Canupp explained that she had handled this issue after speaking with Mr. McElroy regarding the adjustment and that she had left a voice message to this effect for Mrs. Young. Chairman Segalla explained that it appeared that this matter had been handled and if anything further was necessary that Mrs. Canupp would have it resolved.

MOTION BY Mr. Johnston to adjourn the meeting. Seconded by Mr. Scott.

AYE: SEGALLA, SCOTT, JOHNSTON, JENKINS

ABSENT: SMALL

MOTION CARRIED

The meeting re-adjourned at 6:10 p.m.