



Daphne Utilities

APPROVED MINUTES

Utilities Board Meeting

City of Daphne Council Chambers ♦ June 27, 2007 ♦ 5:00 p.m.

I. CALL TO ORDER

The June 27, 2007, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman, Mr. Segalla, at 5:00 p.m.

II. ROLL CALL

Members Present: Robert Segalla, Chairman
Ron Scott, Vice Chairman
Lon Johnston, Secretary Treasurer
Fred Small, Mayor
James "Bo" White

Members Absent:

Others Present: Rob McElroy – General Manager
Danny Lyndall – Operations Manager
Jerry Speegle – Board Attorney
Teresa Logiotatos – Finance Manager
Deloris Brown – Human Resources Manager
Drew Klumpp – Office Manager
Rebecca Williamson
Cedric Goodloe
Lori Scharles – Executive Assistant
Melinda Immel, Engineer– Volkert
Ray Moore, Engineer – HMR

Others Absent:

III. PLEDGE OF ALLEGIANCE

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

EVALUATION OF THE GENERAL MANAGER:

The Chairman discussed the mid-term evaluation of the General Manager and noted that after requesting input from the Board members the only input received was from Mr. Johnston. He requested another Board member to assume this duty of evaluation with the caveat of soliciting input from the other Board members. He advised that December was the next evaluation. Ron Scott volunteered to adopt this task and requested input from the other Board members. Chairman Segalla discussed the format of the evaluation and suggested to have the written report to the Board by the end of November and allow enough time for response by the Members

IV. APPROVAL OF MINUTES

a. **Utilities Board Minutes from May 30, 2007**

The Chairman inquired if corrections or editorial editing was recommended for the Minutes from the May 30, 2007, Utilities Board meeting. No editing was requested.

MOTION BY Mr. Johnston to approve the Utilities Board of the City of Daphne minutes from the regular Board meeting conducted May 30, 2007; Seconded by Ron Scott..

AYE: ALL IN FAVOR

NAY: NONE OPPOSED

MOTION CARRIED

V. OLD BUSINESS

a. **Park City Agreement:**

Discussion to take place under Board Attorney's report.

b. **Land Swap / Surplus Sale:**

Discussion to take place under Board Attorney's report.

c. **Rick Fine Agreement:**

McELROY: RICK FINE HAS CONTACTED US IN THE LAST WEEK OR SO AND IT APPEARS THAT HE IS ATTEMPTING TO SELL UNITS IN THAT DEVELOPMENT THAT HE IS PROPOSING AND TO DO SO I THINK HE NEEDS TO ENTITLE THAT PROPERTY AND IT'S STARTING TO GET URGENT. HE HASN'T PAID US ANYTHING SINCE JANUARY; THE OPTION EXPIRED. HE ALSO CAME BACK AND SAID "OF COURSE YOU ALL ARE ASKING WAY TOO MUCH MONEY WITH THAT PRICE" , (McELROY) "RICK, YOU'RE THE ONE THAT NAMED THE PRICE, WE DIDN'T ASK A DIME FOR IT, YOU NAMED \$2.25 (MILLION), AND WE SAID OKAY.

SEGALLA: HE SET THE PRICE.

McELROY: HE SET THE PRICE, AND SO NOW HE'S PROPOSED A \$1 MILLION DOLLAR PRICE TAG AND STILL THE \$5,000 A MONTH AND HE'S THROWN ANOTHER CAVEAT IN THERE AND I HAVE FORWARDED THAT ON TO JERRY; JERRY'S REVIEWING THAT AND IS GOING TO GET BACK WITH ME. BUT, SINCE THAT TIME, I'VE HAD CONVERSATIONS WITH MR. SEGALLA AND I BELIEVE THAT WE, THE TWO OF US, HAVE COME TO AN AGREEMENT THAT THE ONLY MONEY THAT WE CAN HONESTLY EXPECT TO GET FROM MR. FINE IS THE OPTION PAYMENTS, WITH ANY REASONABLE ASSUREDNESS AND I BELIEVE WE'RE GONG TO BE LOOKING AT \$10,000 OR \$20,000 A MONTH, NON-REFUNDABLE AND STILL HAVE TO LOOK AT THIS SALE PRICE THAT HE'S TRYING TO ESTABLISH FOR THE PROPERTY AND LOOK AT THIS OTHER PROVISION THAT HE'S NOW ATTACHED ON TO THAT. IT'S A NEW PROVISION AND IT'S NEVER BEEN ON ANY OF THE OLD AGREEMENTS.

SEGALLA: WILL YOU SHARE THE PROVISION WITH US. (McELROY: I DON'T) IS JERRY COMFORTABLE?

McELROY: I BROUGHT IT, I POINTED IT OUT TO YOU BUT I'LL BE HONEST I DON'T REMEMBER EXACTLY WHAT IT WAS.

SEGALLA: OKAY, WELL IF THE BOARD WOULD AGREE, I HAVE NO PROBLEM WITH THIS. CUT THE ORIGINAL PRICE IN TWO AND HE NEEDS TO GIVE US, AND I'M GOING TO ASK SOME SUGGESTIONS FROM THE BOARD; \$10,000 A MONTH, NON-REFUNDABLE, PAYABLE THE FIRST OF EVERY MONTH IF HE WANTS AN OPTION AGREEMENT ON THAT; AND THE TERM OF THAT WILL BE NO MORE THAN THREE MONTHS. I DON'T WANT TO TIE THAT THING UP FOREVER AND I WANT SOME MONEY FOR THE FACT THAT WE'RE HOLDING IT FOR HIM AND HE SET THE ORIGINAL PRICE. WE ALL KNEW IT WAS HIGH, BUT THAT'S HIS CALL. AND NOW I'M NOT GOING TO LET HIM WIGGLE OUT OF SOMETHING THAT HE'S TRYING TO BLAME US FOR DOING. AND I DON'T WANT TO PARTNER WITH HIM BECAUSE THE UTILITY CAN'T DO THAT AND I DON'T THINK IT'S GOOD BUSINESS ANYWAY. SO IF HE CAN COME UP WITH CASH EVERY MONTH, OR WE'LL LET HIM GIVE A VALID CASHIER'S CHECK TILL WE KNOW IT'S GOOD; I'M NOT SAYING HE'S . . . I'M JUST SAYING THAT THESE GUYS TEND TO OVER-EXTEND AND IF HE WANTS US TO HOLD THAT PROPERTY, IT'S \$5,000 OR \$10,000 A MONTH, WHATEVER THE

PLEASURE OF THE BOARD IS, A CASHIER'S CHECK AND WE'LL HOLD IT FOR HIM FOR 30, 60, 90 DAYS, NO MORE THAN THAT BUT WE WANT THAT MONEY EVERY MONTH AND THE FIRST OF THE MONTH, OR IT INVALIDATES THE AGREEMENT. IS THAT . . . DOES EVERYBODY UNDERSTAND WHAT I'M SAYING?

JOHNSTON: LET ME REPEAT WHAT I THINK YOU PROPOSED. A \$1.25 MILLION PURCHASE PRICE WITH AN OPTION AT \$10,000 A MONTH, HOW ABOUT THE RETRO-ACTIVE MONTHS WHAT WE'VE ALREADY BEEN HOLDING IT ALL THIS TIME.

SEGALLA: NO WE HAVEN'T; WE DIDN'T HOLD IT AFTER DECEMBER.

McELROY: THE OPTION EXPIRED.

SEGALLA: LET ME ADD ONE MORE THING BEFORE ANYBODY COMMENT. AND I THINK IT ONLY FAIR THAT THE \$10,000 A MONTH IS DEDUCTED FROM THE ULTIMATE PURCHASE PRICE SO THAT HE'S GOING TO PAY US \$1.2 MILLION, BUT WE DEDUCT WHATEVER HE PAYS AS AN OPTION TO HOLD THE PROPERTY, IF IN FACT THAT WE FINALIZE IT. I THINK THAT'S FAIR.

SCOTT: CLARIFICATION – IS IT \$1.2 OR \$1.25?

SEGALLA: IT'S HALF OF THE . . .

McELROY: I THINK IT'S . . . THE NUMBER THAT WE WERE USING BEFORE WAS \$2.25 MILLION, SO IT WOULD BE WHATEVER (HALF).

SCOTT: WHATEVER THAT IS. YEAH. MY ONLY COMMENT WOULD BE THAT I'M NOT SURE THAT 90 DAYS IS GOING DO TO HIM ANY GOOD OR I . . .

SEGALLA: HE CAN RENEW; HE CAN RENEW IT.

SCOTT: OH, HE CAN RENEW IT AT THE END OF 90 DAYS.

SEGALLA: BUT HE'S GOT TO COME UP WITH THE MONTH AT THE FIRST OF EVERY MONTH.

SCOTT: SO WE'LL GIVE HIM THAT TO WITH AN OPTION TO RENEW AT \$10,000 MONTH; I DON'T SEE ANY PROBLEM WITH THAT. I MEAN . . . FROM WHAT I'M SEEING IN THE MARKETPLACE, THERE IS NOT A LOT OF ACTIVITY IN THESE TYPES OF DEVELOPMENTS. I UNDERSTAND THE PEOPLE OVER AT SPANISH AT CYPRESS POINT, THOSE SALES ARE NOT GOING WELL AND SOME OTHER PLACES OF WHICH, I MEAN THERE'S JUST . . . THE MARKET HAS NOT COME BACK YET, AND HE MAY HAVE A UNIQUE LITTLE NICHE, I DON'T KNOW, BUT MY ONLY POINT WAS THAT THE 90 DAYS WOULDN'T DO ANY GOOD, BUT IF HE COULD RENEW IT FOR THAT PERIOD OF TIME, HE PAYS THE \$10,000, I HAVE NOT PROBLEM.

JOHNSTON: IF I COULD MAKE ONE ADDENDUM TO THAT THOUGHT THOUGH I STILL THINK WE OUGHT TO HAVE A DROP-DEAD OUT THERE TO SAY SOMETHING LIKE THE ORIGINAL PLUS NO MORE THAN 3 RENEWAL PERIODS OF 3 MONTHS A PIECE OR SOMETHING.

McELROY: HE IS ANGLING TO PUSH IT TOWARDS THE END OF THE YEAR. HE WANTS IT TO BE GOOD THROUGH THE END OF '07 AT LEAST.

SEGALLA: OKAY

SCOTT: I HAVE NO PROBLEM WITH THAT.

SEGALLA: AS WE'RE TALKING ABOUT THIS ANOTHER THOUGHT COMES TO MIND. IF IN FACT HE FORFEITS, WE DON'T DEDUCT THAT FROM THE FINAL. HE'S FORFEITED THE MONEY THAT HE'S TENDERED US.

McELROY: IF HE EVER LETS THE OPTION EXPIRE AGAIN, (**SEGALLA:** IT STARTS ANEW.) THAT MONEY DOES NOT DEDUCT FROM THE PRICE.

SEGALLA: IT STARTS ANEW, OTHERWISE WHAT WOULD HAPPEN AT THE END OF TWO MONTHS HE

WOULD SAY WELL, I'M NOT GOING TO MAKE A PAYMENT THIS MONTH I DON'T NEED TO HOLD IT, THREE MONTHS DOWN THE ROAD HE'LL WANT TO RENEW IT AND GO BACK, NO. ONCE THE DEAL IS (McELROY: REMAINS ACTIVE) AS LONG AS IT REMAINS ACTIVE, FINE. BUT IF IT COMES TO A STANDSTILL OR HE DOESN'T PAY, THEN JERRY WRITE SOMETHING IN THERE THAT SAYS HE DEFAULTS AND THE MONEY REVERTS TO US AND IS NOT DEDUCTED FROM THE TOTAL.

SCOTT: LON'S GOT A GOOD POINT THOUGH. THERE NEEDS TO BE SOME TYPE OF A DEADLINE BECAUSE OTHERWISE WE'RE FINANCING THAT PROPERTY AT \$10,000 A MONTH FOREVER, WHICH IS NOT OUR INTENTION SO . . .

SEGALLA: GIVE THEM NO MORE THAN A YEAR. JERRY . . . I'M GOING TO LEAVE THAT TO YOU, JERRY.

SCOTT: I DON'T HAVE ANY PROBLEM WITH A YEAR; I DON'T THINK ANYBODY'S GOING TO COME BEAT ON OUR DOOR - 6 MONTHS OR SOMETHING.

JOHNSTON: 6 MONTHS.

McELROY: 6 MONTHS WILL TAKE IT, JUST SAY IT EXPIRES AND HE HAS TO RENEGOTIATE THE DEAL ON JANUARY 2, 2008. SO IT EXPIRES DECEMBER 31ST.

SEGALLA: SO WE'RE GIVING THEM, OKAY, 6 MONTH. IS THAT AGREEABLE TO YOU ALL?

SMALL: AT \$10,000 A MONTH?

SEGALLA: YEAH.

WHITE: THAT WAS MY ONLY QUESTION WAS IT \$10,000 OR \$5,000? MY ONLY QUESTION WAS IT \$10,000?

SEGALLA: \$10,000. YOU GOT THAT, ROB.

McELROY: YES SIR.

SEGALLA: OKAY. SO DO WE NEED TO VOTE ON THAT?

McELROY: I DON'T BELIEVE SO, BUT IT WILL COME UP, I BELIEVE YOU WILL HAVE TO BE THE ONE TO EXECUTE THE CONTRACT FOR THAT. I THINK THAT CONSTITUTES AN OPTION ON THE SALE OF A PIECE OF PROPERTY WHICH IS PROBABLY NOT SOMETHING THAT I WOULD WANT TO BE SIGNING IF I COULD. IT WILL COME UP AS AN ACTIONABLE ITEM NEXT MONTH. I'M ASKING.

SEGALLA: WELL,

JOHNSTON: A POINT, MR. CHAIRMAN. IF WE DO VOTE ON IT, THOUGH, IT BECOMES A POINT IN FACT FOR REFERENCE. I WOULD KIND OF LIKE TO THINK THAT WE WOULD VOTE ON THE THING.

SEGALLA: WHAT DO YOU THINK, JERRY?

JERRY: I THINK YOU SHOULD VOTE ON IT. YOU'RE ULTIMATELY GOING TO HAVE TO. TO SELL IT, YOU'D HAVE TO GET CITY COUNCIL APPROVAL. I DON'T THINK YOU HAVE TO GET CITY COUNCIL APPROVAL TO OPTION IT THOUGH. I'LL TAKE A LOOK AT THE STATUTE, BUT I DON'T THINK SO. BUT I'LL PUT THAT IN THE AGREEMENT THAT IT'S ALSO SUBJECT TO CITY COUNCIL.

SEGALLA: THE FINAL SALE, BECAUSE OTHERWISE WE HAVE TO GET CITY APPROVAL, APPROVAL FROM CITY COUNCIL FOR EVERYTHING AND THAT'S JUST BUREAUCRATIC LOGJAMS.

SPEEGLE: WELL, WE NEED TO MAKE SURE HE KNOWS THAT THAT'S A REQUIREMENT IN THERE, THAT IT'S SUBJECT TO IT. CERTAINLY IF THE CITY DIDN'T APPROVAL IT FOR SOME REASON WE MIGHT HAVE TO (**SEGALLA:** HAVE IT IN THERE) GIVE HIS MONEY BACK.

SEGALLA: HAVE IT IN THERE.

SPEEGLE: I WILL

SEGALLA: THE CITY COUNCIL LOVES TO SEE HIM SO HE CAN COME AND CAMPAIGN. DOES EVERYBODY UNDERSTAND WHAT THE MOTION IS TO VOTE ON IT? WHAT WAS THAT, \$1.125 MILLION PURCHASE PRICE, \$10,000 A MONTH

SCOTT: CLARIFICATION – IT WAS HALF OF THE \$2.25 MILLION, (**McELROY:** \$1.125) YEAH, SO WHATEVER THAT ROUNDS OUT TO BE.

McELROY: NOW, I BELIEVE, AND THIS DOESN'T MATTER BECAUSE WE'VE GOT BETTER COUNSEL REPRESENTATION NOW THAN WE DID IN THE PAST, BUT I BELIEVE I SIGNED THE LAST OPTION AGREEMENT WITH MR. FINE A YEAR OR SO AGO, ARE WE VOTING FOR THE BOARD TO APPROVE IT OR ARE WE VOTING FOR THE BOARD TO AUTHORIZE ME TO ENTER INTO THAT AGREEMENT WITH HIM UNDER THESE CONDITIONS?

SEGALLA: I HAVE NO PROBLEM . . .

McELROY: SOMEBODY'S GOT TO SIGN, IS MY POINT.

SEGALLA: WE'RE APPROVING IT, WE KNOW WHAT THE CONDITIONS ARE, AND JERRY'S GOT TO SANDY-TEST IT, SO IF IT'S SOMETHING THAT RICK COMES BACK WITH THAT'S NOT GOOD, JERRY SAYS NO. JERRY IS THE ONE THAT SAYS WE GO OR NO GO, IT DEPENDS ON WHAT HE COMES BACK WITH. IS EVERYBODY COMFORTABLE WITH THAT?

SCOTT: SURE.

McELROY: OKAY.

SEGALLA: OKAY, IT'S \$1.125 MILLION

SCOTT: MR. CHAIRMAN, I WOULD MAKE A MOTION THAT'S IN ORDER THAT WE AUTHORIZE THE GENERAL MANAGER TO ENTER INTO A OPTION AGREEMENT WITH RICK FINE AT AN OPTION OF \$10,000 A MONTH FOR A MAXIMUM OF 6 MONTHS, WITH A PURCHASE PRICE OF \$1.125 MILLION FOR THE MENTIONED PROPERTY.

SMALL: AND NON-REFUNDABLE, AND THE \$10,000 IS NON-REFUNDABLE.

SEGALLA: IF HE DEFAULTS.

SPEEGLE: IF IT'S AN OPTION, YOU PAY FOR THE PERIOD OF TIME, I'M GOING TO WORD IT SO THAT HE'S PAYING HIS OPTION FOR 6 MONTHS, HIS INSTALLMENTS ARE \$10,000 A MONTH, SOMETHING LIKE THAT AND SO IF HE DEFAULTS ON ONE THEN THE OPTION TERMINATES AT THAT POINT. IT'S EARNED, THE OPTION'S REALLY PAYING FOR THE TIME (**SEGALLA:** OKAY) BUT WE'LL GIVE HIM CREDIT AGAINST HIS PRICE.

SEGALLA: UNLESS HE DEFAULTS.

SPEEGLE: IF HE DEFAULTS, IT'S OVER, WE KEEP THE MONEY. HE HAS NO MORE OPTIONS

SMALL: START AGAIN. I'LL SECOND THAT MOTION.

SEGALLA: IT'S BEEN MOVED AND SECONDED, ANY FURTHER QUESTIONS? ALL THOSE IN FAVOR SIGNIFY BY SAYING AYE

MOTION BY Mr. Scott to approve the authorization of the General Manager to enter into the aforementioned Property Option Agreement with Rick Fine ; Seconded by Mayor Small.

AYE: ALL IN FAVOR

NAY: NONE OPPOSED

MOTION CARRIED

d. Items in Abeyance

1. Gas Franchise: No new development.
2. 19 Acres – Daphne Utilities property: No new development.

VI. NEW BUSINESS

No New Business discussed for this meeting.

VII. BOARD ATTORNEY'S REPORT

SPEEGLE: PARK CITY – MR. GROGAN AND I HAVE TALKED A COUPLE OF TIMES; HE IS THE NEW COUNSEL FOR PARK CITY WATER BOARD. HE HAD HIS FIRST MEETING WITH THEM THE WEEK BEFORE LAST. WE'VE TALKED LAST WEEK; WE'VE TALKED THIS WEEK, AND I AM HOPEFUL THAT WE'RE GOING TO MOVE THIS FORWARD AND GET IT TO SOME ARRANGEMENT WITH THEM IN THE NEXT 30 TO 45 DAYS; IT'S BEEN GOING ON A LONG TIME BUT FRANKLY I'M MORE HOPEFUL THAN I'VE EVER BEEN AFTER MY CONVERSATION WITH HIM. (IF WE CAN COME TO AN AGREEMENT,) AND IF NOT, I HAVE TOLD HIM WE'RE JUST GOING TO GO OUR SEPARATE WAYS, WE'LL CERTAINLY STILL SELL WATER UNDER OUR AGREEMENT, SELL WATER TO PARK CITY BUT WE'LL JUST GO OUR SEPARATE WAYS. SO HE KNOWS THAT'S OUT THERE IF WE CAN'T RESOLVE SOMETHING.

SEGALLA: HE KNOWS THAT MOBILE WATER'S DOING CERTAIN THINGS THAT ARE KIND OF SCARY.

SPEEGLE: I DON'T THINK; I'VE TOLD HIM, BUT I DON'T THINK HE FULLY UNDERSTANDS, AND I'VE SAID "TIM, I CAN SEND YOU THE ARTICLES ON WHAT'S GOING ON, IT'S ALMOST THE SAME SITUATION. MOBILE WATER IS PROVIDING SEWER TO AN AREA WHERE THEY DON'T PROVIDE WATER AND IT'S UNFORTUNATELY THERE ARE VERY FEW OPTIONS THAT UTILITIES HAVE IN THAT SITUATION TO GET PAID, AND ONE IS AN EXPENSIVE METHOD AND WE DON'T WANT TO HAVE TO GO DOWN THAT ROAD BUT WE'LL HAVE TO IF WE CAN'T WORK SOMETHING OUT."

SEGALLA: OKAY AND I GUESS THE OTHER THING I WOULD MENTION IS THAT WE REALLY DON'T HAVE ANY CONTROL OVER THE GARBAGE COLLECTION BUT THAT'S ALSO A PROBLEM THAT WE DON'T COLLECT IF THEY DON'T PAY THEIR GARBAGE BILL. AND SINCE WE TAKEN THE BILL AND WE'VE TAKEN THAT DUTY OVER FOR THE CITY THAT WOULD KIND OF NEAT IF WE COULD START COLLECTING FOR GARBAGE TOO. **(MCELROY: IT'S ALL WRAPPED UP TOGETHER.)**

SPEEGLE: ROB AND I SPECIFICALLY PUT THAT IN OUR AGREEMENT THAT THE GARBAGE FEE HAS GOT TO BE PAID TO PASS ON TO THE CITY OR WE CAN ALSO CUT OFF, OR DROP WATER FROM RESIDENCES.

SEGALLA: OKAY.

SPEEGLE: WE'RE TAKING CARE OF THE CITY, RIGHT ALONG WITH US.

SCOTT: YOU KNOW, THAT'S A SITUATION WHERE YOU HAVE SOME PEOPLE IN PARK CITY THAT ARE PAYING THEIR BILLS, AND THEN OTHERS THAT ARE JUST IGNORING IT AND IT'S TOTALLY NOT FAIR. THEN YOU'VE GOT EVERYBODY ELSE AND THE REST OF THE CITY THAT OF WHICH WE HAVE, YOU KNOW, MAYBE A LITTLE MORE CONTROL BUT THAT IS IN THE CITY OF DAPHNE AND WE HAVE GOT TO ADDRESS IT, OTHERWISE WE HAVE CREATED A MONSTER.

SPEEGLE: FOR WHAT IT'S WORTH, TIM AGREES. HE SAID THAT (HE) AGREES THAT THESE PEOPLE SHOULD NOT BE GETTING SEWER SERVICES FREE. AND HE'S DEALING WITH "YOU'RE CERTAINLY A CITIZEN BOARD, JUST LIKE THEY ARE BUT YOU HAVE A LOT MORE ON YOUR PLATE THAN THEY DO". I THINK THEY DO JUST MEET ONCE A MONTH, AND THAT'S ABOUT THE ONLY TIME THEY GET TOGETHER TO TALK ABOUT IT.

SCOTT: CAN WE, CAN WE SUE PARK CITY? WE CAN'T SUE THEIR WATER BOARD?

SPEEGLE: NO. I DON'T SEE ANY (INAUDIBLE).

SEGALLA: I DON'T THINK THEY HAVE A LOT OF ASSETS, RON.

SCOTT: CAN WE JUST CUT THE WATER OFF?

MCELROY: NO.

SPEEGLE: NO. BUT WE CAN CUT THE SEWER OFF. AND THAT'S AN EXPENSIVE PROPOSITION FROM OUR POINT OF VIEW AND A VERY DRASTIC APPROACH FOR THEIR CITIZENS THAT ARE IN THEIR SERVICE AREA, THEIR CUSTOMERS AND I HAVE TO THINK THAT AFTER THE CONVERSATION LAST NIGHT THAT WE'RE MOVING FORWARD A LOT MORE, BUT I UNDERSTAND THE BOARD'S, YOU KNOW, MY BOARD'S SAYING THIS HAS GOT TO STOP AND I'M DOING EVERYTHING I CAN; AND ROB AND I KNOW THAT IF WE DON'T GET THIS THING DONE PRETTY SOON, WE'RE JUST GOING TO HAVE TO CUT THINGS OFF, CUT THINGS OFF IN THE SENSE OF NEGOTIATIONS WITH PARK CITY. WE'VE TRIED AND TRIED. WE'VE TRIED OUR BEST TO WORK THINGS OUT AND HOPEFULLY WE STILL WILL, AND IF WE DON'T WE'RE GOING TO HAVE TO GO OVER THERE AND START CUTTING SEWER OFF.

SEGALLA: WELL, IT GOES BEYOND JUST NOT PAYING SEWER; EVERYBODY IN DAPHNE THAT PAYS THEIR BILL ON TIME ALSO PAYS A PILOT FEE, WHICH HELPS TO SEWER THE CITY AND THAT WAS SOMETHING THE CITY HAD PUT ON AT THE TIME THEY WROTE THE ORDINANCE, AND THESE FOLKS AREN'T CONTRIBUTING TO THAT PART OF THE PIE EITHER, AND I AGREE WITH MR. SCOTT, THAT THIS IS HIGHLY UNFAIR.

MCELROY: WELL, WE HAVE, TO GET A GOOD SENSE OF THE SCALE OF THE PROBLEM THERE, THERE'S ABOUT 260 CUSTOMERS IN PARK CITY, MORE THAN 200 OF THEM ROUTINELY DO NOT PAY US. FOUR-FIFTHS OF THE PEOPLE IN PARK CITY AND THE NUMBER IS GROWING AS THE WORD SPREADS THAT "THAT'S NOT A BILL YOU HAVE TO PAY, THEY CAN'T DO ANYTHING TO YOU". IT JUST CAN'T GO ON.

SEGALLA: WELL, I'M HOPEFUL THAT JERRY CAN WORK IT OUT WITH THIS NEW GUY BECAUSE WE DON'T REALLY NEED THAT KIND OF A GUN BATTLE BUT IF WE HAVE TO FIGHT IT, WE HAVE TO FIGHT IT. THERE' S NO, I SEE NO CHOICE.

SCOTT: CAN THE CITY NOT PUT A LIEN FOR THE GARBAGE SECTION OF IT, MAYOR SMALL?

SMALL: NO, WE ARE LOOKING RIGHT NOW WHERE ON THE GARBAGE, ESPECIALLY, ABOUT WRITING "MOT" TICKETS AND SENDING THEM IN FRONT OF A JUDGE. WE FEEL LIKE THAT WOULD BE THE BEST RESULTS TO GET THEM IN FRONT OF THE JUDGE.

SEGALLA: "MOT" MEANS WHAT?

SMALL: MUNICIPAL ORDINANCE TICKET, BECAUSE THEY'RE NOT ABIDING BY THE ORDINANCE.

SCOTT: WE HAVE A LARGE CONTINGENT FROM PARK CITY THAT CAME BEFORE THE CITY COUNCIL ON A ZONING ISSUE AND WE RESPECTED THEIR, BASICALLY, THE WISHES OF THE COMMUNITY DOWN THERE. AND I CAN'T HELP BUT BELIEVE THAT IF WE HAD A MEETING WITH THE PEOPLE IN PARK CITY AND EXPLAIN WHAT THEIR OPTIONS WERE THAT WE WOULD NOT GET COMPLIANCE, I MEAN IT MIGHT BE WHAT MOBILE IS DOING AS FAR AS WE HAVE SOME KIND OF AMNESTY AND THEN WE SAY FROM NOW ON THIS IS WHAT'S GOT TO HAPPEN AND IF IT DOESN'T HAPPEN, THEN WE'RE GOING TO ISSUE ARREST WARRANTS AND, I MEAN WE HAVE GOT TO . . . WE'RE BEING ABSOLUTELY NEGLIGENT IN OUR DUTIES IF WE DO NOT FIND A SOLUTION TO THIS. IT'S NOT FAIR TO THE OTHER CITIZENS OF DAPHNE, IT'S NOT FAIR TO . . . I MEAN THIS IS . . . WE HAVE GOT TO COME UP WITH A SOLUTION.

MCELROY: I BELIEVE THAT WE HAVE PUT TOGETHER A VERY FAIR PROPOSAL THAT IS A WIN-WIN FOR BOTH PARTIES. I BELIEVE THAT IT WILL KEEP THE PARK CITY WATER SYSTEM IN TACT SO THAT THEY CAN KEEP PRIDE IN THEIR COMMUNITY AND PRIDE IN THEIR WATER SERVICE, AND IT GETS OUR BILLS PAID AND IT'S BASICALLY, IN A NUTSHELL IF YOU WANT TO BOIL IT DOWN IS A MANAGEMENT FOR FEE, EXCEPT THERE'S ALMOST NO FEE ASSOCIATED WITH IT, WE'LL JUST DO ALL THESE THINGS AND GET PAID FOR THEM SO THAT WE'RE NOT LOSING MONEY ON THE PROPOSITION AND THEY CAN SEE IT'S NOT A BUY-OUT, IT'S NOT SHUTTING THEM DOWN, IT'S NOT MAKING THEM GO AWAY.

SCOTT: BUT THEY SEE . . . THERE ARE SOME PEOPLE THERE THAT SEE THIS IS HOW THEY'RE GOING TO BE FORCED TO PAY THE BILLS, AND THAT'S WHY I'M SURE THEY'RE FIGHTING IT AND WHAT WE NEED TO TELL THEM IS . . . I MEAN, THOSE PEOPLE NEED TO REALIZE THAT TO HAVE THAT BOARD THAT THEY'VE GOT THERE WHICH, YOU KNOW I'M ALL FOR CIVIC PRIDE AND THEM DOING WHATEVER THEY WANT TO DO, BUT THE PEOPLE ARE PAYING MORE, THEY'RE PAYING A HIGHER WATER BILL THAN THEY WOULD PAY HERE.

MCELROY: THE AVERAGE IS ABOUT \$8.00 A MONTH, I BELIEVE, MORE FOR PARK CITY WATER THAN IT WOULD BE IF IT WERE DAPHNE UTILITIES' WATER.

SCOTT: BUT THE OFFSET IS THAT THEY'RE NOT PAYING THE GARBAGE AND THEY'RE NOT PAYING THE SEWER, SO IT'S A LOT CHEAPER!

MCELROY: I KNOW.

SPEEGLE: IT'S A BETTER DEAL.

SEGALLA: BUT JERRY, YOU'VE GOT A DROP-DEAD DATE WITH THIS GUY, TOO, DON'T YOU.

SPEEGLE: AND I'VE TOLD HIM; YOU KNOW, THERE ISN'T A WEEK THAT GOES BY THAT I HAVEN'T CALLED TIM AND TRY TO GET IN TOUCH WITH HIM. AND A FEW DAYS GO BY AND HE CALLS ME BACK AND GIVES ME A STATUS REPORT. WHAT WE HAVE IS PARK CITY BOARD IS NOT MOTIVATED TO PARTICULARLY HELP US OUT. AND THE ONLY THING I'VE GOT IS TO SAY IS WELL YOU'RE JUST GOING TO HAVE TO GO OUT THERE AND FIX YOUR PIPES, AND MAINTENANCE AND DO ALL THAT YOURSELF, WE'RE NOT GOING TO HELP YOU. IF YOU'RE NOT GOING TO COOPERATE AND HELP US THEN WE'RE GOING TO RETURN THAT SERVICE. WE'RE NOT GOING TO HELP YOU OUT. WE'VE BEEN HELPING YOU OUT. THAT MAY NOT BE THAT BIG A CLUB, AND THEN IT'S JUST IF WE CAN'T WORK ANYTHING OUT, THEN WE'RE JUST GOING TO HAVE TO GO OVER THERE, SPEND THE MONEY AND START SHUTTING SEWER OFF. NOW WE'LL GET A HUGE BACK-LASH, WE KNOW THAT. WE DON'T REALLY WANT TO CAUSE A BIG UPROAR, BUT WE'RE GOING TO HAVE TO AND I GUESS I'VE BEEN TRYING TO WORK IT OUT WITH THEM, AND YES I'VE TOLD THEM THAT IF WE DON'T WORK SOMETHING OUT SOON, I HAVE BOARD MEMBERS THAT HAVE DIRECTED ME TO STOP NEGOTIATIONS IF I DON'T GET SOMETHING DONE SOON AND WE'RE GOING TO HAVE TO TAKE ACTION. SO I'VE TOLD THEM ALL THAT. SO Y'ALL ARE JUST GOING TO HAVE TO DO IT, I GUESS.

JOHNSTON: A THOUGHT, IF YOU START RUNNING INTO NEW OBSTACLES WITH THE NEW GUY, IS IT WORTHWHILE TO CONSIDER SOME SORT OF EDITORIALS OR THINGS OF THAT NATURE AND PUBLICIZE THIS THING.

MCELROY: WE HAVE BEEN IN CLOSE CONTACT WITH MAWSS THROUGHOUT THE PROGRESSION OF THIS PLAN THAT THEY'RE PUTTING INTO PLACE AND I THINK WE'VE GOT A GOOD PLAN TO MOVE FORWARD IF THAT'S HOW WE HAVE TO DO IT. THE FIRST THING YOU DO IS NOT SHOW UP AT SOMEBODY'S HOUSE WITH A BACKHOE AND START DIGGING UP THEIR SEWER LINE. YOU PLAY IT OUT, AND YOU PLAY IT OUT IN THE MEDIA AND IT'S A VERY CAREFULLY ORCHESTRATED DANCE THAT YOU GO THROUGH BEFORE YOU EVER GET TO THAT POINT. AND YOU DON'T DO IT WHOLESALE, YOU PICK ONE, A VERY OBVIOUS OFFENDER AND YOU GO OUT AND DO IT IN A VERY PUBLIC WAY AND HOPE TO GOD THAT YOU ONLY HAVE TO DO IT ONCE, AND THAT EVERYBODY ELSE GETS THE POINT AT THAT STAGE AND YOU NEVER HAVE TO DO IT AGAIN. BUT SOMETIMES WE HOPE WE DON'T HAVE TO GO TO THAT POINT, BUT SOMETIMES YOU HAVE TO MAKE AN EXAMPLE OF ONE SO THAT EVERYBODY ELSE KNOW YOU MEAN BUSINESS.

SCOTT: YOU KNOW, 200 CUSTOMERS ROUGHLY, DOESN'T SOUND LIKE A LOT, BUT WHEN YOU, THE AVERAGE SEWER BILL WOULD BE WHAT A MONTH FOR THOSE CUSTOMERS? WHAT IS THE AVERAGE WATER BILL IN PARK CITY?

DREW KLUMPP: THE AVERAGE SEWER BILL FOR PARK CITY IS ABOUT THE \$24 RANGE.

MCELROY: \$24 A MONTH FOR SEWER

SCOTT: SO YOU'RE TALKING ABOUT ALMOST \$5,000 A MONTH AND \$60,000 A YEAR AND HOW LONG HAS THIS BEEN GOING ON?

MCELROY: IT'S BEEN CREEPING UP, RIGHT NOW THAT LAST TIME WE CHECK WE WERE \$66,000 IN AREARS TO PARK CITY RESIDENTS.

SEGALLA: JERRY, WILL IT HELP YOUR EFFORTS IF WE GIVE YOU A DROP-DEAD DATE?

SPEEGLE: CERTAINLY.

SEGALLA: AND HOW MUCH TIME DO YOU THINK IT WOULD BE REASONABLE, I'M GOING TO LEAVE THAT UP TO YOU. CAUSE THIS GUY JUST CAME ON JUST A FEW WEEKS AGO.

SPEEGLE: BASED ON HE JUST HAD HIS FIRST MEETING WITH THEM?

SEGALLA: YEAH.

SPEEGLE: I HATE TO ASK IT, BUT I THINK IT'S GOING TO TAKE 2 MEETINGS FOR THEM. I THINK IT'S GOING TO TAKE ONE WHERE THEY SIT DOWN AND SAY, OH WE'VE GOTTEN OVER THIS PART OF IT, AND THE SECOND ONE IS ACTUALLY FINALIZING. SO I WOULD SAY 60 DAYS.

SEGALLA: HOW ABOUT 90?

SPEEGLE: OKAY.

SEGALLA: 90 DAYS. IF WE DON'T HAVE ACTION IN 90 DAYS THEN WE GO TO PLAN B. IS THAT AGREEABLE WITH THE BOARD?

SPEEGLE: YES

SCOTT: SURE

WHITE: I HAVE A QUESTION, MR. CHAIRMAN. FOR THE ATTORNEY, IS IT YOUR FEELING THAT PARK CITY BOARD REPRESENTS THESE 260 CUSTOMERS, OR IS IT JUST SMALL GROUP OF PEOPLE AT THE TOP.

MCELROY: I THINK PARK CITY BOARD REPRESENTS THE PARK CITY BOARD.

WHITE: THAT'S MY QUESTION, THAT'S WHY I SAID MR. SCOTT HAD A GOOD SUGGESTION THAT WE GO TO THE PEOPLE.

SEGALLA: THE QUESTION WAS ADDRESSED TO MR. SPEEGLE.

MCELROY: OH, EXCUSE ME. SORRY.

SPEEGLE: I THINK THAT SOME OF THE CONCERNS THAT THEY'VE MENTIONED HAVE MADE ME THINK THAT THEY ARE CONCERNED ABOUT THEIR CUSTOMERS AND WHAT'S GOING TO HAPPEN TO THEM IF SOMEBODY COMES IN AND TRIES TO COLLECT \$5,000 OR \$2,000 IN AREARS FROM SOMEBODY THAT'S ON A FIXED INCOME. AND I'M TALKING TO THEM ABOUT THAT SITUATION. I THINK IT'S PROBABLY A LITTLE BIT OF BOTH. I THINK THEY HAVE GIVEN ME THE SENSE THEY WANT TO KEEP THEMSELVES IN POWER, THAT THEY DON'T WANT TO GIVE UP ANY POWER TO US FOR WHATEVER REASON. AND I ALSO GET THE SENSE, LIKE MR. SCOTT SAID, THAT THE WORD'S GOTTEN AROUND THAT YOU DON'T HAVE TO PAY YOUR SEWER BILL AND NOTHING WILL HAPPEN TO YOU. AND THEY MAY BE ACTUALLY WRESTLING WITH KNOWING THAT. YOU KNOW THEY'VE GOT TO KNOW THAT'S THE WORD IN PARK CITY THAT YOU DON'T HAVE TO PAY YOUR SEWER BILL. I THINK THEY'RE WRESTLING WITH HOW DO THEY FIX THAT AND IF THEY GIVE US, THAT WHAT WE'VE ASKED THEM TO DO IS GIVE US THE POWER TO SHUT OFF THE WATER FOR EACH OF THOSE RESIDENTS IF THEY DON'T PAY THEIR SEWER OR GARBAGE BILL.

SCOTT: MR. SPEEGLE, I THINK CHIEF WHITE'S GOT A GOOD POINT THAT WE NEED TO HAVE AN OPPORTUNITY TO, I MEAN, TALK TO THE PEOPLE IF WE HAD A COMMUNITY MEETING WITH THE PEOPLE. AND I, FOR ONE AS A BOARD MEMBER, AM WILLING TO GIVE THEM AMNESTY AT THIS POINT SO THAT WE'RE NOT GOING IN TRYING TO COLLECT \$5,000 FROM SOMEBODY THAT'S ON A FIXED

INCOME. I MEAN, I'D BE WILLING TO LET YOU HAVE THAT NEGOTIATING TOOL TO SAY THAT IF WE CAN COME TO AN AGREEMENT WITHIN A REASONABLE PERIOD OF TIME, AND TO ME THAT WOULD BE YOU KNOW THE FIRST OF THE FISCAL YEAR, THEN WE ARE WILLING TO OVERLOOK WHAT'S GONE IN THE PAST AND LET'S START A FRESH SLATE AND THEN LET'S GET EVERYBODY ON THE SAME BOARD.

SPEEGLE: AND I THINK THAT'LL GO A LONG WAY TOWARDS RESOLVING THAT ONE ISSUE. THE OTHER ONE I'M SURE THEY'RE WRESTLING WITH IS TURNING OVER AUTHORITY TO US TO CUT OFF THE WATER TO THEIR CUSTOMERS. I DON'T KNOW THAT WE'LL GET PAST THAT. THAT'S WHY I THINK THE NEXT MEETING WILL TELL US WHETHER THEY'RE GOING TO BE ABLE TO GET PAST THAT BECAUSE THEY'VE BEEN RELUCTANT TO TURN OVER ANY POWER TO US OVER THEIR SYSTEM.

SCOTT: HAVE YOU MENTIONED TO THEM THAT WE HAVE THIS LEND-A-HAND PROGRAM THAT WE'VE IMPLEMENTED TO HELP OUT WITH WATER BILLS AND SEWER BILLS FOR PEOPLE, YOU KNOW, THAT HAVE LEGITIMATE PROBLEMS?

SPEEGLE: I HAVEN'T SAID ANYTHING, BUT GIVING THEM AMNESTY, I THINK WILL HELP THE NEGOTIATIONS.

SEGALLA: SO YOU'VE GOT ANOTHER ARROW IN YOUR BOW, AND YOU'VE GOT JULY, AUGUST, SEPTEMBER, 3 MEETINGS TO HAVE GROGAN TO SEE IF HE WANTS TO FISH OR CUT BAIT. AND IF HE DOESN'T, THEN WE'LL GO TO PLAN B.

SMALL: MR. CHAIRMAN, AND CAN I, MR. SPEEGLE, HOW LONG CAN WE LEGALLY GO BACK ON THOSE, JUST 12 MONTHS OR IS THERE A . . .

SPEEGLE: YOU CAN GO BACK AS LONG AS THEY OWE YOU. (**SMALL:** OH CAN WE, REALLY?) THE PROBLEM IS THAT IT'S VERY DIFFICULT TO FIGURE SOME OF THE BILLS, WHO'S LIVING THERE AND HOW LONG THEY'VE LIVED THERE AND WHO OWES WHAT. IT WOULD BE A VERY DIFFICULT COLLECTION PROCESS.

SEGALLA: WELL, THE CHAIR FEELS THIS WAY. I THINK AMNESTY IS A GOOD STEP, ONLY BECAUSE I DON'T THINK WE'RE GOING TO COLLECT THAT MONEY. I WANT TO COLLECT THE FUTURE MONEY; GOING BACKWARDS WITH WHAT YOU'RE SAYING IS THAT 3 OR 4 PEOPLE HAVE LIVED THERE, WHO DO WE GO BACK TO AND HOW FAR TO WE GO BACK? IT'S GOING TO COST US MORE TO COLLECT PAST DEBT THAN IT IS TO PUT IN THE PROGRAM NOW WHERE WE CAN COLLECT FUTURE MONEY SO, THAT'S ONE OF THE BARGAINING CHIPS IS THAT AMNESTY THING I THINK IS PRETTY GOOD, IF THEY OTHER, I KNOW RON AGREES TO, IF THEY OTHER BOARD MEMBERS AGREE.

SMALL: BACK TO THE FIRST OF THE YEAR, I THINK. I THINK WE SHOULD HAVE LIKE A BEGINNING TIME ON IT, LIKE THE FIRST OF THE YEAR OR SOMETHING LIKE THAT, FISCAL YEAR.

JOHNSTON: FISCAL YEAR.

SPEEGLE: I WOULD SAY THAT AS SOON AS WE ENTER INTO THE AGREEMENT WITH THE, AS SOON AS WE ENTER INTO THE AGREEMENT WITH PARK CITY, IF THEY WILL AGREE TO IT, THEN WE'LL KNOW WHO ALL THEIR CUSTOMERS ARE BY NAME, AND THEN WE CAN START KEEPING ACCURATE RECORDS AND THEN WE HAVE PROPOSED TO DO ALL THE BILLING TO ALL THE PARK CITY CUSTOMERS FOR THEIR WATER, OUR SEWER AND THE GARBARGE. SO WE'LL BE IN CHARGE OF THE BILLING, WE'LL BE IN CHARGE OF CUTTING OFF SERVICE, WE'LL HAVE CONTROL. I DON'T KNOW THAT THEY'LL LET US DO THAT. ONE THING TO ME IS, WE GET OVER THE AREARAGE AND THAT'S NOT AN ISSUE, IF THEY FLAT REFUSE TO GIVE US THE AUTHORITY TO CUT OFF THE WATER, WE HAVE NO REASON TO CONTINUE NEGOTIATING WITH THEM ON THESE TERMS. ROB AND I HAVE A CLEAR ROAD WHICH IS WE'VE GOT TO START SETTING THINGS UP AS HE'S SAID TO CUT OFF THE SEWER SERVICE.

SEGALLA: I DON'T THINK THIS BOARD INTENDS TO RESTRICT THE NEGOTIATING BECAUSE WE'RE NOT GOING TO BE THERE, AND IT'S GOING TO EBB AND FLOW AND GO BACK SO YOU'VE PRETTY WELL GOT A FREE HAND IN RESOLVING THE ISSUE, SO GO TO IT AND I KNOW IT'LL COME TO A GOOD CONCLUSION.

SCOTT: I'D SUGGEST THAT WITH THAT KIND OF LATITUDE THOUGH, THAT IF HE DOESN'T WORK IT OUT WE JUST TAKE IT OUT OF THE LEGAL BUDGET.

SEGALLA: GOOD LUCK. (LAUGHTER)

SCOTT: IT WAS A THOUGHT!

SPEEGLE: SHALL I START NEGOTIATING ON THAT?!

JOHNSTON: BEFORE WE LEAVE AND JUST TYING BACK IN WITH THE MAYOR'S COMMENT: THE 90 DAYS EXTENSION THAT WE'RE GIVING AND THE AMNESTY TO THE NEW FISCAL DOVETAIL, SO.

SPEEGLE: AND WE MAY KNOW BEFORE THE 90 DAYS IS UP BECAUSE IF FRANKLY, IF AFTER I PROPOSE THE AMNESTY OR WE TALK ABOUT THAT AND THEY HAVE PROBLEMS WITH THE PROPOSAL TO CUT OFF THE WATER, THEN IT MAY BE OVER. I AM STAYING ON TOP OF IT, I MEAN I AM CALLING AND TIM GROGAN IS A SOLE PRACTITIONER, SOME TIMES IT TAKES 3 OR 4 DAYS FOR HIM TO GET BACK TO ME, I'LL CALL OR HE'S IN WITH SOMETHING.

SMALL: PROBABLY WOULDN'T OFFER THE AMNESTY TILL AFTER WE SAW WHAT HIS RESPONSE WAS.

SPEEGLE: HIS RESPONSE WAS NOTHING OTHER THAN . . .

SMALL: WELL, LET'S GIVE HIM THE NEXT MEETING BUT YOU KNOW WHAT I MEAN.

SPEEGLE: WELL THIS MEETING WAS THEY'RE CONCERNED ABOUT PEOPLE ON FIXED INCOME PAYING THE ARREARAGE, AND I SAID WELL, DID YOU LOOK AT THE AGREEMENT? NO WE REALLY NEVER GOT TO THE AGREEMENT. WELL THAT'S NOT GOING TO WORK FOR ME.

SEGALLA: WELL, THERE'S THREE PEOPLE ON THIS BOARD THAT ARE ON FIXED INCOME AND WE PAY OUR BILLS. SO, IT DOESN'T HOLD WATER. AND BACK TO THE MINISTRY PROGRAM, WE DO TRY AND HELP PEOPLE THAT ARE REALLY, REALLY IN SAD FINANCIAL CONDITION. WE'RE NOT TRYING TO TAKE ANYBODY'S WATER OR SEWER AWAY UNLESS THEY'RE REALLY TRYING TO ROB US. OKAY. TONSMEIRE.

SPEEGLE: TONSMEIRE. UM, DIDN'T YOU SETTLE THAT TODAY?

MCELROY: YES.

SPEEGLE: ROB SETTLED THAT TODAY.

SEGALLA: SO HOW MUCH DID WE LOSE? OH, I'M SORRY ROB, I WAS JUST KIDDING. (LAUGHTER)

MCELROY: YOU CAN TAKE IT OUT OF MY CHRISTMAS BONUS CHECK.

SCOTT: THAT MUCH, HUH? (LAUGHTER)

SPEEGLE: OKAY; I SETTLED IT. (LAUGHTER) YOU CAN TAKE IT OUT OF MY CHRISTMAS BONUS. WE'VE GOT A CHECK FOR \$76,000.

SEGALLA: SUPER.

SCOTT: GOOD JOB.

SPEEGLE: AND IT WAS DOWN TO THE WIRE.

SEGALLA: GOOD JOB, GOOD JOB. CONGRATULATIONS TO EVERYBODY WHO WAS INVOLVED IN THAT. FRIDAY CONSTRUCTION.

SPEEGLE: FRIDAY CONSTRUCTION, UM; NO CHANGE. WE STILL HAVEN'T RECEIVED ANY DOCUMENTS FROM THEIR . . . UM IN THE LAST LETTER I SENT TO THEM WHICH IS PROBABLY

GETTING CLOSE TO A MONTH AGO. THAT PART OF THE AGREEMENT ON ACQUISITION OF THE LAKE FOREST SYSTEM IS VERY COMPLICATED. I'D BE GLAD TO GO THROUGH IT WITH ANYBODY THAT WANTS TO, BUT IT'S UM . . . THERE ARE A NUMBER OF CONDIITIONS THAT HAVE TO BE MET AND AS FAR AS I'M CONCERNED, THEY HAVEN'T GOTTEN THERE YET, ANYWHERE CLOSE TO IT. SO I HAVE NOT FELT THE NEED TO DO ANYTHING OTHER THAN SIT AROUND AND WAIT FOR THEM TO RESPOND TO MY LAST LETTER.

SEGALLA: WELL, YOU KNOW MY CONCERN ON THAT, PURCHASE OR VERSUS SUCCESSOR BECAUSE OF MY INVOLVEMENT UP THERE BEFORE. THAT WAS A STUMBLING BLOCK FOR THE HOMEOWNERS ASSOCIATION. THEY'RE CLEARLY A PURCHASER FROM PURCELL, THEY ARE NOT THE SUCCESSOR; PURCELL WAS THE SUCCESSOR AND WE CLEARLY WOULD PROBABLY OWE THEM. BUT IT'S A LITTLE BIT FOGGY TO ME WHETHER OR NOT WE OWE FRIDAY. NOW . . .

SPEEGLE: AND THEY HAVEN'T GIVEN US ANYTHING TO INDICATE THERE ARE A NUMBER OF ISSUES EVEN BEFORE YOU GET TO WHETHER WE SHOULD BE GIVING THEM A CREDIT BUT THEY HAVEN'T GIVEN US THE COST TO INSTALL THE UTILITY LINES. THEY'VE GIVEN US NO DATA ON THAT. THEY SAID THEY WOULD BUT THEY HAVEN'T.

SEGALLA: THIS IS AN INTERESTING BLOG, SO DON'T TAKE THIS AS FACTUAL BUT ONE OF THE WEBSITES SAID THAT FRIDAY IS TRYING TO GET LAKE FOREST TO TAKE OVER THE MAINTENANCE OF THE DETENTION PONDS, OKAY. THE LAND USE ORDINANCE CLEARLY DOESN'T SAY THAT, THE DEVELOPER DOES ALL THAT AND THAT'S SOMETHING THAT LAKE FOREST DOESN'T DO. THE LAKE IS THE RENTENTION POND UP THERE, BASICALLY, SO THAT'S A LITTLE BIT, I THINK, CONTRARY IF MY MEMORY ON THE LAND USE ORDINANCE IS CORRECT. SO THEY'RE TRYING TO DO SOME OTHER STUFF UP THERE THAT MIGHT, IT DOESN'T INVOLVE US, I'M JUST TELLING YOU, I'M JUST STATING THAT IT SEEMS LIKE THERE'S SOME "WHAT CAN I GET OUT OF THIS THING FOR ME" TYPE ATTITUDE. OF COURSE, IF IT'S ME THAT BENEFITS, I DON'T CARE, BUT, YOU KNOW WHAT I MEAN. I THINK THERE'S SHENANIGANS THAT, FINAGLING IS A BETTER WORD THAN SHENANIGAN, I GUESS. BUT IT WAS A BLOG, I'M NOT SURE IT'S TRUE. IF ANYBODY . . . THE MAYOR SITS ON THE PLANNING COMMISSION, MAYBE IT CAME UP AT THE PLANNING COMMISSION, I'M NOT GOING TO ASK HIM TO COMMENT, BUT I DON'T KNOW IF IT DID OR NOT.

SMALL: AND I DON'T KNOW TOO, IF FRIDAY CONSTRUCTION DID THEY EVER BECOME PART OF THE POA, LAKE FOREST POA? YOU KNOW THAT WAS UP FOR DISCUSSION AT ONE TIME AS WELL.

SEGALLA: I KIND OF LOST THE FLOW OF THAT, SO I CAN'T SAY YES OR NO, MY ONLY ANSWER IS I REALLY DON'T KNOW.

SMALL: YEAH, I DON'T EITHER.

SCOTT: WE CAN E-MAIL HENRY, ASK HIM TOMORROW.

SEGALLA: OKAY.

SPEEGLE: SEAMAN CAPITAL. MY NOW GOOD OLD FRIEND BILL LEWIS. WE TALK REGULARLY. VERY CORDIAL, TALKED TO HIM SEVERAL TIMES AND HE HAS WANTED TO TALK ABOUT HOW WE CALCULATE IMPACT FEES AND SO FORTH AND I'VE TOLD HIM THAT I'D BE GLAD TO LISTEN TO THIS THOUGHTS AND HE'S WRITTEN ME A COUPLE OF LETTERS. UM AND THERE'S REALLY NOTHING GOING ON THERE. I THINK HE'S GOING TO MOVE AHEAD WITH HIS DEVELOPMENT AND HE SAYS HE'S INTERESTED IN ANOTHER DEVELOPMENT IN DAPHNE. I'LL LEAVE IT ON HERE BUT THERE'S REALLY NOTHING HAPPENING, NO THREATENING LETTERS OR NOTHING LIKE THAT TO REPORT.

SEGALLA: OKAY. BELFOREST REQUEST

SPEEGLE: WE'VE, SHAWN ALVES WHO REPRESENTS BELFOREST IS GOING TO "WALK" THROUGH PETITION TO JUDGE PARTIN TO CHANGE THAT OUR BOUNDARY LINE AS WE AGREED, UM. ON THE LAST GO-AROUND AND THEN ALSO IT WAS PRIOR TO THE CHANGE IN OUR AGREEMENT AND THEN ALSO TO ASK THE JUDGE TO ALLOW US IF WE NEED TO IN THE FUTURE TO AMEND THE BOUNDARY LINES WITHOUT GOING BACK TO HIM TO CHANGE THE COURT ORDER. JUDGE PARTIN, SHAWN CALLED ME THE OTHER DAY AND SAID JUDGE PARTIN IS OUT OF TOWN FOR A COUPLE OF WEEKS, SO HE'LL "WALK" THAT THROUGH WHEN JUDGE PARTIN GETS BACK IN TOWN.

SEGALLA: OKAY. THE LAST BIT AN ITEM HERE.

SPEEGLE: OH DONATIONS. THERE'S BEEN SOME DISCUSSION ABOUT DONATIONS FROM THE UTILITIES BOARD. I ATTACHED SEVERAL ATTORNEY GENERAL'S OPINIONS. ACTUALLY I DID SOME RESEARCH. FIRST I LOOKED AT OUR ENABLING STATUTE WHICH DOES NOT CONTAIN THE WORD DONATE IN ONE OF THE POWERS. THERE ARE ENUMERATED POWERS IN OUR STATUTE, MAYBE 8 OR 10 OF THEM. THAT'S NORMAL IN STATUTE TO PRIVATE CORPORATIONS, PUBLIC CORPORATIONS, MUNICIPALITIES; HERE ARE YOUR POWERS – HERE'S WHAT YOU CAN DO. A NUMBER OF, UM, FOR EXAMPLE, PRIVATE CORPORATIONS FOR PROFIT CORPORATIONS, UM, HAVE THE WORD DONATE IN THE STATUTE, SO THEY CAN DONATE TO ANYONE, PUBLIC CHARITIES, PRIVATE CHARITIES, WHATEVER. SOME INDUSTRIAL DEVELOPMENT BOARDS HAVE THE LANGUAGE IN THERE ALSO THAT THEY CAN DONATE. BY THE ABSENCE OF THE WORD DONATE, IN OUR EMPOWERING STATUTE, I INTERPRETTED THAT AS WE DON'T HAVE THE POWER. IT WASN'T EXPRESSLY GIVEN TO US. THEN I CHECKED THE A.G.'S OPINIONS AND THEY SAY EXACTLY THE SAME THING AND THEY SAY IT VERY SUCCINCTLY, THAT THIS UTILITY DOESN'T HAVE THE POWER OR AUTHORITY TO DONATE PROPERTY. YOU CANNOT MAKE A CHARITABLE DONATION. AS THE A.G. HAS SAID THERE'S SOME CASES THEY'VE SITE: DONATIONS ARE NOT INCIDENTAL TO OR NECESSARY FOR THE DISCHARGE OF ANY OF THE CORPORATE POWERS ENUMERATED IN THE STATUTE AND THERE ARE NO . . . I'VE GIVEN YOU THE MEMO WHICH I THINK IS ABOUT 4 OR 5 DIFFERENT A.G.'S OPINIONS AND SORT OF GIVES A SUMMARY OF WHAT THEY SAY ON DIFFERENT ISSUES. ONE THING THAT I THINK WE CAN DO, AS A UTILITY, IS TO ADVERTISE AND THAT IS SOMETHING DIFFERENT THAN DONATIONS. DONATIONS IS A CONVEYANCE OF SOMETHING OF VALUE WITH REALLY NO EXPECTATION OF ANYTHING IN RETURN. WHEN WE ADVERTISE, WE ARE A UTILITY, WE HAVE COMPETITION OUT THERE AND IF WE'RE FOR EXAMPLE COOKING HOTDOGS AND SOMEONE COMES UP FROM THE PUBLIC AND WE GIVE THEM AWAY, AT THE SAME TIME WE'RE GIVING THEM AWAY OUR WIENIE WAGON SHOULD BE PLASTERED WITH, YOU KNOW, 'WE'RE YOUR HOMETOWN UTILITY; WE HAVE GAS SERVICE, WE HAVE WATER SERVICE', HAVE SOME BROCHURES OUT THERE, I MEAN IT SHOULD BE AND IT IS SOMETHING FOR ADVERTISING PURPOSES. I BELIEVE THOSE KIND OF ACTIVITIES ARE ALLOWED, AS INCIDENTAL AND REALLY NECESSARY TO THE UTILITY'S FINANCIAL HEALTH AND ITS PURPOSE IN PROVIDING SERVICE TO THE COMMUNITY. NOW, IT'S, AS A MATTER OF FACT THE ADVERTISING BUDGET IS NOT VERY LARGE, I THINK ROB SENT IT TO ME AND IT'S LIKE \$26,000, TERESA? \$27,000 FOR THE YEAR. IT'S NOT VERY MUCH FOR A BUSINESS THIS SIZE. BUT AND THEN THERE ARE VERY FEW AND I THINK ROB AND I HAVE GONE THROUGH THE WHOLE BUDGET AND LOOKED AT EACH ITEM AND SORT OF GO BACK AND FORTH AND SAY WELL IS THIS, LET'S MAKE SURE THIS IS REALLY ADVERTISING BECAUSE I DON'T THINK IN THE PAST ANYONE HAS FOCUSED ON WHETHER YOU COULD IF THE MARCH OF DIMES COMES UP AND ASKS FOR \$100 WELL YOU COULD JUST WRITE THEM A CHECK FOR \$100. AND THEY MAY OR MAY NOT HAVE HAPPENED IN THE PAST, WE HAVEN'T REALLY LOOKED. BUT THE FACT IS YOU CAN'T DO IT. THIS UTILITY CANNOT DO THAT, CANNOT WRITE \$100 TO THE AMERICAN HEART ASSOCIATION.

SCOTT: MR. CHAIR, I KNOW THAT WHEN THE CITY AND WE HAVE A LOT OF PEOPLE ASKING US FOR DOLLARS THAT WHEN WE GIVE ANYTHING AWAY WE HAVE TO ENTER INTO A CONTRACT WITH THE ORGANIZATION AND THERE'S SOME TYPE OF, THE CITY RECEIVES SOME TYPE OF BENEFIT, TYPICALLY IT WOULD BE THAT THEY'RE THE AMBASSADOR FOR THE CITY ON THEIR TRIP TO SUCH AND SUCH OR WHATEVER, BUT, YOU KNOW, THERE HAS TO BE SOME TYPE OF STATED BENEFIT IN A CONTRACT BEFORE WE CAN, AND I WOULD THINK THAT WE COULD PROBABLY DO THE SAME THING IF THERE WAS SOME TYPE OF A, I MEAN, IF THERE WAS A SITUATION WHERE IT IS WARRANTED THAT, YOU KNOW, IF THEY ARE TAKING FORTH, YOU KNOW, IN ESSENCE ADVERTISING OR WHATEVER WE DEEM THAT, YOU KNOW, THAT SERVICE WAS. I WOULD ASSUME THE CITY IS UNDER THE SAME TYPE OF, I DOUBT VERY SERIOUSLY IF THE CITY CHARTER SAYS THAT DONATE, I MEAN, THAT ONE OF THEIR POWERS IS THE POWER TO DONATE.

SPEEGLE: I DON'T KNOW. I DON'T THINK THE CITY HAS THE POWER TO DONATE, BUT I

SCOTT: I MEAN I KNOW THAT WHEN WE SWAP PROPERTY LIKE WE'VE LOOKED AT DOING WITH THE UTILITY, YOU KNOW WE HAVE TO DEEM THAT TO BE SURPLUS AND I MEAN THERE'S A PROCESS BUT IT'S NOT DONATING SO, I WOULD THINK WE WOULD HAVE, IF THERE WAS A STATED PURPOSE, THEN YOU COULD DO IT. FOR ONE OF THE THINGS WE WERE TALKING ABOUT FROM THE MAYOR BROUGHT UP THE TAP FEES FOR THE STADIUM, I THINK THE FACT THAT THEY ARE WE'RE ASKING THEM TO ABANDON AN IRRIGATION WELL, WHICH MAY HAVE SOME VALUE OBVIOUSLY.

MCELROY: THAT LOOKS LIKE ITS BEING WITHDRAWN. EXCUSE ME FOR INTERRUPTING, BUT THAT ISSUE MAY GO AWAY.

SCOTT: OKAY.

SMALL: THE WELL?

MCELROY: YES SIR.

SMALL: BUT THERE AGAIN TOO WE COULD PUT ADVERTISEMENT ON ALL THE BUILDINGS OUT THERE AND THE SCOREBOARD, IF WE HAD TO, FOR THE SAME RATE THAT ANYBODY ELSE PAYS FOR IT OVER A CERTAIN NUMBER OF YEARS AND ENTER INTO A CONTRACT WITH THEM FOR THAT AND THAT WOULD BE ADVERTISING FOR THE SAME AMOUNT AS WE WOULD BE CHARGING FOR TAP FEES, IS THAT NOT CORRECT.

SPEEGLE: WELL, I WOULD SAY THAT IF THIS BOARD DECIDES YOU WANT TO ADVERTISE SOMEWHERE, THAT IF I'M READING A.G.'S OPINIONS, THAT THE BOARD NEEDS TO MAKE A DECISION THAT IT'S NECESSARY AND APPROPRIATE TO DO THAT KIND OF ADVERTISING. THAT'S WHAT YOU WOULD, SOMEONE WOULD ACTUALLY GO OUT AND SAY WHAT WOULD BE TRADITIONALLY BE DONE BY THE ENTITY, BUT IF YOU DECIDE YOU WANT TO ADVERTISE ON A BILLBOARD ON HIGHWAY 90, THEN THE BOARD DECIDES THAT THAT'S A GOOD USE OF THE FUNDS, NECESSARY, IT DOESN'T ACTUALLY HAVE TO BE NECESSARY BUT IT'S INCIDENTAL AND IMPORTANT TO THE UTILITY IF YOU DECIDE TO DO IT AND YOU WRITE A CHECK AND PAY THAT; PAY THAT ADVERTISING COST. IF YOU WERE GOING TO DO SOMETHING LIKE THAT, MY OPINION WOULD BE THAT THE BOARD DECIDES THAT THAT'S SOMETHING YOU WANT TO DO IS ADVERTISE ON A STADIUM, THEN YOU DO THAT, AND YOU GET A QUOTE FROM ABOUT WHAT THE RATE IS AND YOU WRITE THEM A CHECK. IT NEEDS TO BE, I THINK IT NEEDS TO BE DIFFERENT THAN WE WANT TO, THE A.G.'S OPINION ARE PRETTY DRACONIAN ABOUT THIS DONATION THING. IT'S LIKE, IT'S A BAD WORD AND YOU CAN'T DO IT. AND DON'T BE DOING IT. SO I'D SAY YOU MAKE THAT DETERMINATION COMPLETELY SEPARATE FROM ANY DONATIVE INTENT. DONATIONS IS SORT OF A BAD WORD FOR THIS BOARD TO BE USING BECAUSE YOU DON'T HAVE ANY POWER TO DO IT, SO IF YOU WANT TO ADVERTISE, IF THIS IS WHERE THE BOARD THINKS THAT'S WHERE YOU WANT TO DO IT, THEN THAT'S THE BOARD'S DECISION AND THEN IT WOULD, LIKE YOU SAID MAYOR, WHAT THEIR NORMAL FEE IS FOR ADVERTISING, DECIDE THAT'S WHAT YOU WANT TO SPEND IT ON AND YOU WRITE THEM A CHECK.

SEGALLA: DO WE NORMALLY ENGAGE IN THAT TYPE OF ADVERTISING? WE NEVER HAVE IN THE PAST, AND I DON'T SEE THAT WE WOULD TODAY.

MCELROY: THE MOST EFFECT ADVERTISING WE DO IS ONE ON ONE, LOOKING A CUSTOMER IN THE EYE, AND HANDING THEM SOMETHING TO TALK TO THEM ABOUT WHAT WE DO. ON RARE OCCASIONS, WITH SMALL GROUPS WE WILL PUT AN AD IN A PUBLICATION THAT TARGETS A PARTICULAR CONTRACTORS OR HOME-BUILDERS THAT WE'RE TRYING T GET TO BUT THAT IS THE LEAST EFFECTIVE WAY WE COMMUNICATE WITH ANY OF OUR CUSTOMERS IN ATTEMPT TO BROADEN OUR BASE AND ENLARGE OUR SERVICES.

SEGALLA: WELL, IF IN FACT THIS WAS NOT A TRADE AND IT'S BASICALLY WHAT IT IS, IT'S A TRADE; WE'RE TRADING CAPACITY FEES FOR ADVERTISING, PURE AND SIMPLE. IF THERE WAS NO MOTIVATION BEHIND US PUTTING UP A BILLBOARD SOMEWHERE, OTHER THAN EXCEPT WHERE WE DO BUSINESS, I HAVE NO PROBLEM WITH THAT IF THAT'S WHAT WE WANT TO DO, BUT THIS IS A SUBTERFUGE. THIS IS A PURE AND SIMPLE SUBTERFUGE.

SCOTT: MR. CHAIRMAN, I HAPPEN TO HAVE A DIFFERENT OPINION AND I'LL TELL YOU WHY. I WAS IN A BOARD, ONE OF THIS BOARD'S MEETINGS AND I HAPPEN TO, THE GENERAL MANAGER HAPPENED TO SEE AN AD FOR AN EVENT THAT WAS BEING SPONSORED BY THE CITY OF DAPHNE AND THIS PARTICULAR EVENT HAD ADVERTISERS. THE CHAIRMAN WAS LIVID BECAUSE WE HAD MOBILE GAS AS ONE OF THE SUPPLIERS, ONE OF THE ADVERTISERS ON A CITY EVENT AND WE DID NOT HAVE THE DAPHNE UTILITIES AND HE WAS VERY UPSET, I LOOKED INTO IT AND IT HAPPENED TO BE ONE JUST ONE OF MISCOMMUNICATIONS BUT THEY HAD ATTEMPTED TO GET US TO ADVERTISE AND WE HAD NOT. NOW IF THAT CITY EVENT AS SUCH, YOU CAN'T TELL ME THAT DAPHNE HIGH SCHOOL DOES NOT TOUCH MORE PEOPLE THAN THAT ONE EVENT THAT WE HAD DOWN AT, THAT

PARTICULAR EVENT, THE CIVIC CENTER AND WOULDN'T TOUCH ANYWHERE NEAR THE NUMBER OF PEOPLE FROM A CONTACT STANDPOINT THAN THAT DAPHNE HIGH SCHOOL DOES. I MEAN, THAT IS YOUR COMMUNITY AND I DON'T THINK THERE'S A MORE EFFECTIVE WAY FOR US TO ADVERTISE. WE SPENT MONEY LAST YEAR ON AN AD CAMPAIGN FOR TELEVISION, WHICH AN AD GUY WILL TELL YOU IS THE WORST USE OF AD MONEY IN THE HISTORY OF ADVERTISING, BECAUSE WE DON'T HAVE THE ABILITY TO FOLLOW IT UP AND FOLLOW IT UP AND FOLLOW IT UP. I MEAN, AN AD PERSON WOULD TELL YOU THAT'S LIKE SPITTING IN A RIVER AND THAT WAS WASTED DOLLARS AND I DON'T KNOW HOW MANY THOUSANDS DOLLARS THAT COSTS, BUT I PROMISE YOU A MORE EFFECTIVE WAY WOULD BE TO DO SOMETHING WITH THAT HIGH SCHOOL TO LET THEM KNOW THAT DAPHNE UTILITY IS THE HOMETOWN UTILITY. THAT'S WHERE YOU COMMUNICATE IT.

SEGALLA: WELL, WHAT IF MR. LEWIS WITH SEAMAN'S CAPITAL COMES TO US AND SAYS LOOK IT, YOU WAIVE OUR TAP FEES AND I WILL ADVERTISE ON MY PROPERTY OUT THERE THAT THESE UTILITIES WERE FURNISHED BY DAPHNE, SEWER, WATER, GAS THE WHOLE WORKS. THAT'S THE SAME THING.

SCOTT: NO IT'S NOT, BOB, IT'S NO WHERE NEAR THE SAME THING.

SEGALLA: YES IT IS.

SCOTT: YOU THINK YOU WOULD HAVE . . . THAT STADIUM IS GOING TO HOLD WHAT – 8,000 PEOPLE WHEN IT'S COMPLETED? DO YOU THINK THAT HE'S GOING TO HAVE 8,000 PEOPLE COME THROUGH HIS, AND HE TOLD US HE'S GOING TO HAVE 120 SOMETHING UNITS. THAT IS A HORRIBLE EXAMPLE AND (**SEGALLA:** IN YOUR OPINION) IT HAS NO, NO IT IS A HORRIBLE EXAMPLE.

SEGALLA: IN YOUR OPINION.

SCOTT: WELL, I'LL MAKE A MOTION AND THE BOARD WE'LL VOTE ON IT AS A BOARD.

SEGALLA: YOU CAN, BUT I WOULDN'T ACCEPT THE MOTION.

JOHNSTON: I THINK IT'S MOST INTERESTING YOUR QUESTION, RON, EARLIER ABOUT THE CITY, AND I KNOW ALL OF THE RANGE OF SERVICES THAT WE PROVIDE ALREADY BY THE CITY TO THE HIGH SCHOOL FOR NO ADVERTISING BENEFIT OR OTHERWISE. I THINK IT'S PROBABLY WORTHWHILE THAT YOU GO BACK THROUGH THE CITY ATTORNEY AND MAKE SURE NONE OF THESE ATTORNEY GENERAL OPINIONS AS APPROPRIATE TO UTILITY DOESN'T APPLY TO THE CITY. Y'ALL COULD HAVE BEEN DOING SOMETHING, AND EVEN WHEN I WAS SITTING ON COUNCIL, THE DEALS, CONSTANTLY PROVIDING ALL KINDS OF FREE SERVICES TO THE HIGH SCHOOL WHICH I'M NOT ARGUING AGAINST OTHER THAN I THINK YOU BROUGHT UP A VERY INTERESTING POINT WAS TO WHETHER THE LEGALITY OF THAT APPLIES TO THE CITY OR NOT.

SCOTT: WELL, I THINK WHAT THE CITY'S DOING IS LEGAL. I WOULD POINT OUT ATTORNEY GENERAL'S OPINION IS JUST THAT, AN OPINION. IT IS NOT, IN FACT, YOU KNOW A DECIDED COURT CASE. ALTHOUGH, I THINK MR. SPEEGLE HAS PUT FORTH SOME DECIDED COURT CASES IN HIS EXAMPLES. I'M NOT QUESTIONING WHETHER HIS ADVICE, I THINK HIS ADVICE IS VERY SOLID. BUT I ALSO DO THINK THAT WE HAVE THE ABILITY TO ADVERTISE IF WE WANT TO AS A UTILITY AND TO ADVERTISE AT THE HIGH SCHOOL STADIUM, AND . . .

SPEEGLE: YOU DO, AND I THINK THAT THIS CONVERSATION ABOUT WHERE YOU WANT TO SPEND YOUR ADVERTISING MONEY IS EXACTLY THE RIGHT WAY TO DO IT. IN FACT, MAYBE ROB NEEDS TO GET SOME RATES FROM THE HIGH SCHOOL ABOUT WHAT THEY CHARGE PEOPLE TO PUT UP POSTERS AND THE BOARD NEEDS TO CONSIDER, UNDER THAT AUSPICES OF WHERE WE WANT TO SPEND OUR ADVERTISING.

SEGALLA: WELL, THERE ARE A COUPLE OF THINGS AT PLAY HERE. WE HAVE A RESOLUTION THAT WE VOTED ON IN '05 THAT SAID THEY WE WOULD NOT WAIVE CAPACITY FEES. IT SPECIFICALLY NAMES CHURCHES, SCHOOLS, ETC. AND AT THE TIME THAT WE DID THAT, WE THOUGHT IT WAS SOUND BUSINESS PRACTICE. I DON'T SEE WHAT HAS CHANGED BETWEEN 2005 AND 2007. I THINK IF I WAS LISTENING TO MR. SPEEGLE, AND I READ ALL THE STUFF THAT HE'S GIVEN ME, I THINK IT'S DEFINITELY ILLEGAL TO DO THIS. NOW WHETHER OR NOT WE TRADE ADVERTISING DOLLARS FOR CAPACITY FEES, TO ME IT'S NOT THE KIND OF BUSINESS THAT WE NORMALLY ENGAGE IN, IT'S NOT

INCREMENTAL TO OUR BUSINESS, AND I THINK THAT WE'RE ON A SLIPPERY ETHICAL SLOPE IF NOT AN ILLEGAL ONE. NOW MR SPEEGLE IF YOU WANT TO COMMENT ON WHAT I'VE SAID AND IF YOU THINK THAT THERE'S MERIT TO WHAT I'VE SAID, I'D BE INTERESTED IN YOUR OPINION.

SPEEGLE: WITH THE CONVERSATION PREVIOUSLY ABOUT LET'S DONATE THE TAP FEES, NOT CHARGE THE SCHOOL, AND THEN GOING THROUGH THIS, IT LOOKS LIKE THIS IS A WAY TO GET THE DONATION TO THEM WITHOUT COMPLYING WITH THE, WITH AT LEAST WHAT I THINK, THE LAW IS, THAT YOU CAN'T GIVE DONATIONS. I MEAN IT'S ALMOST BEEN TAINTED SO FAR. I'M NOT SAYING YOU CAN'T DO IT. THAT'S WHY I WAS DIRECTING THE BOARD TO DISCUSS THIS IN THE WAY OF IF WE WANT TO HAVE ADVERTISING FOR THE UTILITY LET'S DECIDE IF WE WANT TO DO IT, AND LET'S AMEND THE BUDGET AND LET'S DO IT. I THINK THAT THE RESOLUTION YOU PASSED THAT SAYS WE'RE NOT GOING TO WAIVE ANY IMPACT FEES (SEGALLA: CAPACITY FEES) CAPACITY FEES, THAT IS, FRANKLY, PROBABLY WHAT THE LAW IS, I MEAN, EVERYBODY'S GOT TO BE TREATED THE SAME. IT GOES FOR EVERYBODY OUGHT TO PAY SEWER, NOBODY OUGHT TO GET IT FREE, EVERYBODY OUGHT TO PAY THE SAME FOR CONNECTING TO THE SYSTEM. I GUESS SINCE THE CONVERSATION STARTED LET'S WAIVE THEIR FEES, YOU SORT OF HAVE (INAUDIBLE); YOU'RE GOING TO HAVE TO OVERCOME THAT, I THINK YOU'RE GOING TO HAVE TO OVERCOME IT.

SMALL: MR.

SEGALLA: GO AHEAD, MR MAYOR.

SMALL: I'M SORRY, I DIDN'T MEAN TO INTERRUPT.

SEGALLA: WELL, I GUESS THE QUESTION EARLY ON IS WE'RE TALKING ABOUT DOING ALL THIS STUFF BUT NOBODY REALLY KNOWS WHAT THE CAPACITY FEES ARE. HAVE YOUR PEOPLE, ROB - YOU OR DANNY, RECEIVED ANY KIND OF A . . .

MCELROY: WE, AFTER MONTHS OF DISCUSSION ABOUT THIS, WE RECEIVED THE DRAWINGS FOR THE FIRST TIME FOR THIS FACILITY THIS MORNING. WE'VE HAD THEM LITERALLY LESS THAN A FEW HOURS. WE ARE DOING WHAT WE CAN TO CALCULATE THEM, BUT THERE ARE SEVENTY-PLUS TOILETS AND FIXTURES GOING INTO THIS FACILITY; THIS IS A MAJOR, MAJOR SEWER IMPACT AND WATER IMPACT EXPANSION TO THIS STADIUM. IT'S NOT GOING TO BE JUST A FEW HUNDRED DOLLARS OR FEW THOUSAND DOLLARS, THIS IS A MAJOR EXPANSION THAT WILL IMPACT US AT OUR TREATMENT FACILITY.

SEGALLA: SEVENTY TOILETS, URINALS, SHOWERS, IS IT BROKEN DOWN?

MCELROY: WE HAVE DRAWINGS, HERE BUT I THINK THAT'S KIND OF IRRELEVANT. IT'S ROUGHLY FIVE TIMES THE RESTROOM FACILITIES THAT WERE EXISTING.

SEGALLA: THAT WAS MY NEXT QUESTION. WHAT IS EXISTING TODAY AND HOW IS THIS IN INCREASE, AND WHAT IS THE INCREASE?

MCELROY: THE ONLY RESTROOM FACILITIES THAT WERE THERE PRIOR THAT SUPPORTED THE ENTIRE FACILITY WERE A 24X30 BUILDING THAT HAD BOTH MEN AND WOMEN IN IT. THAT BUILDING IS LOCKED, BUT JUST PHYSICALLY GIVEN THE SIZE LIMITATIONS, THERE CAN'T MORE THAN 15 TOILETS, OR URINALS, OR SINKS OR WHATEVER IN THERE. THERE IS A MAJOR RESTROOM FACILITY (SMALL: MR. CHAIRMAN) WITH SIXTY TOILETS IN IT; THERE IS A MAJOR VISITOR'S LOCKER ROOM WITH SHOWERS AND TOILETS IN IT; A VISITOR'S RESTROOM FACILITY WITH NUMEROUS TOILETS IN IT; THERE IS A CONCESSION STAND WITH TOILETS AND SINKS, KITCHENS IN IT. THIS IS A MAJOR EXPANSION.

SEGALLA: MR. MAYOR YOU'VE GOT SOMETHING TO SAY.

SMALL: YEAH, THERE AGAIN TOO, HAS JOHN PETERSON MET WITH YOU?

MCELROY: NO.

SMALL: HAS HE CALLED AND ASKED TO MEET WITH YOU?

MCELORY: YES HE HAS AND (**SMALL:** DO WE HAVE A TIME TO MEET WITH HIM) WE'RE MEETING WITH HIM IN THE MORNING.

SMALL: OKAY, GOOD. AND IF I COULD, MR. CHAIRMAN, CAN WE HAVE THIS ON THE AGENDA NEXT MONTH SINCE IT WASN'T ON THE AGENDA FOR US TO DECIDE AFTER HE GETS THE TOTAL OF HIS CAPACITY FEES AND WE WILL GET WITH THE QUARTERBACK CLUB AND TRY TO FIGURE OUT WHAT THE ADVERTISING DOLLAR IS SO WE CAN ACTUALLY BRING IT TO A VOTE AND THAT WAY THAT WILL BE LEGAL BECAUSE UH WE CAN BRING IT FROM THE MINUTES OF THIS MEETING AND PUT IT ON THE AGENDA NEXT MONTH AND WE CAN VOTE IT UP OR DOWN AND BE DONE WITH IT.

SEGALLA: IT CAN GET ON THE AGENDA; I DON'T HAVE A PROBLEM WITH THAT.

SMALL: GOOD. SO UH, NO FURTHER MORE.

JOHNSTON: JUST AN ASIDE HERE, I THINK CERTAINLY I WOULD WANT TO KNOW THE COST INVOLVMENT REALLY IS ON THIS TOTAL PROJECT AND IN RELATION I'D LIKE TO HAVE A GOOD IDEA FOR WHAT THE CITY IS ALREADY PROVIDING IN SERVICES TO THE SCHOOL.

SCOTT: WHAT, WHERE IS THAT?

JOHNSTON: WELL, NO BECAUSE I . . . IT'S JUST A THOUGHT WITH THE QUESTION OF THE LEGALITY AND THE QUESTION OF CREATING EXCEPTION, PERHAPS THE CITY WOULD LIKE TO STEP IN AND MAKE A CONTRIBUTION TO PAY FOR THIS. THEY HAVE A MUCH BIGGER BUDGET AND CIRCUMSTANCES THAN I THINK WE DO HERE IN THE UTILITY DEPARTMENT RATHER THAN US PROVIDE IT, WHY NOT THE CITY PROVIDE IT.

SMALL: WELL, MR. CHAIRMAN, IF I MAY. YOU KNOW THIS IS A FACILITY THAT'S GOING TO HAVE - BE USED 8 TIMES A YEAR. IT'S GOING TO PRACTICALLY, IT MAY USE A LITTLE MORE WATER, BUT PROBABLY NOT THAT MUCH, I THINK MR. PETERSON WILL HAVE CALCULATIONS OF THAT TOMORROW TO PROVE THAT. I KNOW THAT IT DOES HAVE A LOT MORE TOILETS AND WE ARE REPLACING SOME PORT-O-LETS THAT WERE OUT THERE. SO I THINK PROBABLY OUT THERE, THERE WERE PROBABLY 6 OR 8 PORT-O-LETS.

SEGALLA: PORT-O-LETS DON'T IMPACT OUR UTILITY.

SMALL: NO, BUT I'M TALKING ABOUT THIS WILL THAT WASN'T IMPACTING BEFORE (**SCOTT:** THE REPLACEMENT WILL.). SO THERE IS GOING TO BE SOME DIFFERENCE.

SEGALLA: WELL, WE'RE TALKING ABOUT 75 UNITS VERSUS SAY 50, OKAY. NOW, I WOULD LIKE YOU TO GET FROM MR. PETERSON, AND I KNOW JOHN PETERSON, I WOULD LIKE TO HAVE YOU GET AN EXPRESSION FROM MR. PETERSON. IS THIS STRICTLY A FOOTBALL FACILITY? YOU MENTIONED THE OTHER DAY ON THE PHONE THERE'S A TRACK THERE. SO THERE'S GOING TO BE SOME TRACK EVENTS THERE.

SMALL: UH, NO THE TRACK HADN'T BEEN DONE YET. SO WE HAVEN'T GOT THE MONEY TO DO THE TRACK YET.

SEGALLA: WELL, THE TRACK WILL BE DONE AT SOME POINT IN TIME. THEN YOU'RE GOING TO HAVE SPRING EVENTS. WILL THIS FIELD BE DONE BE USED FOR SUMMER FESTIVALS, OR WHATEVER. I MEAN THERE'S ALL KINDS, I REALLY BELIEVE THAT IF THEY HAVE THE FACILITY AND THIS IS ONLY CONJECTURE NOT FACT BECAUSE IT'S TO HAPPEN IN THE FUTURE YET, I BELIEVE THAT FACILITY WILL BE PROBABLY AND 8 OR 9 MONTH YEAR-ROUND USED FACILITY. IT WON'T BE JUST STRICTLY FOOTBALL. YOU'VE GOT A FACILITY OUT THERE TOILETS AND ALL THAT STUFF, YOU CAN HAVE A MAYDAY FESTIVAL, YOU CAN HAVE SPRING CARNIVALS, YOU CAN SUMMER EVENTS, YOU CAN HAVE TRACK EVENTS, YOU CAN HAVE ALL THAT STUFF. THE THING THAT REALLY BOTHERS ME A LITTLE BIT IS THAT I STILL THINK IT IS A SUBTERFUGE, AND THAT'S MY PERSONAL FEELING BECAUSE I THINK THAT WHAT WE'RE TALKING ABOUT HERE IS SOMETHING THAT WE DON'T AND NEVER HAVE DONE AND I NEVER HAVE INTENDED TO USE BILLBOARD OR STADIUM ADVERTISING TO ADVERTISE THIS UTILITY.

MCELROY: EXCUSE ME, MR. CHAIRMAN, BUT BEFORE WE GOT OFF ON MISPERCEPTION OF THE IMPACT OF A FACILITY TO OUR SYSTEM. IT REALLY DOESN'T MATTER IF THIS THING IS USED ONE TIME A YEAR, TEN TIMES A YEAR, A HUNDRED TIMES A YEAR, THE IMPACT TO OUR SYSTEM IS WHEN IT'S USED AT CAPACITY AND IT REALLY ONLY MATTERS IF IT'S DONE ONCE A YEAR. IF THAT STADIUM IS ABANDONED AND COLLECTS DUST 364 DAYS IN A YEAR AND ONE TIME IT'S FULL AND HITS OUR PLANT AND HITS OUR SEWER SYSTEM, THAT'S WHAT THE CAPACITY FEE IS INTENDED TO PAY FOR IS THE IMPACT TO OUR SYSTEM INSTANTANEOUS, OUR PLANTS, OUR SEWER LINES, OUR TREATMENT FACILITY HAS TO HAVE THE EXCESS CAPACITY TO HANDLE THAT HIT WHEN THAT CAPACITY CROWD HITS IT IN THAT MANNER. THE WHOLE CONVERSATION ABOUT WHETHER IT'S GOING TO BE 5 GAMES A YEAR, 8 GAMES A YEAR, TRACK, FIELD, SPRING FLINGS, WHATEVER IS REALLY BESIDE THE POINT. THE POINT IS AT SOME POINT THAT STADIUM IS GOING TO BE FULL AND THAT'S THE IMPACT TO OUR SYSTEM, WE CAN RUN A PERFECTLY FUNCTIONAL UTILITY WITHOUT ADVERTISING AT ALL. WE CAN'T RUN A PERFECTLY FUNCTIONING UTILITY WITHOUT HAVING PROPER CAPACITY TO MEET THE IMPACT OF CAPACITY NEEDS AND DEMANDS UPON OUR SYSTEM.

SEGALLA: WELL SAID. THANK YOU.

SMALL: THERE AGAIN TOO, MR. CHAIRMAN, OH GO AHEAD RON.

SCOTT: MR. CHAIRMAN, I REALIZE THEY'RE GOING A LOT MORE TOILETS BUT THEY'RE ONLY ADDING WHAT 3,000 OR 4,000 SEATS. I MEAN, WHAT IS THE IMPACT WHEN THAT STADIUM HAS BEEN FULL IN THE PAST? I MEAN, HAVE WE HAD CRISES?

MCELROY: NO, BECAUSE THERE HAS NEVER BEEN ADEQUATE RESTROOM FACILITIES FOR THAT STADIUM.

SCOTT: WELL, WHERE WERE THE PEOPLE GOING? I MEAN, YOU KNOW.

MCELROY: PORT-O-LETS.

SEGALLA: THE MAYOR SAID THEY HAD PORT-O-LETS.

SCOTT: WELL, HE SAID THEY HAD 5 OR 6, I CAN'T IMAGINE THAT 5 OR 6 . . .

MCELROY: THERE IS NO WAY THAT THAT EXISTING RESTROOM FACILITY HAD ADEQUATE RESTROOMS TO MEET THE DEMAND. I DON'T KNOW.

SMALL: MR. CHAIRMAN?

SCOTT: WELL, THEY PROBABLY HAVE HAD TO OVER-BUILD BECAUSE OF NEW REQUIREMENTS SO, I MEAN YOU KNOW, WHAT THEY HAD IN THE PAST PROBABLY WASN'T ANY REQUIREMENTS WHEN THEY PUT IT IN. BUT NOW YOU'VE GOT TO HAVE A RESTROOM OR SO MANY URINALS DEPENDING UPON HOW MANY SEATS YOU'VE GOT. THERE'S PROBABLY A WHOLE DIFFERENT, YOU KNOW; AND I'M SYMPATHETIC TO THE FACT THAT IF THIS IS GOING TO PUT AN IMPACT ON OUR SYSTEM, I MEAN I DON'T HAVE ANY PROBLEM WITH THAT, BUT I DON'T WANT, I MEAN I THINK WE NEED TO LOOK AT THIS FAIRLY. AND WE DON'T NEED TO LOOK AT IT WITH A JAUNDICE EYE BECAUSE WE'VE GOT AN OPINION ONE WAY OR THE OTHER. I THINK WE NEED TO LOOK AT IT, YOU KNOW, FACTUALLY AND NOT EMOTIONALLY.

SEGALLA: I THINK MR. SPEEGLE'S RESEARCH IS FACTUAL AND HE SAID IT'S AN ILLEGAL ACT AND THE COURT'S SAY IT'S AN ILLEGAL ACT, I BELIEVE THAT'S WHAT YOU SAID.

SPEEGLE: WELL, TO DONATE IS; AND TO WAIVE THE CAPACITY FEE AND TAP FEE, I THINK, IS. AND I'M ONLY HERE TO GIVE YOU GUYS ADVICE AND DIRECT YOU THE WAY I THINK THAT THE LAW SAYS AND THEN IT'S (THE BOARD'S) DECISION ON HOW YOU DO IT. THAT'S WHY I'VE DIRECTED YOU IF YOU'RE GOING TO MAKE A DECISION ABOUT ADVERTISING OVER THERE THEN THAT'S A DECISION YOU MAKE, IT'S NOT A DONATION. AND WHAT I'VE SAID IS YES, DONATING, EITHER NOT CHARGING THEM THE FEES OR DONATING THE FEES, I BELIEVE, IS A VIOLATION OF THE LAW.

SEGALLA: MR. MAYOR, YOU'VE GOT SOMETHING . . .

SMALL: I WAS JUST GOING TO SAY IF IT WOULD PLEASE THE CHAIRMAN AND THE BOARD WE ARE GOING TO HAVE IT ON THE NEXT AGENDA AND WE'LL HAVE MORE INFORMATION AND WE COULD JUST, IF YOU COULD, MOVE ON, PLEASE SIR.

SEGALLA: IS THAT AGREEABLE TO EVERYBODY?

WHITE: I'D LIKE TO OFFER MY OPINION ON THIS, MY OWN PERSONAL OPINION. I THINK DAPHNE HIGH SCHOOL IS THE HEART AND SOUL OF THIS CITY. THEY'VE PROBABLY DONE MORE TO BRING POSITIVE LIGHT TO THIS CITY THAN ANY ENTITY THAT EXISTS HERE, WHETHER IF IT'S THIS UTILITY BOARD, THE CITY GOVERNMENT, OR ANYTHING ELSE AROUND HERE. AND ANYTHING WE CAN DO THAT HIGH SCHOOL, I'M TOTALLY FOR IT, IN ANY WAY WE CAN HELP THEM

SEGALLA: MR. JOHNSTON. THANK YOU, BO.

JOHNSTON: AS FAR AS THE INPUT AT THE NEXT MEETING, I AM JUST ON THE THOUGHT OF TRANSPARENCY, I'D STILL LIKE TO KIND OF HAVE AN IDEA OF WHAT IT IS THE CITY DOES PROVIDE TO THE SCHOOL SYSTEM. YOU KNOW, WHEN IS ENOUGH, ENOUGH AND WHEN DOES THE CITIZENRY AND THE SCHOOL SUPPORTERS AND STUFF STEP IN AND TAKE OVER. ON THAT LAST COUNCIL WE ABSOLVED THE QUARTERBACK CLUB AND IT'S PREDECESSOR OF LARGE AMOUNTS OF FUNDS THAT THEY FAILED TO PAY ON LOANS, WE HAVE CONTINUED TO PROVIDE SERVICES OF ALL SORTS TO THE SCHOOL AND JUST IN THE INTEREST OF TRANSPARENCY, WHAT ARE WE PUTTING FORWARD ALREADY AND HOW MUCH OF THE TAXPAYER'S MONEY IS APPROPRIATE TO BE PROVIDED TO THE SCHOOL SYSTEM. I DON'T DISAGREE WITH MR. WHITE AT ALL. I THINK SCHOOL SYSTEM IS THE HEART OF THIS BUT IF WE'RE GOING TO LOOK AT THIS IN A GENERAL TOTAL FASHION, THEN LET'S AT LEAST UNDERSTAND WHAT IT IS WE'RE ALREADY DOING BECAUSE IT HAS NEVER BEEN TRANSPARENT, IT HAS ALWAYS BEEN HIDDEN AND NEVER, NEVER COVERED AS TO WHAT THE CITY IS PROVIDING IN TOTAL TO THE SCHOOL SYSTEMS.

SEGALLA: THANK YOU, LON.

SMALL: MR. CHAIRMAN?

SEGALLA: MR. MAYOR.

SMALL: IN AS WELL, AND WELL SAID TOO, MR. LON, I THINK THAT OUR FIGURING OUR CAPACITY FEE NEEDS TO BE DONE ON A LOGICAL MANNER AS WELL, NOT ON AN EMOTIONAL MANNER. IT NEEDS TO BE LOOKED AT LOGISTICS OF APPROXIMATELY WHAT WAS USED AND ESTIMATE WHAT WILL BE USED AND I KNOW THAT WILL BE A LITTLE DIFFICULT TO DO BUT I THINK MR. PETERSON CAN HELP WITH THAT BECAUSE HE FIGURED, HE WAS THE ONE THAT BACK FIGURED THE SIZE OF THE METER AND WHERE THE WATER WOULD GO AND THE AMOUNT OF WATER WE'D NEED.

SEGALLA: MR. WHITE, DIDYOU HAVE SOMETHING. I THOUGHT I HEARD YOU SAY.

WHITE: NO, I WAS JUST GOING TO TELL MR. JOHNSTON, THAT'S LIKE TELLING YOUR KID YOUR DAD HAS ALREADY GIVEN YOU SOME MONEY, WHAT DIFFERENCE DOES THAT MAKE. A MOTHER OR FATHER TELLING THEIR KID WELL YOUR DAD HAS ALREADY GIVEN YOU SOME MONEY, SO YOU DON'T NEED ANY.

JOHNSTON: IN RESPONSE, THOUGH, IT IS A POINT THAT HOW MUCH OF THE TAXPAYERS' MONEY SHOULD GO TO THESE TYPE OF ACTIVITIES. AND I'M NOT SAYING, IT MAY BE THAT IF WE KNEW, MAYBE WE'RE NOT DOING ENOUGH. I DON'T KNOW. THAT'S MY POINT, IT'S BEEN SECRETIVE AND HIDDEN FOR ALL OF THESE YEARS (WHITE: OKAY) WHAT WE DO OR DON'T DO AND I JUST WOULD LIKE TO KNOW.

WHITE: SO YOU DON'T HAVE AN IDEA OF A CUTOFF POINT.

JOHNSTON: I WAS ON THE FINANCE COMMITTEE IN THE PREVIOUS 4 YEARS AND THAT TYPE DATA WAS NEVER PROVIDED. IT HAS NEVER BEEN PROVIDED. I ATTEND THE COUNCIL AND I STILL DON'T HAVE A CLUE. AND I WOULD JUST LIKE TO KNOW, AGAIN I DO REMEMBER THOUGH, I VOTED FOR ABSOLVING THE QUARTERBACK CLUB AND THE OTHER PREDECESSOR CLUB OF THOSE LOANS THAT THEY COULDN'T MEET AND APPROVED OF MANY OF THE THINGS THAT WE DID FOR THE SCHOOL, IN

FACT EVEN DOWN TO THINGS LIKE TASTE OF DAPHNE TO MAKE SURE SOME OF THE MONIES WENT OVER TO COMPUTERS AND THOSE TYPE THINGS RATHER THAN ALL JUST TO SPORTS. SO I'M VERY, AGAIN I'M NOT DISAGREEING WITH YOUR POINT AT ALL. (WHITE: RIGHT) I REALLY SINCERELY BELIEVE IN THAT, BUT IT'S JUST THE POINT OF HOW MUCH OF THE TAXPAYERS' MONEY IS GOING

SCOTT: I WOULD DISAGREE, MR. JOHNSTON, WITH THE AS FAR AS NOT BEING TRANSPARENT BECAUSE EVERY EXPENDITURE THAT WE'VE HAD FOR THE CITY OF DAPHNE HAS BEEN APPROVED. NOW I WILL AGREE WITH YOU THERE'S SOME THINGS THAT WE PROVIDE THROUGH OUR PUBLIC WORKS AS FAR AS CUTTING FIELDS AND FERTILIZER AND WE PAY A LIGHT BILL SOMEPLACE ON A FIELD THAT WE ACTUALLY USE, THE DIXIE BOYS' FIELD OVER THERE, THAT WE USE AS PART OF OUR, WE DON'T THAT ANY MORE.

SMALL: WE DON'T USE THAT ANYMORE, WE GOT OUT OF THERE LAST YEAR.

SCOTT: SO WE'RE NOT PAYING THAT LIGHT BILL ANYMORE. I DO THINK THAT WE HAVE BEEN, I DON'T KNOW WHAT WE PAY FOR FERTILIZER AND THAT KIND OF STUFF, I IMAGINE WE COULD GET A NUMBER ON THAT, BUT OUTSIDE OF THAT I THINK IT'S ALL PRETTY TRANSPARENT, I MEAN . . .

JOHNSTON: WELL RESPECTFULLY, I HAVE TO DISAGREE KNOWING AGAIN THAT NUMBERS OF PERSONNEL ARE OUT THERE ALL THE TIME AND THINGS OF THAT NATURE, AGAIN I'M NOT TRYING TO MAKE A MOUNTAIN OUT OF THIS OTHER THAN WE SIT THERE IN FINANCE MEETINGS AND I'M SURE SOME OF THE FINANCE MEETINGS OF YOURS THAT I'VE ATTENDED AND FIGHT LIKE HELL OVER ISSUES OF SMALL DONATIONS OF ONE SORT OR ANOTHER, BUT YET WE HAVE NOT A CLUE OF TO WHAT ARE TOTAL DONATIONS ARE TO AND WITHIN OUR COMMUNITY; I'M NOT SAYING AGAIN THAT IT'S NOT TOO MUCH, I'M NOT SAYING IT'S TOO LITTLE, IT'S JUST I'M SIMPLY SAYING I DON'T KNOW AND WHEN YOU'RE LOOKING AT A FURTHER INVOLVEMENT GOING OVER THAT WAY, THE THING THAT ALWAYS FRUSTRATED ME IS THE LACK OF COMMUNITY RESPONSE TO OUR OWN SCHOOL SYSTEM, WHERE OTHERS LIKE SPANISH FORT HAVE INVESTED HUGE AMOUNTS OF MONEY IN THEIR SPORTS ACTIVITIES AND THINGS OF THAT NATURE, ROBERTSDALE OR WHERE EVER YOU WANT TO TALK TO AND YET OUR OWN COMMUNITY FAILS MISERABLY IN SUPPORT OF THEIR SCHOOLS, IN MY OPINION. NOT THE CITY, BECAUSE THE CITY IS DOING QUITE A BIT.

SEGALLA: OKAY WAIT, ONE LAST WORD HERE BECAUSE WE'RE DIGRESSING.

SCOTT: LET ME JUST SAY ONE THING, I'LL SAY ONE THING; WE AS A UTILITY HAVE PUBLIC RELATIONS AT THE UTMOST AT ONE OF THE THINGS THAT WE TRY DO AND WE HAVE, AND I THINK WE'VE DONE A FAIRLY GOOD JOB AT THAT. WE'VE PADDED OURSELVES ON THE BACK AN AWFUL LOT ABOUT BIODEGRADABLE STUFF, I THINK THAT'S FINE - THAT'S TO BE COMMENDED. BUT THAT WOULD PALE IN COMPARISON TO THE PUBLIC RELATION DISASTER THIS BOARD WOULD HAVE IF THE PEOPLE AT DAPHNE HIGH SCHOOL WOULD HAVE HEARD THIS CONVERSATION TONIGHT. IF YOU WANT TO CREATE A PUBLIC RELATIONS DISASTER, THEN SNUB DAPHNE HIGH SCHOOL. IF YOU WANT TO HAVE A POSITIVE PUBLIC IMAGE IN THIS COMMUNITY, THEN YOU BETTER BE ON BOARD WITH THAT GROUP BECAUSE . . .

JOHNSTON: MR. SCOTT, I MIGHT TOTALLY SUPORT AND WITHOUT ANY EQUIVOCATION OR ANYTHING ELSE, AGAIN, IT'S JUST A CASE OF I DON'T KNOW WHAT ALL IS BEING DONE FOR THE SCHOOL, I THINK IT'S SOMETHING THAT OUGHT TO BE KNOWN.

SEGALLA: LET'S . . . LET THE CHAIR END THIS QUEST. ONE STATEMENT; I AM NOT ANTI-FOOTBALL, I'M NOT ANTI-HIGH SCHOOL. I'M TRYING TO RUN A UTILITY BUSINESS HERE. WE HAVE A RESOLUTION, 2005-06, THAT SAYS WE WON'T WAIVE FEES FOR ANYBODY. AND ALL OF A SUDDEN WE'RE GOING TO MAKE AN EXCEPTION TO THAT WHICH I THINK IS A BAD WAY TO DO BUSINESS. WE'RE ON TO THE NEXT SUBJECT.

VIII. FINANCIAL REPORT

Teresa Logiotatos reviewed the financial information with the Board. Chairman Segalla asked about refunding Aid to Construction and it was explained that particular entry on the Check History was due to natural gas unavailability for that area of development resulting in the refund to the developer. Mrs. Logiotatos also noted that budget meetings will be upcoming.

Mayor Small left the meeting at 6:20 p.m.

IX. GENERAL MANAGER'S REPORT

a. *GM Report*

Mr. McElroy advised the Board of the sidewalks being installed in front of the Daphne Utilities main office by the Daphne Public Works and that since a retaining wall was not budgeted, the sidewalks will be constructed onto the Daphne Utilities property off the right-of-way however an easement request from the Mayor's office was just received earlier in the week and after conferring with Mr. Speegle and Ray Moore of HMR should be granted and signed quickly. Mr. McElroy also commented that the site contractor for the Daphne High School Stadium is illegally connected to the Daphne Utilities water line, without permission or water meter and noted that Ordinance 2005-15 that this act could constitute a \$500 fine. He remarked that the valve has since been turned off and viewed this act not as a good-faith gesture on the part of the contractor to work with us. Chairman Segalla noted that a stop-work order should be in place on the project and stated that whatever needs to be done, should be done.

Mr. McElroy updated the Board on the Verizon tower lease. He stated that he met with the Daphne City Council at the last Council meeting and it appears that when the City intended to convey all the assets of the Utility to the Utility, they conveyed the tower to the Utility but did not convey the land. He explained that he went before the Council respectfully requesting execution of the quit-claim deed even though the request was sudden. He stated that the Council considered the request and voted unanimously to authorize the Mayor's office to issue a Letter of Intent; however since that time the City Clerk, David Cohen, has said that there are other things that must happen in this and that it does not appear that the issue had been included on the agenda for the next Council meeting. Mr. McElroy noted that the deadline for the lease is soon to expire and Mr. Cohen indicated that it could be 6 months before this matter is resolved. Mr. McElroy stated that he plans to attend the next Council meeting to determine where this issue stands and to advise Verizon of the Utility's attempts to work with them. Chairman Segalla requested Mr. Scott, who sits on the City Council, for assistance in this matter. Mr. Scott said that he discuss the matter with the Council. Mr. Johnston noted that he also attended the Council meeting and the matter of jeopardizing the Utility to serious liability due to parking underneath the water tower was revealed. Mr. Johnston stated that fencing around the tower preventing access to parking. Mr. Speegle commented that it is a City problem due to the fact that the tower is a fixture of the property, therefore the liability would be the City's. A discussion between Mr. Speegle, Mr. McElroy, Mr. Segalla, Mr. Scott, and Mr. Moore took place questioning the timeline of the water tower construction on the property and the formation of the Utility Board as well as the functionality of the water tower. Mr. McElroy explained that it stores water for emergency purposes. Mr. Scott noted that this issue also presented itself as an eyesore relative to the new City Hall and agreed that passing the Resolution stating the City Council's intent to convey it to the Utility and that since then he understood that the property needed to be declared as surplus. Mr. Speegle noted that previous Ordinances passed by the City when it conveyed the property could base this under the authorizing resolution from 1952 or 1955. Chairman Segalla stated that if the water tower existed at the time of the Water Board creation and the City conveyed all the assets of the Utility to the Water Board, that clearly it was an oversight. Mr. Scott advised that he communicated this to the Council and was questioned by the Council as to his knowledge of the intent or his presence at that time. Chairman Segalla stated that the intent is apparent since everything else was transferred; Mr. Scott agreed. Mr. Speegle commented that discovery of the 50+ year-old Ordinance would be helpful and that he is communicating with Jay Ross and his associate regarding the issue.

Mr. McElroy's last topic was apprising the Board of the latest award, the 2007 Environmental Award presented by the Eastern Shore Chamber of Commerce at the Chamber's Chairman's Gala on June 22, 2007. He advised the Board that he is planning ahead for more community improvement programs. Chairman Segalla commented on the recent Customer Appreciation Day that the Utility's held and noted that a Riviera Utilities employee took pictures on a camera phone to display to other at Riviera Utilities of our community efforts.

Operations Report

Mr. Lyndall commented that he had nothing further to add to his report. Chairman Segalla asked if aid to construction for the new residential natural gas service was being charged, to which Mr. Lyndall replied that the Utility was. Chairman Segalla also extended appreciation to the continued quick response times of the managers and employees attending to emergencies and incidents that require immediate action. Chairman Segalla commented on progress Kenneth Johnson is making with the area restaurants and compliance with Daphne Utilities and also Earl Bolden's efforts to organizing our warehouse and inventory control. Mr. Johnston agreed and also commented favorably on the efforts to make finances as well as all departments transparent and open. Chairman Segalla questioned the draft Policies and Procedures hand-out; Mr. McElroy explained that this is a revision for review by the Board and Mr. Speegle and is planning to come for a vote from the Board next month. Any suggestions by the Board or Mr. Speegle were solicited and directed to Mrs. Deloris Brown. Mr. Johnston's inquiry from the previous month regarding the salary scale of Daphne Utilities in comparison to the surrounding area was explained by Cedric Goodlow and Deloris Brown with the research they compiled from the U.S.

Department of Labor Statistics and it was relayed to the Board that the Daphne Utilities' pay scale is 2%-4% less and proposed that it be adjusted on a position-by-position category basis in lieu of waiting several years to avoid a larger adjustment. Mrs. Brown stated that the most recent pay-scale adjustment was implemented in 2005. Chairman Segalla suggested that we avoid adjusting those positions that are categories with a set bracket. He also requested that this information be forwarded to the Finance Chairman, along with the remainder of the Board Members. Mr. Scott inquired as to the timeline of implementing this pay scale adjustment; Mr. McElroy stated that this could come before the Board next month

Melinda Immel noted that Board action is needed for the consideration of the Bids for the Wells #10 and #11. She stated that the low bid submitted by Griner Drilling Service of \$495,400.00 and recommended that they be awarded the contract for that amount. Chairman Segalla noted that plans for another well should be discussed. Mr. Johnston commented to Ms. Immel that a review of the long-range plan should be scheduled. Ms. Immel responded that Volkert has started the process of reviewing and a report will be forthcoming.

MOTION BY Vice Chairman Scott to except Volkert's recommendation to award Griner Drilling Services in the bid amount of \$495,400.00 for construction of Wells #10 and #11. Seconded by Mr. White and Mr. Johnston.

AYE: ALL IN FAVOR ABSENT: SMALL NAY: NONE OPPOSED MOTION CARRIED

Ray Moore also reviewed the HMR status report with the Board. Mr. McElroy advised the Board that he is working with HMR on the former Riviera property behind the main office to be utilized as a green-space and displayed a preliminary drawing.

X. **BOARD ACTION** – None

XI. **PUBLIC PARTICIPATION** – None

XII. **BOARD COMMENTS** – None

XIII. **ADJOURNMENT**

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

AYE: ALL IN FAVOR ABSENT: SMALL NAY: NONE OPPOSED MOTION CARRIED

The meeting adjourned at 6:58 pm.