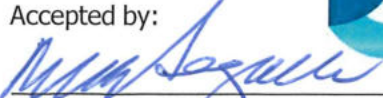


Accepted by:


Chairman, Daphne Utilities



APPROVED MINUTES

Utilities Board Meeting

Council Chambers, Daphne City Hall ♦ May 25, 2016 ♦ 5:00 p.m.

I. Call to Order

The regular May 2016 Board meeting for the Utilities Board of the City of Daphne was held on May 25, 2016 at 5:00 p.m. in the Council Chambers at Daphne City Hall and called to order by Chairman Robert Segalla, proceeded by the Roll Call:

II. Roll Call

Members Present: Robert Segalla, Chairman
Randy Fry, Vice Chairman
Billy Mayhand, Secretary/Treasurer
Mayor Dane Haygood, Board Member

Members Absent: Selena Vaughn, Board Member

Others Present: Jerry Speegle – Board Attorney - arrived at 5:08pm
Danny Lyndall – General Manager
Van Baggett – Operations Manager
Drew Klumpp – Administrative Services Manager
Teresa Logiotatos – Finance Manager
Lori May-Wilson – Executive Assistant
Melinda Immel – Volkert & Associates
Ray Moore – HMR
Robbie Strom – 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 March, 2016:

The Chairman requested any additions, corrections, or deletions for the submitted Minutes from the March 30, 2016 Utilities Board Meeting.

MOTION BY Mayor Dane Haygood to approve the submitted Minutes for the March 30, 2016 Utilities Board meeting; Seconded by Billy Mayhand.

AYE: Fry, Haygood, Mayhand, Segalla, NAY:

ABSENT: Vaughn

ABSTAIN:

MOTION CARRIED

B. Utilities Board Minutes from April, 2016:

The Chairman requested any additions, corrections, or deletions for the submitted Minutes from the April 20, 2016 Utilities Board Meeting.

MOTION BY Billy Mayhand to approve the submitted Minutes for the April 20, 2016 Utilities Board meeting; Seconded by Randy Fry.

AYE: Fry, Haygood, Mayhand, Segalla, NAY:

ABSENT: Vaughn

ABSTAIN:

MOTION CARRIED

A. OLD BUSINESS – None

V. NEW BUSINESS –

A. Discuss Well Road property –

Danny Lyndall enlightened the Board regarding a 10.32 acre parcel of land for sale behind the Central Services Facility on Well Road that could potentially be advantageous for Daphne Utilities as a possible expansion, should the need arise. He stated that it is listed for \$25,000 per acre for the property and emphasized that future expansion property around the Daphne Utilities' facility is limited. Mr. Lyndall advised that he was presenting this to the Board to clarify their interest for him to pursue and/or negotiate a purchase of the property with the real estate agent for the seller. The Chairman questioned the possibility of future wells on this property. Mr. Lyndall advised that he and Volkert's Melinda Immel had discussed the usage previously and determined that since there are several wells already tapped into the aquifer underneath this property that it would be unlikely to install additional wells unless a well was taken off-line, but a new treatment facility to support the existing wells or potential storage could be a possibility. Mr. Lyndall agreed to the Chairman's suggestion of negotiating on a portion of the property. The Chairman recommended re-examining various scenarios with the realtor and advising the Board and then offered comments from the Board. Mr. Lyndall did point out a portion of the property that is unsuitable for development. Mayor Haygood commented that the City had been discussing this property's potential for the City and advised that there were other parties interested in the property. Chairman Segalla suggested that the Mayor notify Mr. Lyndall of the City's intention as it progresses. Councilman Fry commented that the City's soccer club had expressed interest in the property as well. Ruth Sewell and Gerardo Flores representing Daphne's StrikeForce Soccer Club addressed the Board regarding their intentions on the subject property and requested a month to sort details for a purchase. Chairman Segalla requested to advise Mr. Lyndall of the outcome of their potential purchase. Mr. Mayhand requested Mr. Lyndall to prepare a list of possible intended uses for the property in order to consider.

B. Mid-year financial review –

Mr. Lyndall gave an overview of the Utilities' budgeted finances at mid-year explaining that revenue was tracking slightly above the budget, expenses were under except in a few line items, and the net income was higher than anticipated at this point in the fiscal year pointing out that due to expected large capital expenses this year, the net income will eventually reflect a decrease. He continued to review for the Board the revenue and expenses within the company and the specific departments, and reviewed the capital improvement projects. Mr. Lyndall answered a Board question regarding the ratio of salary, benefits and revenue. Mrs. Logiotatos answered a Board question regarding spot depreciation.

VI. BOARD ATTORNEY'S REPORT

Mr. Jerry Speegle advised the Board that he would be providing a timeline booklet regarding the Fairhope Gas Lines to discuss at the next Board meeting in Executive Session. He stated that this information should be treated as confidential. He also discussed Daphne Utilities' contribution to the City's sewer lines, advising that he had received another draft but requested clarification of the Board's direction. Mr. Mayhand advised that the Board should proceed as agreed. Mr. Fry concurred and suggested to finalize the agreement in order to get it on the City Council agenda. Chairman Segalla reiterated that the

agreement is for supplying labor for the installation of the low pressure line and that was all.

VII. FINANCIAL REPORT

Teresa Logiotatos reviewed the April financials with the Board updating them on the 2016 bonds that were booked which resulted in the removal of the '05 & '06 SRL bonds from the asset and liabilities pages and making it appear as if some debt had been paid off. She reminded the Board of the overage expense for the audit due to additional review by the auditors, as well as the net income's increase/decrease in cash due to upcoming project expenses. She concluded by reviewing several checks listed in the Check History Report and answered questions from the Board.

VIII. GENERAL MANAGER'S REPORT

A. GM Report

Danny Lyndall had nothing additional to include in his report. Chairman Segalla pointed out the sewer agreement with the City as agreed upon is listed under the GM report. Mayor Haygood raised a question in the financials relating to gas. Mr. Lyndall advised the Board that there has been no update since Park City Water Authority's last board meeting.

B. Operations Report

Van Baggett updated the Board on the beautification of the water reclamation facility, water line improvements at Daphne High School practice field, and the "drain the swamp" project.

C. Engineering & Consulting Reports

Ray Moore from HMR advised the Board of the scheduled start up date of the Douglas Road Water Storage Facility, the progress on the Sixth Street/Olde Towne Water Treatment Facility that is taking shape, and the contracts that had been signed for the sewer project at Whispering Pines with a scheduled start-up date.

Melinda Immel from Volkert updated the Board on the US90 Project with the start-up work beginning.

IX. BOARD ACTION – None

X. PUBLIC PARTICIPATION – None.

XI. BOARD COMMENTS –

Randy Fry appreciated the update on all the projects taking place; Mayor Haygood complimented Daphne Utilities on participation in several community events including the STEP program and Relay For Life; Billy Mayhand thanked all the employees for all that they do and doing it with a positive attitude; Chairman Segalla thanked the employees for doing a good job.

XII. ADJOURNMENT

MOTION BY *Billy Mayhand to adjourn.*

AYE: *Fry, Haygood, Mayhand, Segalla*

NAY:

ABSENT: *Vaughn*

ABSTAIN:

MOTION CARRIED

The meeting adjourned at 6:01pm.

Preceding minutes submitted to the Daphne Utilities Board by:

Lori Wilson

Lori Wilson, Executive Assistant, Daphne Utilities