

Beulah Utilities District

Minutes of Regular Board of Directors Meeting

September 16, 2014

Beulah Fire Station 1, 5350 Lee Road 270 Valley, AL. 36854

6:00 pm CST

The Board of Directors of Beulah Utilities District met in a regular meeting on September 16, 2014 at the Beulah Fire Station 1.

Chairman Roberts called the meeting to order and welcomed those in attendance.

Mr. Roberts recognized that a quorum had been met, with the following Board Members in attendance:

Dan Roberts, Chairman
Lamar Sims
Leon McCloskey
Shane Franks
James Majors

Visitors in attendance: see attached visitor sign in sheet.

Mr. Roberts asked for comments regarding the minutes of the special meeting held September 9, 2014. None being made, motion was made to adopt the minutes. After motion was seconded and unanimously approved, the minutes were adopted.

Attorney for the Board, Ms. Kelly Davidson, was recognized to conduct the Election of Officers. The first position elected was Chairman of the Board. Mr. Sims was nominated and unanimously elected. The next position elected was Vice Chairman. Mr. Roberts and Mr. Franks were nominated. Mr. Franks was elected by a majority of Board members. The final position elected was Secretary/Treasurer. Mr. McCloskey was nominated and elected by a majority of Board members. Mr. McCloskey withdrew from the position. Mr. Majors was then nominated and unanimously elected.

Upon the conclusion of the elections, Mr. Sims took over as Chairman and thanked Mr. Roberts for his service as Chairman.

Mr. Shepard Dearing was recognized to give a report on the current engineering projects ongoing in the District. He reported that the Lee Road 158 project was proceeding and was waiting on some tests results to come back. He stated that one customer would have their water service interrupted for a few hours. He also stated that the Highway 29/262/263 project was 99%

complete and although it had taken more time than anticipated the project was still under budget. Mr. Dearing informed the Board that he had received a late invoice and he would try to get it to the Board as quickly as possible.

Mr. Sims then briefed the Board on the proposed changes to the Bylaws. Mr. Franks motioned to table a vote on the amendments until a later meeting. After motion was seconded and unanimously approved, the matter of amending the Bylaws was tabled.

Mr. Sims and Mr. Toby Westfall were recognized to give an update on the new office module. The building had been delivered and was waiting to be set up. The Board was able to secure approval from the State to commence with the set up process and that it would begin the next day.

Mr. McCloskey was recognized to give a report on the additional equipment the Board needed to purchase. He briefed the Board on a new Caterpillar 18' x 7' 11,000lbs trailer and made a motion to purchase for \$4,200. Motion was seconded and unanimously approved to purchase the trailer for \$4,200. Mr. McCloskey then briefed the Board on an Excavator and Skid-Steer. The equipment would cost \$41,600 and \$32,000 respectively. It was mentioned that since the price was over \$15,000 these would have to be bid out. Mr. McCloskey made a motion to bid out both pieces of equipment. Motion was seconded and unanimously approved. Mr. Sims asked Mr. Rick Ailiff of Clearwater to go and pick up certain equipment from East Alabama. Mr. Sims also stated that the Board would also need to procure a truck. It was stated that the process of getting one was underway.

Mr. Sims gave an update on the new computer system. He stated that the Board and CNI were in discussions on developing a time to install the computers. He also stated that training would soon start and that a conference needed to be scheduled between Beulah, East Alabama, CNI and Clearwater to coordinate the transition from the old system to the new one. It was stated that Mr. Ailiff was in contact with the billing company to ensure that they were ready for the transition.

Mr. Sims gave a report on the System Development Fees. It was stated that Beulah currently charged a minimum System Development Fee of \$1200 at the time of installation of a new meter. Mr. Tony Segrest of East Alabama was recognized and informed the Board on how and why the fee was originally adopted and that East Alabama had lowered their fee from \$1200 to \$600. Ms. Davidson was recognized and stated that whatever was done with the fee, it needed to be done so that the terms of the 2010 Bond issue would not be violated. She stated that her firm was currently undertaking a review of the Bond documents to ensure that the Board would be in compliance. Mr. McCloskey motioned to do away completely with the System Development Fee pending the completion of the review of the Bond documents. Motion was seconded and passed by a majority of the members present. Mr. Franks stated that he was opposed to doing away with the fee entirely.

Mr. Sims discussed the requests for adjustments. The first adjustment discussed was from Mr. Butler and was in the amount of \$156.20. Mr. Roberts motioned to approve the motion. Motion was seconded and unanimously approved. The next adjustment discussed was from the Bridge Church. It was stated that due to the water line being cut during an installation of a utility cable,

mud and dirt had been getting into the Church's piping and fixtures. Repeated attempts to fix the problem had failed. It was stated that the Church incurred a water bill of \$1,966 trying to clear the mud, whereas the normal Church bill was around \$130. It was mentioned that a previous adjustment of \$1,044 was given at the prior regular meeting of the Board but that an additional adjustment of \$792 was needed to bring the bill down to its normal amount. It was stated that the Church spent \$1,485 of their own money trying to change pipes and fixtures trying to fix the problem. It was suggested that a future credit of \$1,485 be given to the Church to make up for what they had spent. Mr. Roberts motioned to give Church a rate adjustment of \$792 and a future credit on their bill of \$1,485. Motion was seconded. Mr. Franks and Mr. Segrest stated their concern that by doing this for the church, the Board would be setting a precedent and other people might try to seek out such adjustments and credits and that those requests could quickly add up to an amount the Board would be unwilling or unable to pay. Mr. Franks also stated that there was the possibility that such a precedent could be abused by people bringing in questionable claims. Mr. Sims suggested putting together a policy to cover future situations and address the concerns raised by Mr. Franks and Mr. Segrest. The motion was passed by a majority of the Board.

Mr. Sims brought up the August Financial Report for approval and asked for any comments or questions. Mr. Roberts motioned to approve the August Financial Report. Motion was seconded and unanimously approved.

Mr. Sims then addressed the 2014/2015 Fiscal Year Budget. He stated that the budget projected a Total Income of \$2,226,564, Total Expenses of \$1,853,931 and Profits of \$372,633. He said budget projected total capital expenditures of \$326,500. Mr. Sims stated that the Annual Net Income of the District was 254% of the Annual Debt Service Requirement, well above the 120% required in the Bond terms. He mentioned that a Finance Committee would be set up to assist the Board in dealing with its finances. Mr. Franks motioned to approve the budget. After motion was seconded and passed the budget was adopted.

Mr. Sims then stated that, at the Special Meeting on August 12, 2014, the Board will be setting up new committees. He said they would be Water, Fire, Finance and Legal. He stated that he would get with each Board member to see what committee they would like to serve on.

Mr. Sims also brought up that the Incumbency Certificate/Authorized Callbacks form needed to be signed by each Board member. It was stated that this form would remove East Alabama from the management of the Bonds and transfer those responsibilities to the District.

Mr. Sims then recommended that there be no meeting next week and that the next meeting be in two weeks. It was stated that with so much going on with the new office building and equipment that a meeting would need to be held next week.

Mr. McCloskey motioned to complete the Incumbency Certificate. Motion was seconded and unanimously approved. It was stated that the Board's Attorneys would prepare a resolution for the Board to send along with the certificate.

Mr. Sims then asked for Citizen Comments. Ms. Linda Hilyer was recognized and thanked everyone who came out to the town hall meeting. Mr. James Hudmund was recognized and stated he had nothing against Clearwater but that he did not like the two year plus 90 day commitment with them as he wanted a system run by the people of Beulah and felt that the commitment with Clearwater would delay this. A citizen was recognized who sought clarification on the issue of bill adjustments and the District's policy.

There being no further business, after a motion was duly made, seconded and passed by a majority of Members present, the meeting was adjourned.

Signed _____

Beulah Utilities District
Regular Board of Directors Meeting
September 16, 2014

Visitor Sign Sheet

Ck if you need to speak

Rick Cluff

B. J. Crenshaw

Carolyn Gott

Jmy Sequest

Linda Helper —

Andrew Bryan

James Anthony

Mary Westell

Lucinda Hald

Alicia McCloskey

Steve Etnier

GARRETT TERRI,

Toby

SHEPPARD DEARING

Scott Wilson

yes ✓

yes ✓