

Beulah Utilities District

Minutes of Regular Board of Directors Meeting

May 17, 2016

5320 Lee Road 270 Valley, AL 36854

6:00 pm CST

The Board of Directors of Beulah Utilities District met in a regular meeting on May 17, 2016 at the Beulah Water Department.

1. **WELCOME**

Chairman Sims welcomed those in attendance.

2. **CALL TO ORDER**

Chairman Sims called the meeting to order.

3. **ROLL CALL**

The following Board Members were present: Linda Holt, James Majors, Shane Franks, Dan Roberts and Lamar Sims.

Visitors in Attendance - See attached Visitor Sign In Sheet.

4. **DECLARE QUORUM**

After the roll was called, Chairman Sims declared that a quorum was present.

5. **ADOPT AGENDA**

Chairman Sims presented the proposed agenda for adoption. He stated that there would be a couple of changes to what was sent out. He said the Insurance Renewal and Financial Audit reports would be moved up to the front of the Agenda to allow the individuals presenting those reports to not have to sit through most of the meeting. Mr. Franks motioned to adopt the agenda. Motion was seconded by Mr. Majors and the agenda was unanimously adopted.

6. **APPROVAL OF PREVIOUS MEETING MINUTES** April 19, 2016
April 28, 2016

Chairman Sims stated that the Board had two sets of minutes to approve. He first asked for approval of the minutes from the April 19, 2016 Regular Meeting. Mr. Roberts motioned to approve the minutes. Motion was seconded by Ms. Holt and the minutes were unanimously approved.

Chairman Sims then asked for approval of the minutes from the April 28, 2016 Special Meeting of the Board for the Water Rate Work Session. Mr. Franks motioned to approve the minutes. Motion was seconded by Ms. Holt and the minutes were unanimously approved.

7. **APPROVAL OF FINANCIAL STATEMENTS**

Chairman Sims reviewed the financial statements. Mr. Franks motioned to accept the financial statements. Motion was seconded by Mr. Majors and the Financial Statements were unanimously accepted.

8. **INSURANCE RENEWAL**

Mr. Joe Hill was recognized to brief the Board on the renewal of the District's insurance policy. He stated that the insurance renewed on May 9, 2016 and he reviewed the new premiums and discussed how the insurance differed from what the District had last year. He told that Board that the District could raise the deductible on its vehicles valued at over \$100,000 from \$500 to \$1,000 and save about \$100 on its premium. Ms. Holt motioned to leave the deductible for vehicles valued at over \$100,000 at \$500. Motion was seconded by Mr. Roberts and unanimously approved.

Mr. Franks motioned to accept the proposed insurance renewal. Motion was seconded by Ms. Holt and unanimously approved.

9. **FINANCIAL AUDIT REPORT**

Mr. Jeffrey Hilyer and Ms. Jackie Moon from Hilyer & Associates, CPA were recognized to brief the Board on the District's Audit for the 2014-2015 Fiscal Year. They reminded the Board of the one qualification appearing on the audit regarding the lack of proper valuation for the District's infrastructure in the ground and that once that was removed, the District could receive a clean audit. Ms. Moon reviewed some of the highlights from the audit report and stated that the District had a \$168,000 net profit for the year, which was an increase over the prior year.

Mr. Majors motioned to accept the audit report. Motion was seconded by Mr. Franks and the audit report was unanimously accepted.

Mr. Franks motioned to retain the firm of Hilyer & Associates, Certified Public Accountants to conduct the audit for the year ending August 31, 2016. Motion was seconded by Mr. Majors and unanimously approved.

8. **OLD BUSINESS**

A. Construction Projects

Mr. Houston Black from Clearwater was recognized to update the Board on the various construction projects ongoing in the District.

He presented the Board with Pay Request #8 for the Lee Road 270 project for the retainage amount of \$21,928.25. This represented the final amount to be paid on the project. Mr. Majors motioned to pay the pay request. Motion was seconded by Ms. Holt and unanimously approved.

Mr. Black then presented the Board with Pay Request #6 for the Highway 29 Tank project for the retainage amount of \$10,355.43 which was the final amount to be paid on the project. Ms. Holt motioned to pay the pay request. Motion was seconded by Mr. Majors and unanimously approved.

Mr. Black reminded the Board that those expenses would come out of the District's Operating Funds as the System Development Fund had been exhausted. He said that there was more than enough money in the Operating Account to cover the expenses.

Mr. Black stated that he was working with the District's engineering firm, Goodwyn, Mills & Cawood, to put a price on the pipe and other infrastructure in the ground in order to assist with depreciation and the District's future audit reports.

Mr. Franks asked about the water pressure in the Lee Road 266 and 268 area. Mr. Black said that they had been able to increase the pressure in that area about 6 PSI and that they were still working with customers and the engineers to find ways to increase it further.

B. Bond Refinancing/New Bonds

Chairman Sims stated that in a meeting held prior to the Board meeting, the engineer recommended holding off on new bonds to study the system during the high water season and to further tweak the system in an attempt to increase the pressure to the various low pressure areas. This would give the District time to determine what it needs.

Mr. Franks stated that the District should only be spending money on what it needs and that the Board should not be spending money without fully evaluating the system to determine exactly what it needs.

Mr. Majors stated that he didn't want the District borrowing money if it didn't have to.

Mr. Majors motioned to refinance the District's bonds. Motion was seconded by Ms. Holt and unanimously approved.

C. Tank Maintenance Contract

Chairman Sims stated that all parties had reviewed the Tank Maintenance contract and were happy with the revisions. Mr. Franks asked when the contract would start. Mr. Black said it would start as soon as the contract was signed.

Mr. Majors motioned to approve the contract. Motion was seconded by Mr. Franks and the contract was unanimously approved.

D. Water Rate Increase

Houston Black presented the Board with new rate increase numbers which took into account the numbers and ideas discussed at the April 28, 2016 Work Session. Mr. Black gave the Board data showing a 10% and 15% rate increase and what that would do to the District's bottom line with the future rate increases from Opelika. He recommended a 10% increase with the Board to revisit a 3-5% increase the next year and in subsequent years. He said the Board could set up automatic rate increases to keep the Board from having to vote each year to raise the rate and instead only having to vote to stop an increase.

The Board discussed removing the \$10,000 per year set aside to fund the installation of fire hydrants given the new ISO grade makes it unnecessary. The Board then discussed the sale of water to East Alabama and heard from its attorneys regarding whether any transmission fees were applicable. The Board also discussed various aspects relating to the increase including ways the District could cut costs and the consensus was to table the vote for one month to give time for further study.

Ms. Holt motioned to table the vote on a rate increase until the June meeting. Motion was seconded by Mr. Roberts and unanimously approved.

9. **NEW BUSINESS**

A. Fire Dept. Report

Chief Jacob Geiger was recognized to give a report on the Fire Department. He stated that in April the Department ran 78 emergency calls. He said that this was an average month for the Department.

He again announced that the District had received its ISO grade back and that it had gotten a Class 4 rating. He stated that the Department had drafted a Press Release announcing the new grade. The Board discussed the various ways to

announce the new grade, including advertising in local newspapers and social media. Information would also be included in the next water bills mailed out to customers. Ms. Holt motioned to table a vote on running newspaper advertisements so the Board to get more information on the cost of doing so. Motion was seconded by Mr. Franks and unanimously approved.

Chief Geiger announced that a Shift Captain had resigned and his final day was last Sunday. He asked for the Board to advertise for a replacement according to the new hiring policy. Mr. Franks motioned to advertise for a replacement. Motion was seconded by Ms. Holt and unanimously approved. Chief Geiger stated that he expected the job to be filled quickly and that it would likely be filled internally.

Ms. Holt suggested that the hiring policy be changed to allow for in-house posting of existing, budget-approved positions without Board approval. Chief Geiger said he would work with the attorneys to draw up the new language.

Chief Geiger stated that the Fire Committee had met but could not reach a consensus on the items discussed. The Committee would meet again soon to further discuss those topics. It was felt that the Committee would have some proposals that would require swift Board action so a Special Board Meeting would be needed. Mr. Franks motioned to hold a Special Board of Directors Meeting on June 2, 2016 at 6:00 p.m. C.S.T. Motion was seconded by Ms. Holt and unanimously approved.

B. Clearwater Solutions Report

Mr. Black was recognized to give the Clearwater Report for the month of April.

Mr. Black stated that he was approached by a local community group about raising funds to donate to the District for painting a Bobcat logo on the Highway 29 Tank. Mr. Black said that it would be three years before the tank exterior would be refurbished and the logo would be painted. Mr. Franks motioned to authorize the community group to raise the money for the logo. Motion was seconded by Mr. Roberts and unanimously approved.

Mr. Black then conducted the drawing for the Leak Incentive Program for April. (After the meeting was adjourned it was determined that the winner was not a water customer so another name was drawn in the office)

Mr. Black said that there was one rate adjustment for the month of April, Raymond Corley for \$662.30. Ms. Holt motioned to approve the adjustment. Motion was seconded by Mr. Franks and unanimously approved. Ms. Holt asked if the office was checking to see if customers had received more than one adjustment. Mr. Black stated that the customer's file in the computer was checked to see if a prior adjustment was indicated.

Mr. Black then briefed the Board on Clearwater's activities over the past month.

10. **OTHER BUSINESS**

11. **CITIZEN COMMUNICATIONS ON NON-AGENDA ITEMS**

Mr. B.J. Crenshaw, 52 Lee Road 965, was recognized and asked that the Board keep seniors in mind in discussing and approving any rate increase. He also stated that the District should hold a cookout for the firemen in recognition of the new ISO grade.

Chairman Sims stated that the next Regular Meeting would be at 6:00pm C.S.T. on June 21, 2016.

There being no further business, Mr. Franks motioned to adjourn. Motion was seconded by Ms. Holt and unanimously approved and the meeting was adjourned at 7:38 p.m. C.S.T.

Signed _____

