

CLAYTON COUNTY WATER AUTHORITY
1600 Battle Creek Road
Morrow, Georgia 30260

Regular Board Meeting, December 2, 2004

Chairman, Pete McQueen, called the meeting to order at 1:30 p.m.

Present at the meeting were: Chairman, Pete McQueen, Vice Chairman, Lloyd Joiner, Secretary/Treasurer, Marie Barber, Board Members, Wes Greene, Allan R. Smith, John Westervelt and John M. Chafin. General Manager, M. Wade Brannan, Deputy Manager, Terry Hicks, Department Managers, Guy Pihera, Mike Thomas, Teresa Adams, Herbert Etheridge, and Jim Poff, Finance Director, Emory McHugh, Customer Accounts Director, Morris Kelly, Project Manager, Mike Buffington, Contract & Procurement Administrator, Karen Riser, Information Services Supervisor, Rodney Crowell, Human Resources Director, Ed Durham, Administrative Secretary, Carla Clark, Executive Secretary, Janet Matthews and Customer Service Supervisor, Carol Smith,. Also present were: Steve Fincher of Fincher & Hecht, L.L.C., Rick Hirsekorn of CH2M Hill, Chris Wood, Farrar Wood and Nicole Mier of Jim Wood & Associates Public Relations. Special guests were Chairman of the Clayton County Commissioners, C. Crandle Bray and Commissioner Gerald A. Matthews. Also in attendance were Bill Camp of Knox Wall and David Lockett of Wachovia Insurance Services and CCWA employee, David Johnson.

Chairman McQueen, on behalf of the Board of Directors, welcomed everyone to the meeting. Chairman McQueen added that there were two special men with us today that would be recognized later in the meeting.

Chairman McQueen called on David Johnson, to give the invocation.

Chairman McQueen introduced C. Crandle Bray, Chairman of the Clayton County Commissioners and Commissioner, Gerald A. Matthews. Chairman McQueen commented that it is a special honor to have these two men here today and asked the Board members if they wanted to say a few words.

Chairman McQueen stated that we are very blessed to live in Clayton County. In the past, and hopefully in the future, Clayton County has been the best county in the state and these two men here today are responsible for a lot of that. Also, the Board has had to call on Crandle and Gerald a lot of time for their help and advice. We have never sought help that they haven't given to us. They have been great friends to the Water Authority. On a personal note, Chairman McQueen expressed his appreciation for the good advice these two men have given him through the years and for their friendship.

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Board member, Wes Greene, added that Crandle Bray has served on the Water Authority Board and believes that part of how the Authority got to be where it is today is because of his wisdom and foresight. Mr. Greene expressed to Crandle and Gerald how much he appreciated their support and their letting the Water Authority operate the Water Authority. You have appointed great Board members in the ten plus years that I have been on this Board. Because of the Board members that we have had, and all that they bring to the table, it has really brought a team spirit to the Water Authority that has enabled us to put together the best team in the southeast or in the country. That is evident by all the awards and recognition that the Authority has received, along with nation-wide respect. We thank you for your leadership.

Board member, John Chafin, added that he would like to reiterate what everybody has said. Luckily, I have known you both for a long period of time and I guess the thing that I am glad about is to call you "my friends" and to see you around at different events, but the thing that I am the happiest about is that finally maybe you won't be invited to all these golf tournaments and I might have a chance to win one.

Marie Barber, Secretary/Treasurer, stated that she would just like to thank Crandle and Gerald for their leadership and all that they have done for Clayton County and hopes that they enjoy their retirement.

Vice Chairman, Lloyd Joiner, added that it goes without saying how much he appreciates both Crandle and Gerald and how much he respects the office that each held and the job that they did. It has already been said, but this Water Authority really appreciates the support given to it.

Wade Brannan, General Manager, stated that he was asked to say something nice, but ...there were chuckles. Mr. Brannan added that he would just say that he does not think that there are two individuals that have had more impact on him and his professional career than those two men seated right there. They gave me the opportunity before I came to the Water Authority to work for them and make decisions on their behalf and I appreciate what they have meant to me. I am eternally grateful for what they have done for me and my family and the support they have given me here at the Water Authority. Whenever I had questions or needed guidance, they have always had an open door. They are people of integrity, but their leadership was with humility and I appreciate that. I consider myself part of their families. I truly appreciate their friendship and the leadership that they have provided this County, the stability and the work environment that we have.

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Chairman McQueen explained that the Board would give time for both Crandle and Gerald to make any comments they would like and then the Authority had a presentation for them, after which pictures would be taken.

Crandle stated that he appreciated the Water Authority Board, having served here himself back in the 80's. One of the things that the Board of Commissioners has always taken great pride in is the people that are appointed to this Board. This Board needs to be run like a business, leaving out politics, and by a Board of Directors that are professionals. You exemplify that to the greatest extent.

The greatest pleasure that Mr. Bray has enjoyed over the last three years is that he and Wade have jointly served on the North Georgia Water Planning District board. Our folks have plenty of water because you have had a vision that looked beyond where we are today and this has been going on from year to year. Clayton County Water is still ahead of the curve with our constructed wetlands and Mr. Bray has told kids in Clayton County to "be careful what you flush, it's coming back".

Chairman Bray stated that the professionalism of this Board has made this organization run as smoothly as it has. Mr. Bray added that he would be forever grateful for the Board for not letting politics interfere with the Water Authority.

Commissioner Gerald Matthews stated that there was not much to add when you follow people like Crandle. At the dedication of the Police Building, Mr. Matthews stated that he had to follow Eldrin Bell and Charley Griswell and that is a tough act to follow. Now, I am following Crandle, who I have been following for twelve years, having had to point him every once in a while in the right direction.

Mr. Matthews added that he has not asked much from the Water Authority, which does a tremendous job, but Mr. Matthews did have a request since he was standing here today and the Board had been so gracious to have him here. One, all those wonderful remarks that everyone of you made about Crandle and I, I think Janet got on tape over there, and I would like for you to get me a copy of it so that when I have problems at home I can just punch a button and say "Now you listen here, what folks think of me." The other thing is that I know that the Board takes good care of my other son, Wade, down there and I know you pay him good and I am proud of that, but for goodness sakes, see if you can't get him a real pair of glasses. He sits there looking down his nose with those half-glasses.

To echo what we all have said before, Mr. Matthews stated that he did not think that there is a better water department or system in the country than right

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here in Clayton County and he is proud to have had a part in naming some of the members that have sat on this Board. If you go all the way back to the inception of the Water Authority, we have had good leadership sitting on this Board to point us in the right direction. I commend you for it, each and every one of you that are here now and I think that one of the best things that came along is when you got CH2M Hill here. Rick Hirsekorn is a big asset to Clayton County and the greatest asset that I think we have is the folks sitting in this room who have the knowledge and the get up and go to do what is right. Mr. Matthews wanted to personally thank the Board for that and to thank them for the opportunity they have given him and to tell the Board to keep on, keeping on.

We all hate to leave, but you need to know when to go and it is our time to go. Mr. Matthews added that he knows that the replacements are going to be just as supportive as he and Crandle have been. All of you in this room will continue to work for the betterment of Clayton County and all the citizens therein and for that I again say thank you. Thank you for the opportunity and thank you for having us here today.

Mr. Greene stated that he had one more thing to say about Crandle. Mr. Greene told Mr. Bray that he had watched him operate all these years and in doing so, he had come to the conclusion that his title should be "great administrator" because you have done a great job. Mr. Greene added that he was going to ask Chairman-elect Bell to retain Mr. Bray to help him administrate.

Chairman McQueen stated that at this time Mr. Brannan had a presentation to make.

Mr. Brannan presented a crystal bowl with an engraved plate thanking Mr. Matthews for over sixteen years serving the citizens of Clayton County with dedication, commitment and vision.

Mr. Matthews thanked everyone and received a round of applause.

Chairman McQueen presented a crystal bowl to Chairman Bray as well.

Chairman Bray commented that he and Gerald had a few years prior to this twelve-year stint. Gerald was a commissioner and Mr. Bray was administrator, but it is only fitting that these twelve years, we came together, thus we leave together.

Mr. Bray asked that God bless all those in attendance.

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Chairman McQueen asked that everyone stand and give a round of applause to Chairman Bray and Commissioner Matthews.

A few minutes were used to take several group photos of Chairman Bray, Commissioner Matthews and the entire Board.

Chairman McQueen stated that the Board would resume the Regular Board Meeting at this time.

Approval of Minutes: Chairman McQueen called for any omissions or additions to the Regular and Executive Session Board Meeting Minutes of November 4, 2004. Hearing none they were approved as received.

Chairman McQueen added that he had read the minutes and wanted to commend Mrs. Matthews for the good job she had done on them.

Financial and Statistical Report: Chairman McQueen called on Emory McHugh, Finance Director, who presented the monthly financial and statistical report. As a point of reference, Mr. McHugh stated that this report covers through the end of October so we are half way through the year and are talking about starting the budget process for the next fiscal year soon.

Chairman McQueen called on Morris Kelly, Customer Account Director, who introduced Carol Smith and brag on her a little bit.

Mr. Kelly stated that Carol Smith has been our Customer Service Supervisor for just a few months, but the Assistant Supervisor or the Lead Person for that department for more years than we want to count. Carol came to work for the Authority in 1980 and Mr. Kelly remembered interviewing her. Back then, the Authority did not have an HR department and just hired off the street. Carol came with some recommendations from a current employee, so when Mr. Kelly interviewed her, she did real good and she had certain qualities for customer service that the Authority was looking for such as being people friendly. Mrs. Smith met all the qualities, so when she left, Mr. Kelly thought he would hire her, but he felt that she would work only the summer. Mrs. Smith later admitted that she was at the time wanting to only work the summer, but she is still here after twenty-four years.

Mr. Kelly added that Mrs. Smith started out on the front counter taking payments and worked her way up. When Elizabeth Mashburn retired, the Authority chose Mrs. Smith to replace her. Carol has done a good job of leading out there and sets an example for other folks. Mr. Kelly stated that Carol is looked at like our "mother", helping us with our problems and guiding us in the right

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direction. Carol has not only been a leader out there, but she has been a great friend. Carol is retiring on December 24th and although she is a little, short, petite lady, she leaves a big footprint that we have to fill out there. We wish her the best. The Board gave Mrs. Smith a round of applause.

Mrs. Smith stated that she really does not like to speak in front of a group, but wanted to thank everyone for “asking” or “making” her come to the meeting. Mrs. Smith added that she has enjoyed her time here at the Authority. It has been a great place to work and there are a lot of great people here that she appreciated. Mrs. Smith also wanted to thank Mr. Brannan and the Board for working with the Customer Service department.

Chairman McQueen stated that he did not know that Mrs. Smith was retiring, but added that he had known Carol a long time. She is a wonderful employee and Chairman McQueen knows her sister, Ellen, who is married to Rudolph Johnson. This is a good family here in our county. On behalf of the Board, Chairman McQueen wanted to wish Mrs. Smith well in her retirement.

Chairman McQueen called on Terry Hicks, who wanted to add his sentiments. When Mr. Hicks came to the Authority, the Authority did not have a Sewer Maintenance section and there was only Mr. Hicks and one other draftsman who handled the sewer complaint calls in the drafting department. It took Mr. Hicks one or two weeks of sewer complaint calls to learn that this was one area in the company that he was trying to get away from. Mr. Hicks admires anybody that has spent their entire career handling the customers. You have to have a real will and desire to handle the number of calls and complaints that Mrs. Smith and the people that work for her have handled. Mr. Hicks added that he was not sure how many of those calls are calls from people thanking you for what you do for them. Mr. Hicks stated that he imagines that most of them are the other way around. Mr. Hicks told Mrs. Smith how much he appreciates what she has done for him personally through the years.

Insurance Update: Chairman McQueen called on Terry Hicks, Deputy Manager, who introduced David Lockett with Wachovia Insurance Services. Mr. Bill Rauschenberg, who had been our consultant for a long time, is still with the firm, but Mr. Lockett has taken over for him in the last three or four years and has really worked hard. Insurance renewals since 9/11 have been a difficult thing, at least for us. Mr. Hicks knows that Mr. Greene can agree with this.

When the Authority starts the budget process, we ask Mr. Lockett to take a look at our insurance because even though we start now we will be here in March or April trying to get it finalized. Mr. Hicks added that Mr. Greene has looked out for the Authority in this area during his ten years on the Board. It is nice to have

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different expertise on the Board and know that we can depend on each of you to help the Authority in cases where your particular expertise can help. Mr. Hicks added that Mr. Lockett is going to give you a brief overview of where the Authority is now and how he and his company see the market at this point in time.

Mr. Lockett stated that first he wanted to thank everybody for having him here today and added that it is right at seven months since Wachovia has renewed the program with the Authority. For those who are not familiar with some of the details, the insurance program for the Authority renews May 1st of each year and the good news is that the insurance market place has improved. There are lots of reasons for the improved market. Insurance companies have more money in the bank now and their investment income has improved. Insurance is complex, but then again you might say it is kind of simple because as long as the insurance companies are making money on their investments they seem to be more willing to be more competitive on their rates.

9/11 greatly affected the insurance companies and particularly the Authority and our property insurance. As high a quality of property, and as well run as this business is, we have a difficult time finding people to come to the table and give us competitive bids for the property insurance. Mr. Lockett added that he is here to tell us that the worst of that is behind us and we have good things to look forward to. About a year ago, Mr. Brannan put his confidence in us and we have worked very hard to be pro-active and aggressive on all fronts. We try to field the numerous questions that come to us from a risk management prospective to make sure that the Authority is doing the right things internally from a safety prospective, making sure that we are protected and that other people are not piggybacking or getting benefits off of us that they should not be.

At Mr. Greene's initiative this year we have done some work internally to re-emphasize driver's safety, which is a huge issue here. The Authority has about 150 vehicles and we recognized that at the end of the day, whether it is our vehicles or our operations, the safer we can make things the lower our insurance costs.

Each year, Wachovia gets their specifications ready well in advance of May 1st. This year Mr. Lockett plans to negotiate early with the incumbent markets. St. Paul Travelers is probably the major part of our program and they are the leading writer for what we would call Public Entity or Water District kind of business. They have done a good job for us and we have already had a preliminary meeting with them. We have our property insurance with CHUBB and they are probably as fine an insurance company for property exposures as you can get. The Water Authority is self-insured on workers comp, but we have a

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policy that sits on top of a limit the Authority bears financially. So the Authority is protected if we were to have a catastrophic claim.

Mr. Lockett added that he does have some concerns about some claim activity the last two or three years in that the development on those claims may hurt us a little bit in the renewal negotiations, but we may have an offset to that in that there are so many other good things going on.

Chairman McQueen thanked Mr. Lockett for all his hard work and asked him to continue getting the Authority the best insurance rates that he can.

Mr. Hicks commented that he would like to thank Mr. Lockett and also Karen Riser who has taken the lead on our side for the last couple of years in these insurance matters. Mr. Hicks added that he appreciates all the wonderful counseling and consulting that HDA/Wachovia has done for the Authority for the last fifteen years.

Mr. Lockett stated that he wanted to echo the comments he heard earlier. It is an absolute privilege and honor for me to represent the Water Authority. I take it very seriously, it is fun, and I feel like I am part of the group, and I am proud to be able to tell the story of the Authority's success.

Stagecoach Road Water Line Extension Final Report: Chairman McQueen called on Herbert Etheridge, Manager Maintenance & Construction, who stated that three or four months ago the Board approved the addition of a 12" water main on Stagecoach Road. Through a slide presentation, Mr. Etheridge showed the location of a large development of over 400 units that is being built in the area.

Clayton County Water Authority
 Final Report – 2000 Master Plan – Line #10 Phase 1
 3,500' of 12" Watermain on Stagecoach Rd.

Original estimated cost:	\$155,672.33
Final construction cost:	\$113,103.08
 Total under estimate:	 \$ 42,569.25

This job came in under estimate due to two factors. We had included twenty thousand dollars (\$20,000.00) for blasting rock, which was not needed. We also completed the job in less time largely due to not having to excavate blasted rock.

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Mr. Etheridge added that in the near future, on Rex Road, at the Mill Bridge, the State and County are working on a project to replace that bridge and the Authority will relocate water lines around that bridge that will save the Authority some money.

Mr. Brannan explained that the State and County would realign the bridge behind the buildings in historic Rex.

Mr. Etheridge added that it is cheaper to put our waterline inside their bridge structure while they are building the bridge.

Huie Excavator Bid Recommendation: Chairman McQueen called on Jim Poff, Manager Water Reclamation, who stated that Mike Thomas handled the original bids on these two items and because the bids were over the budgeted amount, they were re-bid. Mr. Poff added that the work that the Authority does with these Track Excavators is out in the woods, in wet areas, on the irrigation system. Staff recommends going with the second lowest bidder because of the application of the work that we do here. The Komatsu machine is a much heavier machine, over specifications as far as weight, has more ground pressure, and has a smaller cab. Staff feels that this piece of equipment is not suited for the type of work that we need to do at the Natural Treatment site. Staff recommends that the Board accept the bid of the second lowest bidder, Lashley Tractor Sales for two Kubota model KX91-3 in the amount of thirty-one thousand one hundred twenty-two dollars (\$31,122) per machine, for a total of sixty-two thousand two hundred forty-four dollars (\$62,244).

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Clayton County Water Authority
Re-bid of Two Compact Trackhoe Excavators
For Natural Treatment Systems
December 2004

Vendor	Machine	Comments	Total Bid Amount
Tractor & Equipment Co. 5732 Frontage Road Forest Park, GA	Komatsu PC35MR2	Does not meet specifications	\$29,975 each
Lashley Tractor Sales 6953 Covington Hwy. Lithonia, GA	Kubota KX91-3		\$31,122 each
LB Smith 4520 Pine Street Smyrna, GA	Volvo EC35		\$31,972 each
Perimeter Bobcat 1637 Forest Parkway Lake City, GA	Bobcat S185		\$32,484.23 each
Cobb Co. Tractor 1520 Cobb Parkway Marietta, GA	Takeuchi TB135		\$35,850 each
Yancey Brothers Co. 330 Lee Industrial Blvd. Austell, GA	Caterpillar 236B		\$38,963 each
Equipment Support Services 1240 Martin Luther King Drive Atlanta, GA			No Bid

Staff recommends that we accept the bid from Lashley Tractor Sales for \$31,122 each for a total price for two of \$62,244. Funding source will be FY 2004 budget amount of \$80,000.

Upon Motion by Lloyd Joiner and seconded by John Chafin it was unanimously

RESOLVED: to approve staff's recommendation to accept the bid from Lashley Tractor Sales for the purchase of two Kubota KX91-3 Compact Trackhoe Excavators with a price of thirty one thousand one hundred twenty two dollars (\$31,122) each, with a total cost of sixty-two thousand two hundred forty- four dollars (\$62,244) for two.

Huie Mowing Tractor Recommendation: Mr. Poff stated that this is also for the Huie Natural Treatment site where the sprinkler lines need to be maintained and mowed. The Authority needs to replace a 1988 tractor and mower and staff is looking at a Kubota M9000 Tractor from Lashley Tractor Sales in Lithonia, Georgia, for the State Contract price of thirty thousand seventy-five

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dollars (\$30,075) and a Woods 5-foot rotary cutter for this unit from Wade Tractor & Equipment in Griffin, Georgia for a State Contract price of one thousand four hundred eighty-five dollars and twenty-five cents (\$1,485.25). The total price for both the tractor and mower is thirty-one thousand five hundred sixty dollars and twenty-five cents (\$31,560.25).

HUIE MOWING TRACTOR RECOMMENDATION DECEMBER 2004 BOARD MEETING

Water Reclamation staff recommends that we purchase a Kubota M9000 Tractor from Lashley Tractor Sales in Lithonia, Georgia, for the State Contract price of \$30,075. We also recommend buying a Woods 5-foot rotary cutter for this unit from Wade Tractor & Equipment in Griffin, Georgia for a state contract price of \$1,485.25. Both of these items are on state contract #S030628.

The total price for tractor and mower comes to \$31,560.25.

These items will be funded from FY 2004 budget amount of \$32,000.

Upon Motion by John Chafin and seconded by Marie Barber it was unanimously

RESOLVED: to approve staff's recommendation to purchase a Kubota M90000 Tractor from Lashley Tractor Sales for the state contract (#SO30628) price of thirty thousand seventy five dollars (\$30,075) and approve the purchase of a Woods 5-foot rotary cutter to be used on the Kubota M90000 Tractor from Wade Tractor & Equipment in Griffin, Georgia for the state contract (#SO30628) price of one thousand four hundred eighty five dollars and twenty five cents (\$1,485.25) for a total purchase price for tractor and mower of thirty one thousand five hundred sixty dollars and twenty five cents (\$31,560.25).

Northeast Plant Bond Recommendation: Chairman McQueen called on Wade Brannan, General Manager, who stated that the next item is the bond presentation for the Northeast Plant, which was deferred because of the revenue situation that the Authority had at the beginning of last year. Mr. Brannan stated that management feels that now is the time to go into the market and obtain the bond money to make this plant improvement. The Authority already has the permit from the EPD, the design is complete, and before we go into the bond market CH2M Hill will have to initiate and finish their engineer's report which is not to exceed twenty-three thousand two hundred dollars (\$23,200) task order to go through an analysis of the Authority's finances to present as part of the bond documentation. Also, Bill Camp, of Knox Wall, is here today to answer any

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questions you may have about the bond issue itself. Mr. Brannan added that management is asking the Board to give the green light to go ahead and obtain this money although it will probably be February before we actually close on this money. Construction costs are going up at a pretty good rate and the longer that we defer this the higher those material costs are going to be. Over the last year, construction costs were up about twenty-two percent (22%). Mr. Brannan added that initially we thought the costs for this plant would be around forty-nine to fifty million dollars (\$49,000,000-\$50,000,000), but now it is going to be around fifty-five to fifty-six million dollars (\$55,000,000-\$56,000,000).

Board member, John Chafin, asked Mr. Hirsekorn if there was any way that the report from CH2M Hill could be prepared and completed before February.

Mr. Hirsekorn answered that CH2M Hill is collecting the information now and added that CH could get this report done very quickly.

**CH2M Hill Task Order
 Engineer's Report for the 2005 Bond Issue**

This task order includes CH2M Hill services for the preparation of the Engineer's Report for the 2005 Bond Issue. The preliminary project list for the 2005 Bond Issue is shown below.

• Construction of the Northeast WRF 10 mgd Expansion	\$49,000,000
• Hooper WPP Emergency Generators	\$3,500,000
• Huie Wetlands, Phase 3	\$5,000,000
• Construction Management for FY2005	<u>\$2,500,000</u>
TOTAL	\$60,000,000

The 2005 bond issue will be completed in early 2005 with the goal of receiving the proceeds in March or April 2005. The CH2M Hill Engineer's Report will include the review of historical financial and operating data as well as projected financial and operational data. The report will describe the current Clayton County Water Authority water and sewer system and proposed capital improvement program. The report will also include CH2M Hill's certification that the planned capital improvement program is consistent with CCWA's needs and business strategy.

Project Managers:

- CH2M Hill, Engineers – Rick Hirsekorn
- Clayton County Water Authority – Mike Thomas

Task Order Amount: \$23,200

Funding: Operating Revenues will fund this project.

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TASK ORDER OP-04-01

This attachment is to the AGREEMENT between CH2M HILL, INC., (“ENGINEER”), and CLAYTON COUNTY WATER AUTHORITY (“OWNER”), for a PROJECT generally described as Updated Bond Feasibility Study for the 2005 Series Bond

ARTICLE 1 — SCOPE OF SERVICES

Project Approach

The bond feasibility study will be conducted through a multi-step process designed to review capital facility options and associated costs, and to evaluate AUD’s financial forecasts and analyses for the Clayton County Water Authority (CCWA). Several of these steps must be made sequentially, as specific steps require data developed in previous steps or previous bond feasibility studies conducted for CCWA by CH2M HILL. Wherever and whenever possible, CH2M HILL will perform steps in parallel and utilize existing CCWA data and models to minimize the time required to complete the updated feasibility study.

Task 1 – Project Kick-Off, Data Review and Collection

CH2M HILL will conduct an initial Project Kick-off meeting with CCWA staff, bond counsel, and underwriter to establish the project schedule, format requirements, review the proposed report outline, review bond covenants – particularly with respect to coverage and financial policies – and define communications protocols.

Prior to the kick-off meeting, CH2M HILL will provide a data request list for collection of updated information in anticipation of the initial project meetings. In conjunction with the Project Kickoff meetings, CCWA financial and operating performance data and growth projections utilized in the previous report will be reviewed for changes since the last study was completed and summarized. This information will be used to establish the context for strategic financial decision-making. Specifically, the following information needs to be reviewed:

- ☐ Historical and projected service revenues
- ☐ Historical and projected tap fee revenues, interest income, and other non-rate revenue sources
- ☐ Historical and projected operation and maintenance expenses
- ☐ Projected capital improvement program requirements
- ☐ Outstanding indebtedness and other long-term liabilities
- ☐ Uncollectible accounts receivable and disconnection rates
- ☐ Historical and projected operating statistics (water system MGD capacity, annual and peak water production, service connections by meter size and customer class; wastewater system capacity, annual and peak wastewater system flows, service connections by water meter size and customer class)

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- ☐• The most recent strategic planning documents, annual report, current budget, and quarterly and annual financial statistics reports
- ☐• Bond covenants for outstanding bonds

Task 2 – Capital Improvement Plan Review

CH2M HILL will review CCWA's Capital Improvement Plan (CIP) and associated cost estimates based largely on system knowledge developed through our ongoing Program Management and Master Planning work. CH2M HILL will certify that the planned capital improvements are consistent with prudent system development and preservation and in alignment with CCWA's business strategy.

CH2M HILL will also review operating and maintenance (O&M) cost projections for the forecast period to ensure that operational requirements of planned capital improvements are incorporated and consistent with industry experience.

Task 3 – Financial Forecasting and Analysis

CH2M HILL will review CCWA's financial forecast information and will prepare and update the detailed financial forecasts to evaluate CIP financing alternatives and implications for CCWA's financial performance and rates. Forecasts will be prepared using information on prospective CCWA customer growth, capital financing costs, and future O&M costs to forecast financial performance. The project team will forecast water rate, sewer rate, and tapping fee revenues required to fund the capital program, meet debt service coverage requirements, and maintain adequate operating fund balances. All financial forecast assumptions input into the updated version of the financial performance model will be evaluated relative to CCWA historical experience and growth projections, and fully documented.

Task 4 – Bond Feasibility Report

CH2M HILL will compile information collected and developed on CCWA's capital program and financing plan in an updated version of the existing bond feasibility study report. This document will be important for educating the bond market (including underwriters, insurers and rating agencies) about CCWA's current financial plans and financial forecast. The report will be structured as follows, subject to CCWA's modification:

Chapter 1: Introduction

This chapter will contain introductory material to focus the reader on the important aspects of the study. Chapter 1 will describe the service area, customers, population, and local economic conditions and will include a service area map. The information in Chapter 1 will help the reader understand the size and nature of CCWA's water and sewer system as well as the assumptions of the study. It will also present the major conclusions of the study

Chapter 2: Current Water System Overview

Chapter 2 will review CCWA's water system facilities, evaluate its major system components, and comment on maintenance requirements. The chapter will describe the overall condition of the current system and how effectively it meets the mission of providing high-quality water service to CCWA's customers.

Chapter 3: Current Sewer System Overview

Chapter 3 will review CCWA's wastewater system facilities, evaluate its major system components, and comment on maintenance requirements. The chapter will describe the overall condition of the current system and how effectively it meets the mission of providing high-quality wastewater service to CCWA's customers.

Chapter 4: Capital Improvement Plan

Chapter 4 will summarize the CIP and enable the reader to understand CCWA's long-range plan for enhancing and extending services. This chapter will explain the potential challenges the utility faces and the potential impacts of these challenges on the utility's operations and capital needs.

The presentation of CCWA's CIP will focus on the extent to which it supports CCWA's long-term business strategy, provides for adequate system maintenance, and enhances capacity to meet growth in service demands. The chapter will also address the capital requirements for compliance with current and potential water quality regulations.

The CIP will identify, by year, specific capital improvements, the estimated cost of each improvement, and a schedule for construction.

Chapter 5: Financial Performance and Revenue Analysis

The first section of Chapter 5 will identify the financial capacity of CCWA under historical and current rate and fee levels. This section will include a description of the utility's historical revenue sources, revenue requirements, rates, tapping fees, and financial performance measures.

The second section will provide projected pro forma operating results, including reasonable (conservative) projections of customer/usage growth, revenues, expenditures, working capital balances, and bond coverage. Financial projections for CCWA will be presented in detail, including forecasts of the water rates and sewer rates required to fund the capital program and meet debt service coverage requirements. All assumptions used to develop the financial forecast will be documented.

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Project Team

CH2M HILL’s project team features senior level personnel with decades of economic, financial, and engineering expertise. They will draw on the services of other CH2M HILL professionals as needed to support the project. We propose that the bond feasibility be conducted by CH2M HILL’s Utility Management Solutions Practice Director, Eric Rothstein, CPA, and Cody Stanger, Senior Financial Analyst. Rick Hirsekorn, will supervise the engineering analysis that will be developed by Heather Heindel. Supplemental information on key project team members will be provided upon request.

ARTICLE 2 — COMPENSATION

Compensation for the Scope of Services described herein shall be in accordance with the terms specified in Attachment B. Compensation shall be cost-reimbursable per diem (time and expenses), with a maximum, not to exceed amount of \$23,200 without written approval from CCWA.

The proposed budget for to conduct the entire project updating the Bond Feasibility Report for is a fee of \$2332,900,200. Our The estimated budget fee does not include participation in presentations to bond rating agencies as this would be an additional task. We

ARTICLE 3 — SCHEDULE

A draft financial plan based on the proposed par amount will be prepared and delivered by December 17, 2004. After receiving feedback from project team members at the first of the 2005, the analysis will be refined and a draft Engineer's Report will be prepared for distribution to the project team.

ARTICLE 4 — INSURANCE

The insurance coverage required for this “Task Order” is shown on the attached insurance exhibit A.

This Task Order will become part of the referenced AGREEMENT when executed by both parties.

IN WITNESS WHEREOF, the parties execute below:

For OWNER, CLAYTON COUNTY WATER AUTHORITY

Dated this ____ day of _____, 2004

By: _____

Name Title

For ENGINEER, CH2M HILL

Dated this _____ day of _____, 2004

By: _____

Name Title

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EXHIBIT A
 INSURANCE REQUIREMENTS
 TASK ORDER OP-04-01
updated bond feasibility STUDY FOR THE 2005 SERIES BOND

Engineer's Insurance

The Engineer will maintain throughout the completion of the above and any subsequent task orders in connection with this project and after completion as required in this Exhibit A.

(a) Workers' compensation as required by the State (Statutory) where the work is performed and Employers Liability in the amount of one million (\$1,000,000) Each Per Accident, Per Disease Each Employee and Per Disease Policy Limit. ENGINEER shall also indemnify and hold OWNER harmless for any such liability that may attach to OWNER as a "statutory employer" of any of ENGINEER'S employees, agents or subcontractors. "An Alternate Employer Endorsement" naming the Owner as a protected Alternate Employer will be added to the Workers' Compensation policy.

(b) Automobile Liability insurance covering claims for injuries to persons and/or property arising from the use of motor vehicles, including onsite and offsite operations, owned, non-owned or hired vehicles, with \$1,000,000 Combined Single Limit.

(c) Commercial General Liability, Occurrence Form, including Contractual Liability, per Project General Aggregate Limit of Liability, losses caused by explosion, collapse and underground (X,C,U perils). The Owner is added as an Additional Insured using ISO Form CG 20-10 extended to include Products/Completed Operations, or an equivalent Additional Insured endorsement, either form must be acceptable to the Owner. The coverage is primary as to the work of the ENGINEER for the Owner and includes separation of insured's (cross liability). Additional Insured status will be certified to the Owner for a period of five (5) years following completion of the project. The General Liability shall cover claims for injuries to persons or damage to property arising out of any covered negligent act or omission of ENGINEER or of any of its employees, agents, or subcontractors.

The limits of coverage shall be:

\$ 1,000,000	Per Occurrence
\$ 1,000,000	Personal or Advertising Injury
\$ 1,000,000	Fire Damage
\$ 5,000	Medical Payments

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\$ 1,000,000 General Aggregate
\$ 1,000,000 Products/Completed Operations Occurrence and Aggregate

In the alternative, the ENGINEER may substitute a claims made policy in the same amounts and for the same coverage's, provided that it has full prior acts coverage and a five (5) year Extended Reporting Period included in the current policy.

(d) Professional liability insurance to include coverage for the Owner and all Subs, Engineers and Design Consultants, with a minimum limit of \$10,000,000 per claim and in the aggregate. The OWNER may increase the limit requirements where in the opinion of the OWNER such increase is desired. The policy shall contain an eight (8) year Extended Reporting Period or the Engineer will furnish the Owner evidence of continuing coverage for that same period of time after completion. The Retroactive date under the policy will predate any work for the Owner. Sixty days (60) prior written notice of cancellation or non-renewal shall be given to the OWNER in the event of termination or non-renewal.

The Owner may elect to obtain a PROJECT policy on a primary or excess basis. The Engineer will amend their PRACTICE policy to provide primary or excess coverage to increase the combined limits of coverage. Deductibles included in the policies will be the responsibility of the Engineer.

(e) An Umbrella policy, including Excess following form, will be provided with a minimum limit of \$25,000,000 Per Occurrence and Aggregate (Per Project) and will apply over underlying policies for Automobile Liability, Commercial General Liability and Employers Liability. The Umbrella policy limits may be combined with the underlying limits to obtain the total limits required.

(f) The ENGINEER will furnish a Certificate of Insurance to the Owner for coverage's (a) Workers' Compensation/Employers Liability; (b) Automobile Liability; (c) Commercial General liability; (d) Professional Liability; and (e) Umbrella Liability. The certificates will include a copy of the endorsement on each policy, which requires written notice to the Owner in the event, or termination or non-renewal of at least sixty (60) days.

The certificates for the Commercial General Liability will also include a copy of the endorsement naming the Owner as an Additional Insured, providing primary coverage for Operations and Products/Completed Operations.

Waiver of Subrogation – ENGINEER waives subrogation against Owner as to Workers' Compensation including Employment Practices Liability, Automobile and Commercial General Liability Policies.

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(g) Each and every policy required by this contract shall be with a company that is rated by Best as A- or better. Further, the OWNER shall not be responsible for any deductibles established by such policies.

Chairman McQueen stated that staff is asking for authorization for Mr. Brannan to proceed with the Northeast Plant Bond Recommendation including any Task Orders with CH2M Hill.

Upon Motion by John Chafin and seconded by John Westervelt it was unanimously

RESOLVED: to approve CH2M Hill Task Order OP-04-01 for the Updated Bond Feasibility Study for the 2005 Series Bond Proceeding in the amount of twenty-three thousand two hundred dollars (\$23,200), including approval of any additional Task Orders with CH2M Hill.

Customer Account Analysis: Chairman McQueen called on Wade Brannan, General Manager, who stated that some time ago the Authority had made some adjustment on delinquent payments or payments that had been deferred for various reasons. Mr. Brannan wanted the Board to be aware that the Authority is tracking those accounts, on a monthly basis, and staff has been able to workout some issues with some of our customers where we have write offs. At this point, we do not have enough data to indicate whether this is getting better or worst, but we will keep the Board informed on this every six months or so. Morris Kelly is keeping up with that information and just as soon as we have a clearer picture of the direction in which this information is going, whether better or worse, we will bring this information to the Board for discussion.

Board member, Wes Greene, commented that he had heard on the news that DeKalb County had gone up twenty-two percent (22%) on their water rates and he would like to know how this would rank the Authority.

Mr. Brannan explained that DeKalb County is closer to the Authority than they were, but they will probably remain a little bit below us because they are subsidized through the county's budget.

Chairman McQueen stated that this brings an end to the regular agenda. On behalf of the Board, Chairman McQueen wished the department heads a "Merry Christmas and a Happy New Year" and hoped that Santa Claus would come to see them all.

Upon Motion by Marie Barber and seconded by Lloyd Joiner it was unanimously

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RESOLVED: that the Board adjourns into executive session for land, legal, and personnel. The Board reserved the right to return to the open session.

The Board returned to the open session of the meeting.

Upon Motion by Lloyd Joiner and seconded by Wes Greene, it was unanimously

RESOLVED: to approve the request from Southside Developers for an easement on the Talmadge property.

Mr. Brannan stated that the Stormwater issue would be coming back up at a work session of the Commissioners to decide how they want to proceed with it. More than likely the Commissioners are going to ask the Water Authority to embrace this program and we will proceed from that point. Mr. Brannan added that the Commissioners have not taken any official action on this issue, but we have talked to the existing Commission, Chairman-elect Bell, and Wole Ralph, who is taking Commissioner Matthews' position and they are comfortable with this issue.

Mr. Brannan anticipates that the Commissioners will say that they want to move ahead with an intergovernmental agreement with the Water Authority to take this program over for them, as this is a water issue and anything associated with water the Commissioners would want the Water Authority to handle. The task order with CH2M Hill is approximately one million two hundred thousand dollars (\$1,200,000) which would extend over the next fifteen to eighteen months. Mr. Brannan stated that he feels the Commissioners will want the Authority to participate on a fifty percent (50%) level, which would be six hundred thousand dollars (\$600,000). Once the utility fees are collected, the Water Authority would be reimbursed for the six hundred thousand dollars that we had paid as our part of the task order costs. Mr. Brannan stated that the funds are available to front this money, and then get it back. With the Board's blessing, Mr. Brannan will represent that position to the Commission if they ask the Authority to participate in this Stormwater issue.

Board member, John Westervelt, asked Mr. Brannan when would the utility fees begin to be collected.

Mr. Brannan answered that it would be late spring or summer of 2006. When the Commissioners approve the intergovernmental agreement, they will be authorizing their portion and asking us to authorize our portion to setup a mechanism to collect the fee. There will need to be some things done on the Water Authority's end and on their end to get everyone in a position where that

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fee can be collected. The Commissioners will be approving the logistical study to determine what the fee needs to be and how we are going to collect it.

Mr. Brannan asked the Board to authorize the Water Authority to participate up to a fifty percent (50%) level on the initiation and implementation of the Stormwater Utility program, not to exceed six hundred thousand dollars (\$600,000).

Upon Motion by Wes Greene and seconded by Marie Barber it was unanimously

RESOLVED: that the Board approves the Authority's participation up to a fifty percent (50%) level on the initiation and implementation of the Stormwater Utility, not to exceed six hundred thousand dollars (\$600,000).

Mr. Brannan mentioned that next year would be the fiftieth (50th) anniversary of the Water Authority. He had been looking at some materials from the Columbus Water Authority, which had just celebrated their hundredth (100th) anniversary and had published a real nice magazine on the history of their Authority. In order to do something similar to this, Mr. Brannan had spoken to Chris Wood and Chris had estimated that the cost would be between thirty-five to forty thousand dollars (\$35,000 to \$40,000) to do a book of that caliber.

If we would want something like that, which is really a historical document for the Water Authority, then we would need your authorization to put Chris Wood to work on it, which would take some time to get some photographs developed and to interview people like Mr. Huie, Mr. Blalock, and retired employees. A lot of legwork will need to be done and develop dialogue for the script of the document. We will be doing some other things as well, but if we want to proceed with this quality document, I recommend to the Board that we authorize Chris Wood, with our public relations firm, JWA, to initiate the start of this document, not to exceed forty thousand dollars (\$40,000).

Upon Motion by Lloyd Joiner and seconded by John Chafin it was unanimously

RESOLVED: that the Board authorizes the Authority to work with Chris Wood of JWA to develop a quality document for the Authority's fiftieth anniversary celebration next year, not to exceed forty thousand dollars (\$40,000).

Mr. Brannan stated that the manhole rehab trailer that the Board had approved one or two meetings back, was actually a demo trailer that the vendor

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had taken to a couple of expos. Because of that they were offering it to the Authority for fifteen hundred dollars (\$1,500) less than quoted. Because the Board had authorized the purchase of the trailer at a higher amount, Mr. Brannan wanted the Board to be aware that the Authority would proceed with purchasing the demo trailer for a lower price than the Board had authorized.

Mr. Brannan stated the Mr. Hicks had mentioned a couple of meetings ago of the need for a customer information package (CIS). Because of the Stormwater issue, we had accelerated the preparation to get a Request for Proposal (RFP) out to try to see what packages are available. The costs for these packages go anywhere from four to five hundred thousand to two million. A software package would give us the ability to accept credit cards for payment, web access to the Authority, and would take us out of this "homegrown" computer package that we have that has to be patched every time we want to do something with it. This new software package would also give us the ability on this third issue of Stormwater, when and if we implement this. Right now we would not be able to add a third item on our bills if we had to. This system would give the Authority a lot of electronic amenities that currently are not available to our customers.

Vice Chairman, Lloyd Joiner, asked if this system would result in cost savings for the Authority.

Mr. Hicks explained that part of this system would have interactive voice response, meaning that you could talk to your "friendly" computer. Studies have shown that maybe twenty to twenty-five percent of the people might use that feature, so it might slow down the growth of employees but it does not necessarily reduce them.

Mr. Brannan added that another issue that they are looking at in the budget is a Call Center. The Authority gets so many calls on Mondays and Fridays that we cannot get them all in the system. This is just one step to manage that better and if we have to add additional staff it would be minimized.

Mr. Brannan stated that he brought some photos for the Board to see where the storm came through last week at the Shamrock CUB showing the tree damage. Other photos showed the damage where a truck going to the construction site at Shoal Creek ran off the road, through our fence and knocked out power to Shoal Creek and the water plant, stopping us from drawing water from the river. There was a good bit of damage, which they will pay for. These insurance issues are really critical to us. We are minimizing the Authority's risk because these things happen. This is minor, but they can be as serious as the issue at Hooper, or something as minor as this. We want the people involved to be the ones to pay for

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the damages and the only way to be sure that we are covered is for the Authority to require the insurance requirements that we have.

Mr. Brannan showed the Board a photo of the inside of a pipe with buildup of minerals, which came from Forest Park near Mr. Chafin's pharmacy.

Mr. Hicks stated that the photo probably is a cast iron pipe that can be cleaned out and relined.

Upon Motion by Lloyd Joiner and seconded by Marie Barber it was unanimously

RESOLVED: that the regular session board meeting be adjourned.

There, being no further business to come before the open meeting the meeting was adjourned.

Pete McQueen, Chairman

Walter Marie Barber, Secretary/Treasurer