

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

Regular Board Meeting, September 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, Alan Horton, Allan R. Smith and John Westervelt. General Manager, M. Wade Brannan, Deputy Manager, Terry Hicks, Department Managers, Guy Pihera, Herbert Etheridge, Mike Thomas, Teresa Adams, 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, Dianne Hammock, Executive Secretary, Janet Matthews. Also present were: Steve Fincher of Fincher & Hecht, L.L.C., Geri Dickerson of CH2M Hill, Bryan Harris of Jim Wood & Associates Public Relations, Dan Farrar of SunTrust Bank, Ed Wall and Bill Camp of Knox Wall, and CCWA employees: Melissa Hammond, Stephen Gibbs, Michael Polite, Chuck Jones, Mark Cochran, Arthur Thompson, Jr., Daniel Salmons, Mike Taylor, Keith Lowry, Carol Lambert, Stacey Inglis, Renee Dumas, Charles Ecton, and Chris Sims.

Chairman McQueen, on behalf of the Board of Directors, welcomed everyone to the meeting, especially any visitors and employees in the audience.

Chairman McQueen called on Stephen Gibbs to give the invocation.

Approval of Minutes: Chairman McQueen called for any omissions or additions to the Regular and Executive Session Board Meeting Minutes of August 5, 2004. Hearing none they were approved as received.

Financial and Statistical Report: Chairman McQueen called on Emory McHugh, Finance Director, who presented the monthly financial and statistical report. This report covers the first quarter, the period ending July 31st, 2004.

Employee Recognition: Chairman McQueen called on Guy Pihera, Manager of Water Production, who stated that he had a number of staff members who have recently passed state certification tests. Mr. Pihera introduced Mike Taylor, an operator at the Smith Plant who recently passed his Class I certification. Mr. Taylor came to CCWA as a Class III from outside the Authority. The Board gave Mr. Taylor a round of applause.

Next, Mr. Pihera introduced Keith Lowry, who came from Customer Service. Mr. Lowry was uncertified, but now he has obtained his Class I certification, having already earned his Class III and Class II. Mr. Lowry is an operator at the Hooper Plant.

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Mr. Pihera introduced Melissa Hammond who has received her Lab Analyst certificate. Ms. Hammond came to the Authority part-time as a college intern several years ago. Recently she accepted full time employment in our water production lab.

Mr. Pihera introduced Mike Polite who recently came to the Smith plant from Customer Service. Mr. Polite came as an operator trainee and has received his Class III certification from the state.

Mr. Pihera introduced Chuck Jones, who came from the General Service department where he was a mechanic, a very valuable skill to have at a water plant. Mr. Jones works the third or midnight shift at the Smith plant, so it is really good to have someone with his mechanic aptitude there during those hours. Mr. Jones came to the plant as a trainee, had obtained his Class III, and now has received his Class II certification.

Mr. Pihera stated that several of these people are here on their off shift. Chuck and Keith work midnight shift, Mike Taylor works the evening shift, and the other two work the day shift. Mr. Pihera added that he appreciates all of them for being here and congratulated them for their accomplishments. Those in attendance gave the employees a round of applause.

Mr. Pihera presented slides from this years annual Wetlands & Watershed Festival, held last Saturday at the Wetlands Center. This annual event is put on by our staff and advertised in the News Daily and the Authority's newsletter. Attendees come from all over, including local residents. This year inner-city youth groups attended. The event would not happen without our CCWA volunteers. This year 21 CCWA employees volunteered their time at the event. Mr. Pihera pointed the employees out during the slide presentation and added that there were 530 attendees that filed in and out all day. There were a lot of activities for the kids and that's what attracted the crowds.

Mr. Pihera added that there were 19 different exhibitors and the Authority had wild animals, snakes and birds of prey. One permanent new exhibit at the center is a live beehive exhibit. Thanks went to employee, Sean Sterling, who was instrumental in getting this exhibit set up. The American Cancer Society volunteers were active and made about four hundred dollars (\$400) selling lunch for the volunteers and the exhibitors. This event could not have been successful without all the volunteers that gave so freely of their time. CH2M Hill also had a couple of volunteers to help staff the event and Mr. Pihera wanted to recognize CH2M Hill for a one thousand dollars (\$1,000) donation towards expenses for the event. With donations and some sales at the event, these 530 visitors were able to come and visit our facilities for a net outlay to the Water Authority of one hundred forty-five dollars (\$145).

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Mr. Pihera also thanked our recreation staff, Jep Palmer and Robin Liles, who throughout the day and several days in advance of the event worked tirelessly getting things ready. Mr. Pihera then recognized key recreation staff member, Carol Lambert, our Senior Conservation Specialist and has been with the Authority since the inception of the Wetland Center in April of 1995. The Center opened in October in 1995 and Carol was instrumental in getting the center setup and on going and still going. Ms. Lambert is the driving force behind this event, having organized it, recruited it, originated it at the start, and Mr. Pihera wanted to give Ms. Lambert special thanks for all she does in keeping that facility fresh and exciting for our visitors. Mr. Pihera presented Ms. Lambert a Gung-Ho certificate for all her help. Ms. Lambert received around of applause from those in attendance.

Chairman McQueen asked Ms. Lambert if she would like to say anything.

Ms. Lambert stated, "No, well, I'm glad it's over for this year. This has become, I think, a really good event for the staff and the Water Authority as well as the community and it depends on a huge group of people. I have had a lot of support and I appreciate that. Guy and Water Production have been very, very supportive this year and it was actually fun. The planning is hard, but the event was a lot of fun."

Chairman McQueen added that he had received a call from Mr. Melvin Newman who was thrilled with what took place and bragged on all those involved in the success of the festival.

Chairman McQueen called on Teresa Adams, Manager of General Services, who introduced Arthur (Jr.) Thompson and congratulated him on passing his Wastewater Collection System Operator exam. Junior has been with the Authority in General Services for five (5) years and works as an Electrical Technician. Ms. Adams added that when Junior brought her his exam results he had a huge smile on his face and stated, "I did it!" Ms. Adams congratulated Mr. Thompson and he received a round of applause.

Chairman McQueen next called on Herbert Etheridge, who introduced Charles Ecton, who also recently passed his Wastewater Collection System Operator exam. Mr. Etheridge stated that Mr. Ecton has been with the Authority for thirteen (13) years and is our Wastewater Maintenance Coordinator. Mr. Etheridge stated that Charles has a passion for Wastewater Maintenance. There were chuckles from the Board.

Mr. Etheridge added that Mr. Ecton was recognized last year as one of the original eight inductees to GWEF's (Georgia Water Environment Federation) select society called "Golden Manhole" society. The society recognizes employees and engineers who work in the wastewater collection industry. Mr. Etheridge stated that it was a real honor for Mr. Ecton to be selected for that group. Mr. Etheridge added that Mr. Ecton does good

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work for the Authority and he is glad that Mr. Ecton is back in his section for the last two or three years. The Board gave Mr. Ecton a round of applause.

Chairman McQueen called on Mike Thomas, Manager of Program Management & Engineering, who introduced Daniel Salmons and Mark Cochran from the Land Management Department. Mr. Thomas explained that Mr. Salmons and Mr. Cochran have been working on their own to get their Wastewater Operator Certification and an opportunity came up where they could help out at some of the Wastewater plants. Both of these gentlemen work in Irrigation Maintenance at Land Management. Mr. Thomas added that they volunteered in February of this year to help out at those plants when the Authority was paying a lot of overtime to people who were filling in some gaps. Mr. Thomas explained that Mr. Salmons and Mr. Cochran were told that this would only be for a few months until the new Casey Plant got into operation and the Jackson Plant was shut down. Due to some problems with the Jackson generators, the Authority has not been able to shut down that plant. At first, the Jackson Plant was to close in July, and then it was August, now it is September and the Jackson Plant is still open. Hopefully, Mr. Salmons and Mr. Cochran will be able to move back to their regular positions. While they were filling in at the Northeast and Shoal Creek Plants, until operators from Jackson could move to these two plants, they earned their Class III Wastewater Operator License. Mr. Thomas wanted to thank both of them for filling in where the Authority has needed them. Both Mr. Salmons and Mr. Cochran have been working second shift and if you are a young person or family person, it is tough to be gone in the evening. Mr. Thomas added that he appreciates both of these men for all that time that they helped out and for getting their license. Both Mr. Salmons and Mr. Cochran received a round of applause.

Chairman McQueen expressed the Board's appreciation to all those who were recognized today for their accomplishments and added that the Board knows that the Water Authority is excellent because of men and women like themselves.

Chairman McQueen next recognized Ed Wall and Bill Camp of Knox Wall. Mr. Wall asked that everyone look at the handout that Mr. Camp was passing out. Mr. Wall stated that the total principal and interest payment that the Authority makes is \$18.9 million dollars a year. Mr. Wall explained to the Board their options about refinancing. Mr. Wall added that interest rates have come down and there is a potential savings for the Authority on some of the individual maturities. Mr. Wall stated that what he would like to do is get the Board's authorization to move forward with the advance refunding as long as the net present value savings on any maturity that Knox Wall picks would be 3% or greater. Mr. Wall added that the reason that he wanted to do this is because the Authority's Board only meets once a month and the market could get really squirrely between now and election day. If something were to happen and market conditions were to get just exactly right, Mr. Wall would like the ability to go into the market and capture

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the savings instead of waiting for the Board to meet again. Mr. Wall wanted to get a parameter resolution from the Board under what conditions the Board would like to do a bond issue. Mr. Wall added that the interest rates are at forty-year lows and in order for Mr. Wall to capture all the savings that the Authority can get, Mr. Wall needs short-term taxable rates to come up a little bit so he can earn more money in that savings account and nothing to happen to the tax exempt rates.

Chairman McQueen asked Mr. Wall that if the Board desires to do an advance refunding would the Commissioners have to approve this transaction.

Mr. Wall stated that the Authority and the Commissioners issue bonds jointly and the Commissioners would have to vote when the transaction happens but the Commissioners do not have to vote to authorize Mr. Wall to do it. The Commissioners will have to approve the bond issue before it becomes final.

There was some discussion concerning the information that Mr. Wall and Mr. Camp had handed out. Mr. Wall added that he would not bring it back to the Board unless the overall savings was at least three (3%), the industry average.

Chairman McQueen stated that some of the Board members might not understand this information in depth, like Mr. Wall does, so the Board is looking for guidance in regard to what the Board needs to do.

Mr. Brannan stated that the motion be contingent on authorization by the Board of Commissioners agreeing with the parameters that the Authority has established. Mr. Brannan would present it to the Commissioners for their review and that would give Mr. Wall the opportunity to do what he needs to do and complete the transaction in a short period of time.

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

RESOLVED: to authorize Knox Wall and the Authority's staff, subject to a joint resolution adopted by the Clayton County Commissioners, to proceed with issuing bonds to refund certain maturities of our current debt so long as the net present value savings was two point five percent (2.5%) or higher.

Banking Services Recommendation: Chairman McQueen called on Emory McHugh, Finance Director, who stated that Mr. Brannan provided staff with two basic parameters for doing banking services. The first parameter was to make any improvements that staff could in our Customer Service efforts and the second improvement was to see if the Authority could save any money.

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CLAYTON COUNTY WATER AUTHORITY
BANKING SERVICES PROPOSAL
AUGUST 2004

- I. Determination Of Needs / Environmental Scan
 - A. Need For Current Information And Transaction Initiation – On-Line Reporting System
 - B. Need To Optimize Technology – Checks On CD’s Full Reconcilements
 - C. Need For More Flexible Account Structure –ZBA’s
 - D. Need For Better Security Over Checks – Positive Pay
 - E. Need For Better Coordination Of Banking Services – Consolidation
 - F. Need To Offer Customers Additional Payment Options – Credit Card Payments
 - G. Potential Impact Of New “Check 21” Legislation
 - H. Recent Technological Advances – Positive Pay “Payee”, On-Line Payments
 - I. Bank Mergers – Potential And Pending
 - J. Cost Trends – Check Processing Costs Increasing ACH Processing Costs Decreasing
 - K. Current Interest Rate Environment – Flexibility In Managing Invested Funds
 - L. New Organizational Structure Of Finance And Customer Service Functions

- II. Preparation of Request For Proposal (RFP)
 - A. Had To Base Account Activity On Historical Information
 - B. Defined Certain Mandatory Services – On-Line Reporting, Positive Pay, Etc.
 - C. Defined Certain Desirable Services – Trustee Agreements, Credit Cards, Etc.
 - D. Pay For Services In Cash (Not Use Compensating Balances)
 - E. Defined The Interest Rate Parameters To Be Used – 90 Day Treasury
 - F. Asked Proposer To Include Any Recommendations For Improving Processes
 - G. Distributed To All Banks Having A Physical Location In Clayton County

- III. Pre-proposal Conference
 - A. All Proposes Were In Attendance
 - B. Addressed All Question In Writing – Disseminated To All Parties
 - C. Gave Proposes Opportunity To Meet With Company Staff And Inspect Equipment

- IV. Received Seven Proposals (Received And Opened By General Services Department)
 - A. Band Of America
 - B. Branch Banking An Trust (BB&T)
 - C. Peachtree National Bank
 - D. RBC Centura
 - E. Southtrust
 - F. Sun Trust
 - G. Wachovia

- V. Evaluation Process
 - A. Formed Review Committee Of Users – Renee Dumas, Morris Kelly, Stacey Inglis
 - B. Independently Reviewed – Emory McHugh
 - C. Goal Was To Identify Top Two Or Three Proposes During The Initial Review
 - D. Was Able To Exclude Three Banks From Final Grouping – Reasons Included:
 1. Location And/Or Number Of Branches
 2. Degree Of Technological Sophistication
 3. Lack Of Teller Interface With Positive Pay
 4. Ability To Offer Desired Services
 5. Interest Income Considerations (Different Federal Reserve)

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- E. Performed A Second Review Of Finalists
 - F. Reduced Number To Two – Primary Reasons Included:
 - 1. Cost Of Providing Services
 - 2. Ability To Offer All Desired Services
 - G. Made Site Visits To Two Finalists To Meet Staff And See On-Line Reporting Package
- VI. Award Recommendation
- A. Based On Evaluation, Recommending Banking Services Be Awarded To Suntrust
 - B. Primary Reasons Include:
 - 1. Allows For Greatest Consolidation Of Accounts And Services (Suntrust) Is Currently Our Trustee And Paying Agent On Our Revenue Bonds)
 - 2. Have A Processing Center In Stockbridge Were Deposits Can Be Made Until 6 PM With Same Day Credit (Potential For Additional \$2,500 In Revenue)
 - 3. Service Fees Are Lower Than The Other Proposer
 - 4. Stop Payments Are Effective Within Two Hours Of Being Issued
 - 5. Pre-Encoding Of Customer Checks Does Not Create Problems
 - 6. Satisfaction With Previous Bank Relationship
 - 7. Flexibility Of Administering The On-Line Reporting System

Mr. McHugh added that the staff had four or five weeks to actually look at this information while all the legal ads were being placed and then the Authority had a pre-proposal conference at which several of the proposing banks showed up, staff answered all their questions, Mr. Brannan was there, they met staff, looked around, and saw the processing equipment downstairs. Each of the banks had an opportunity to see our operations and provide a proposal to meet our needs.

Mr. McHugh stated that the Authority received seven (7) proposals, which were huge documents that were reviewed by a committee consisting of Morris Kelly, Renee' Dumas and Stacey Inglis. Independently, Mr. McHugh read the same proposals. At the end of this process, the committee and Mr. McHugh discussed the proposals. Three of the seven proposals were eliminated because they were not technologically where the Authority needed them to be. The four remaining proposals were read a second time and it was determined that they all could provide the same services. Mr. McHugh stated that the next criterion that was considered was cost. After looking at all the costs of the services it separated the different banks. The staff took the two banks with the lowest costs and made physical visits to look at their online reporting system and meet with their staff to evaluate what our four (4) year relationship with the bank would be like.

Based on our evaluation our staff recommends that the Authority initiate four (4) one year (1) contracts with SunTrust Bank for our banking services. Mr. McHugh introduced Mr. Dan Farrar who will be our account representative at SunTrust Bank.

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Chairman McQueen commented that Board members John Westervelt and Wes Greene also came to the Authority to review the proposals on the banking services.

Mr. Westervelt complimented the Authority's staff for the equitable way in which these proposals were reviewed.

Board member, Alan Horton asked Mr. McHugh how the cost of this proposal compared to the banking services that the Authority has used in the past.

Mr. McHugh added that he had separated out each banking service cost rather than using compensating balances. Mr. McHugh also stated that he is changing and adding different services such as credit card payments and also online reporting with full reconciliation. Mr. McHugh stated that the Authority would be doing a lot of different procedures, a lot more efficiently, like Mr. Brannan wanted to do.

Ms. Barber asked if SunTrust would be doing everything.

Mr. McHugh stated that currently the Authority has accounts at three different banks and consolidation would be more cost efficient. Each individual service would be reviewed.

Upon Motion by John Westervelt and seconded by Alan Horton it was unanimously

RESOLVED: based on the finance department's analysis, that the Authority moves forward with changing the Authority's banking relationship to SunTrust.

Mr. Brannan wanted to thank Emory, Stacey, Renee' and Morris who reviewed all the banking service proposals in detail. Under Emory's guidance, staff has gotten involved in reviewing the banking services and other financial operations within the Authority. Emory has been an excellent addition to the staff.

Chairman McQueen also stated that on behalf of the Board they appreciate their efforts.

Chairman McQueen recognized Gerri Dickerson who was here today filling in for Rick Hirsekorn.

Ms. Dickerson explained that Rick was attending an environmental leadership training class.

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ADS Contract Renewal: Chairman McQueen called on Herbert Etheridge, Manager Maintenance & Construction, who discussed the annual contract for Flow Metering with a slide presentation.

Clayton County Water Authority
Annual Contract for Flow Metering

The CCWA has been under contract with ADS Environmental Services for several years to provide Data Collection, Reporting, and Maintenance on 6 Wastewater Flow meters. These meters are used to measure sewer flowing into our system from other counties, and from our system into other counties, for billing purposes.

We are proposing to renew this contract for an additional year at no changes in terms or conditions and for the General Manager to sign the proposed contract extension. These funds were budgeted in the FY 2004 Budget.

The contract details are as follows:

Comprehensive Service & Data Support – 6 sites at \$702.00 per month each - \$50,544.00

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

RESOLVED: to accept staff's recommendation to renew the annual contract with ADS Environmental Services with no changes in terms or conditions and for the General Manager to sign the proposed contract extension for the six (6) sites at seven hundred two dollars (\$702) each per month for a total contract price of fifty thousand five hundred forty-four dollars (\$50,544).

Chairman McQueen stated that Mr. Etheridge was going to combine items G & H on the agenda with one motion.

Manhole Lining Equipment Recommendation: Mr. Etheridge stated that when the Board approved this year's budget last spring, staff budgeted ninety-three thousand dollars (\$93,000) to buy a track loader to use on construction jobs and for clearing sewer outfalls. As the year progressed, staff discovered that the Authority has numerous manholes in the Sewer System that need to be rehabilitated due to age and material breakdown. In previous years, the Authority has retained a contractor to do this work. Staff has evaluated this process and is proposing that the Authority purchase the equipment necessary to perform this Manhole Rehabilitation in house, using existing

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employees. The anticipated cost of the equipment will be seventy-six thousand dollars (\$76,000).

Clayton County Water Authority
Proposal for Manhole Lining Equipment
September 2004

In the FY 2004 Approved Budget, we had anticipated purchasing a track loader for use on construction jobs and clearing sewer outfalls. The budgeted amount was \$93,000.

As we have progressed through the year, we have discovered that we have numerous manholes in the Sewer System that need to be rehabilitated due to age and material breakdown. In previous years, we have retained a contractor to do this work at a cost of \$240.00 per vertical foot.

We have evaluated this process and are proposing that we purchase the equipment necessary to perform this MH Rehabilitation in house, using existing employees. The materials cost for this work is approximately \$70.00 per vertical foot.

The anticipated cost of the equipment will be \$76,000. We will have to rehabilitate 450 vertical feet of manhole (approximately 56 manholes) to realize a savings to the CCWA. We have several hundred manholes to rehabilitate in Jonesboro alone.

It is our recommendation that we redirect funds, for the acquisition of this equipment, from BU 621.59941 to BU 621.59944 as we feel that this is a more efficient method of completing this task. If approved, we will present bids to the Board in October 2004.

Equipment Storage Funding Recommendation: Mr. Etheridge continued with a slide presentation that explained the numerous pieces of equipment that must be protected from the elements during inclement/cold weather. The General Services Department is also in need of covered/enclosed storage for warehouse materials. Staff proposes to construct a 40' x 150" metal building to fulfill the storage needs with a total estimated cost of one hundred fifty-seven thousand dollars (\$157,000).

Clayton County Water Authority
Proposal for Storage Building on HQ Property
September 2004

The Maintenance & Construction Department has numerous pieces of equipment that must be protected from the elements during inclement/cold weather. This includes Pumps, Vacuum Excavators, Sewer Televising Equipment, Sewer Cleaning Equipment, and other specialized equipment.

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The General Services Department is also in need of covered/enclosed storage for warehouse materials. They must warehouse varied materials for use in Construction and Maintenance activities, and some of these materials such as valves, large fittings, etc. cannot not be effectively stored in an open environment due to deterioration of rubber parts and coatings.

We propose to construct a 40' x 150' metal building to fulfill the storage needs identified above.

40' x 90' – Enclosed/heated storage for M&C Equipment (11 pieces)
40' x 60' – Warehouse storage to include a 20' x 40' enclosed/heated area and a 40' x 40' covered storage area.

\$157,000.00 Total estimated cost

Funding source:

\$85,000.00 – Approved in FY 2004 Budget
\$ 2,226.00 – Savings on Backhoe Loader purchase (BU 611.59941)
\$ 2,012.00 – Savings on Dump Truck purchase (BU 611.59951)
\$13,400.00 – Savings on Utility Body Trucks purchase (BU 616.59951)
\$15,000.00 – Savings due to purchase of manhole lining equipment (BU 621.59941)
\$23,000.00 – Deferral of Sonar Profiler Purchase (BU 621.59944)
\$16,362.00 – Transfer of Outside Services funds (BU 611.561)

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

RESOLVED: to accept staff's recommendation to reallocate funds for the track loader from BU 621.59941 to BU 621.59944 and to construct a 40' x 150' metal building for a combined total estimated cost of one hundred fifty-seven thousand dollars (\$157,000) with funding as outlined. No new money, just reallocation of funds already in the budget.

Chairman McQueen asked Mr. Pihera to give the water report.

Mr. Pihera stated that the Authority is still behind on rainfall, being nine (9) inches below our average. Our reserves are at about ninety-seven (97%) percent full where last year we were at one hundred (100%) full. The Authority has quit pumping from the river in anticipation of gaining some water this weekend with the storm "Frances" coming through.

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Returned Check Fee Recommendation: Chairman McQueen called on Morris Kelly, Customer Accounts Director, who proposes increasing the returned check fee from fifteen (\$15) dollars, which was set by the Board in December 1989. It has been fifteen (15) years since the Authority has adjusted these rates. Mr. Kelly added that from 2000 until 2004 the Authority has seen an increase from about 137 returned checks per month to 245 per month on average. When the Authority receives these checks they have been run through twice at the bank checking for available funds, so the only option is to try and collect the funds.

Mr. Kelly commented that he has done a quick survey around the local counties here and they are currently charging from twenty (\$20) to thirty (\$30) dollars. Mr. Kelly stated that staff recommends that we increase our returned check charge from fifteen dollars (\$15) to thirty dollars (\$30) effective November 1st, 2004 giving us some time to notify our customers.

Board member, Wes Greene, commented that most of our water bills are not that much. Mr. Greene asked how much is the average water bill.

Mr. Kelly stated that during that same period of time from 2000 to 2004 the average value a month increased from a little over \$8,000 to \$22,000 in 2004. Mr. Kelly stated that a residential customer's water bill runs about sixty dollars (\$60) a month if they are on sewer and about thirty dollars (\$30) a month for water only.

Chairman McQueen added that the staff's time is tied up in trying to collect these funds.

Mr. Greene asked what the bank is charging the Authority.

Mr. Kelly stated that currently RBC is not charging the Authority, but with SunTrust there is a charge of one dollar (\$1) per returned item.

Mr. Greene commented that the Authority is being charged a dollar (\$1) and we are going to charge the customer thirty dollars (\$30). On a small check, this charge just seems to be high.

Board member, John Westervelt, commented that the bank is charging a dollar (\$1) for processing the check back to the Authority, but Mr. Westervelt stated that at his bank, Heritage Bank, they are charging thirty-five dollars (\$35). Mr. Westervelt added that what Mr. Greene is getting at is the amount of the check.

Mr. Greene stated that twenty-five dollars (\$25) would be a more reasonable amount.

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Mr. Brannan added that the Authority knew we were low on our returned check charges. The fee needs to be adjusted and in the water business thirty dollars (\$30) seems to be what is being charged.

Chairman McQueen stated that twenty-five or thirty dollars seems to be in line with the industry. It is not the amount of the check, but the amount of time that our staff has to spend on collecting these returned checks.

Mr. Greene stated that these people are poor and if they get hit with thirty dollars (\$30) by the bank and then the Water Authority charges them thirty dollars (\$30) they would be hit with sixty dollars (\$60) in fees. Mr. Greene stated that he believes that twenty-five dollars (\$25) is a reasonable amount.

Chairman McQueen stated to Mr. Greene that the people should not write a check for money that they do not have.

Mr. Greene added that these are poor folks.

Mr. Westervelt asked if the Authority made any exceptions where they would waive the fee for a check.

Mr. Kelly explained that there is situations where the customer might be a good customer and the bank made an error then the fee might be waived.

Mr. Westervelt stated that really all you can try to do is to cover your costs of your collection and effort time.

Chairman McQueen stated that he did not have any problem with a twenty-five dollar (\$25) returned check fee.

Upon Motion by Wes Greene and seconded by Allan Smith it was unanimously

RESOLVED: to accept the recommendation by management to increase the returned check fee from fifteen dollars (\$15) to twenty-five dollars (\$25) per returned check to be effective November 1, 2004.

New Service/Transfer Fee Recommendation: Mr. Kelly stated that he has a recommendation for a fee that the Authority currently does not charge. Our proposal is that any time that our staff goes out to turn on service or to take a reading for new service a fee would be charged. Mr. Kelly added that lots of times it takes two, three, or four times to turn the service on, because the customer may not be there and we turn the service on and something is on in the house, we will not leave the water on to protect the

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customer's property. Mr. Kelly added that staff is trying to come up with some way to cover man-hours and costs for additional trips. Mr. Kelly did a rough estimate of direct costs for people and equipment that are involved in this. The direct cost is about twenty dollars (\$20) per trip. Staff recommends that this cost be added to the customer's first bill and the recommendation is for the cost to be twenty dollars (\$20), which would help to cover the costs of the additional trips that are made.

Mr. Kelly added that he did a survey around the different counties and it varies as to what they do with this fee. Some charge twenty-five dollars (\$25), some charge twenty (\$20) and one charged twenty-five dollars (\$25) for same day service, but if it was after 4:00 p.m. then they charged seventy-five dollars (\$75). They must have had to put someone on overtime.

Mr. Kelly stated that staff recommends that the Authority charge a twenty dollar (\$20) service fee anytime the Authority goes out to take a reading and/or cut service on. Staff also recommends that this be effective November 1, 2004 so that we can notify our customers with a bill insert prior to the effective date.

Mr. Westervelt asked Mr. Kelly to explain what the current procedure is.

Mr. Kelly stated that if the customer has not had service with the Authority before, the customer comes in and pays a deposit of sixty dollars (\$60) for water only service and one hundred twenty-five dollars (\$125) for water and sewer service. Normal procedure is that the work is scheduled for the next business day.

Mr. Westervelt asked if all counties charge.

Mr. Kelly answered that not all charge. Fayette, Cobb, and Douglas counties do charge per order and Henry and Gwinnett counties do not charge.

The Board asked how much revenue would this produce.

Mr. Kelly stated that based on last year's numbers this fee would generate about three hundred thousand dollars (\$300,000).

Mr. Greene asked why this has not been discussed before.

Mr. Kelly explained that this has been discussed in staff meetings of Customer Service, but was actually a product of the breakfast meeting with Mr. Brannan by one of Mr. Kelly's staff members making a suggestion.

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Chairman McQueen stated that since water restrictions have been enforced, the Authority does not have the revenue flow that we did have. The Authority's finances are a lot closer now than what they were before the water restrictions.

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

RESOLVED: to accept recommendation of management to charge twenty dollars (\$20) for new service and/or transfer fee to be effective November 1, 2004.

Chairman McQueen complimented Mr. Kelly for the good job he does for the Water Authority.

East Lovejoy Sewer Request: Mr. Brannan stated that the Board had a letter in their packets explaining that about two years ago the City of Lovejoy had written the Authority a letter to look at sewer service in the city for an area around Tara Boulevard west of the railroad tracks. Mr. Brannan stated that the City of Lovejoy has written the Authority another letter about an area on the east side of the city, east of the railroad tracks, along McDonough Road, down to the southern city limits, just below the landfill. The City of Lovejoy has requested that the Authority look at what would be involved in providing sewer to the area east of the railroad tracks. Mr. Brannan gave a slide presentation to explain exactly the area under discussion.

Mr. Brannan stated that with authorization of the Board, the Authority would look at everything south of McDonough Road to see what would be a feasible way to serve that area. Mr. Brannan explained that the Authority does have a force main that runs back out to State Route 3 then goes out to Tara Boulevard, but we are having problems with that now. That is one issue that the Authority will have to handle even before the letter came along requesting a study of this area.

Upon Motion by John Westervelt and seconded by Alan Horton it was unanimously

RESOLVED: to authorize management to proceed with engineering and evaluation of the area in Lovejoy requesting sewer service.

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

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

Chairman McQueen called the Regular Board meeting back into open session.

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Mr. Brannan explained to the Board that the City of Forest Park has requested to purchase one of our abandoned water sites at the southeast corner of Summit Avenue and Parker Street in the city of Forest Park. Mr. Brannan added that the City is planning on turning this property into a park area.

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

RESOLVED: to authorize management to proceed with getting an offer based on appraised value for the property at the corner of Summit Avenue and Parker Street from the City of Forest Park.

Mr. Brannan added that any costs incurred the City of Forest Park will have to pay.

Mr. Brannan stated that at the Panhandle Road Wetlands the Authority had water coming out of the wetlands and going across the Lee property. Mr. Brannan met with Ms. Lee and she had an individual that she wanted Mr. Brannan to work with on her behalf to try and mediate the water going across her property. The Authority went in and built a couple of drives with culverts across these wet areas. Mr. Brannan called her representative and he was fine with what the Authority had done and recommended it to Ms. Lee. This issue seems to be worked out for all concerned.

Mr. Brannan mentioned that the phones have finally been installed at the Casey Plant yesterday and the operations people are moving into the plant. Mr. Brannan had Hu-Ray, our janitorial service that does the cleaning for this building, give us a price to actually perform the cleaning needs of the Casey Plant and the cost will be thirteen hundred twenty-five dollars (\$1,325) per month based on five (5) days a week. Mr. Brannan advised them to go ahead as this was a comparable price to do the headquarters building. Hu-Ray's contract will come up for renewal soon, but Mr. Brannan wanted the Casey Building to be clean and neat and kept up. Mr. Brannan added that he is working on a solution to take care of the cleaning needs. There are some staffing issues that management is dealing with.

Mr. Brannan added that when the construction was going on at the Jackson Plant we had to make a tie-in causing a planned discharge into the Flint River. The Authority talked to EPD before we did the work, but was still fined fifteen thousand dollars (\$15,000). Mr. Brannan talked with the EPD and told them that he did not think that this fine was appropriate and wanted to get out of paying the fine. The EPD would not let us out of the fine, but they did let us reduce the fifteen thousand dollar (\$15,000) fine to thirty-five hundred dollars (\$3,500) based on some money that the Authority was spending on the project in Morrow for stream mitigation. Mr. Brannan added that the thirty-five hundred dollar (\$3,500) fine would be paid to EPD soon.

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Mr. Brannan mentioned that over at Atlanta Beach the County is building a new Senior Citizen Center. Mr. Brannan wanted to restate a policy that the Authority has in place. The Authority does not charge impact fees to the School Board or the County when they build new buildings in the county. The County will be building a small lift station at this new Senior Citizen Center that will pump over to the lift station that the Authority currently has at Walt Stephens Road. The lift station for the new building will not be our responsibility. If the County were to ask for our help, we would assist them.

The policy of the Authority states that no impact fees will be charged for the School Board and the County. The County is also not charged for any labor nor do they charge the Authority any labor. We do charge for materials and the County charges us for materials. The Authority does charge the School Board fifty percent (50%) of the labor on their work and all of the material costs. If the Authority has to contract with someone to do the work for the School Board, since it is out-of-pocket expense, the Authority would charge the School Board one hundred percent (100%) of that.

Back in December of last year, Mr. Brannan had a Mr. Bridgman call with his concern about paying for a minimum of three thousand gallons (3) when he only uses one (1) thousand gallons. Mr. Brannan verbally stated that the Authority had established a three thousand gallon minimum based on our bonding requirements for a minimum revenue stream to be sure that we have operational money here at the Authority.

Mr. Bridgman requested a copy of the Authority's audit, which was sent to him. After reviewing the audit, Mr. Bridgman wrote a letter to Mr. McQueen. Mr. Brannan then drafted a letter from Mr. McQueen and sent it to Mr. Bridgman. Mr. Bridgman then wrote each member of the Board a letter stating the same issue of paying for the minimum of three thousand gallons. Mr. Brannan wanted the Board to be aware that Mr. Bridgman had written each of them a letter and Mr. Brannan would respond to Mr. Bridgman on their behalf.

Mr. Brannan stated that the Authority had some representatives from Morehouse College with the Brisbane Institute come down to visit the Casey Plant. Apparently, they had gotten some concerns from some of the residents about odors around the Casey Plant. They came down and Mr. Poff did a site inspection of what the Authority was doing at the Casey Plant in regard to upgrading the plant.

After that visit, they wanted Mr. Brannan to come down and view the plant with them as well. Mr. Brannan did view the plant with these folks and told about having a committee set up with some of the people around the plant to let them know what we are doing, how much we were spending, what issues we were trying to address by spending fifty-five to sixty million dollars. They understood what we explained and wanted to

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know the last time we had informed the residents that live in that area. Mr. Brannan stated that the Authority would send out information telling the residents about the transition from the old to the new plant and there may have been some odors associated with that, but they should be eliminated when we get the plant operating.

After that meeting, the representatives from the Brisbane Institute wrote Mr. Brannan a letter and stated that they understood what the Authority was doing and they appreciated the information. During the conversation of telling them what was happening between the Jackson and the Casey Plants, we explained that one of the generators at the Jackson Plant would be taken out of service and we really did not have anywhere to use it at that immediate time. They wrote a letter back to Mr. Brannan and wanted to know if the Authority would donate that generator to Morehouse College for a project that they were working on with Morehouse and Fulton County. With the Board's blessing, Mr. Brannan is going to write them a letter and state that the Authority would be using the generator in some capacity.

As the Board talked about earlier, when the Authority does rate adjustments we need to implement them in January or February. Mr. Brannan stated that the thing that will affect our rate structure over the next five years is the expansion of the Northeast Plant. We have done all engineering work and all of the work with EPD and have the permit to make improvements to that plant. We also have the Hooper site where the Authority needs to get backup generators and the Northeast plant will need generators. This will cost about seven million dollars (\$7,000,000). The total of all that, plus engineering services, will get us up to between fifty-five or sixty million dollars (\$55,000,000-\$60,000,000) that the Authority will need to go into the bond market and borrow.

Mr. Brannan added that the Authority does not have the revenue stream at this time for additional debt. Over the next couple of years the Authority will need to adjust the rates by about eight percent (8%) or adjust them one time by about fifteen percent (15%) in order to get the rates up where we have enough revenue stream to make the additional debt payment. After that time, the Authority would still be in a position where we would have to adjust the rates by some amount, somewhere between three or five percent (3% or 5%).

On September 21, 2004, at 11:30 a. m., at the Shamrock CUB, the Board of Commissioners has asked CH2M Hill to give them a presentation on the Stormwater issue and at that time the Commissioners would like our Board to meet with them to see what is the best way to proceed. Mr. Brannan stated that at that meeting it would be a good time to discuss with them the issue of a rate adjustment and give them an update on the Master Plan. Deferring the work at the Northeast Plant could result in the construction costs going up, the permitting issues may change and it would be good if we

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could make that fifteen percent (15%) rate adjustment. Mr. Brannan added that he did not like to talk about rate adjustments in percentages; instead it is better to talk about them in dollars. Money wise it means that for every thousand gallons of water it will cost about a dollar more for water and sewer customers and about 50 cents more for water only customers. Right now, the Authority's monthly minimum for customers with a 5/8" meter is three thousand gallons. So on a minimum bill it will be an additional three dollars (\$3). Based on using seven thousand gallons a month, which sixty-five percent of our customer base uses that or less, there would be an additional seven dollars (\$7). Therefore, no one will pay less than three dollars if they have water and sewer service and a water only customer will pay one dollar and fifty cents more. At this point, Mr. Brannan asked what the Board's wishes were.

Chairman McQueen suggested that the Board come to some kind of agreement as to what they take to the Commissioners. There was discussion in regard to rate adjustments and the future of the Authority.

Mr. Joiner asked how crucial was the upgrade to the Northeast Plant.

Mr. Brannan stated that under certain conditions the Northeast Plant is reaching capacity and under normal conditions is running at about eighty percent (80%) capacity. With the upgrade of the Reeves Creek lift station, which will allow us to pump some of that flow over to the Casey Plant, we will have some breathing room. If the Board decides to do this fifteen percent (15%) adjustment in January or February, then go into the bond market in the middle of next year and then bid the work, it will be towards the end of next year before it actually goes to construction, and from that point it will be about three years before the work will be completed. We are talking about a decision that really will impact the system four years from now. We have deferred this work on the Northeast Plant because we could not afford it and we did a five percent (5%) adjustment last year to move us forward with it but we are at a point now where we can defer it, but it will put us in a bind the further we push it out. Since the system needs improvement, we should consider a fifteen percent (15%) adjustment.

Mr. Westervelt asked if the fifteen percent (15%) would be enough to cover all the costs.

Mr. Brannan stated that would cover the generators at Hooper, the generators at Northeast, upgrading the capacity and operations at the Northeast and pay for CH's construction services.

Mr. Westervelt asked at what capacity that would put us. Mr. Brannan stated that would take us from 6 to 10 MGD.

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Mr. Brannan stated that he wanted to bring the Board up to speed on the wreck that he had called them about the other day. There were not any Water Authority personnel involved in the wreck. A citizen ran into a vehicle owned by the contractor who is constructing the Reeves Creek force main. The citizen is still in Grady and they will not release any information. That is why we insist on these contractors having good insurance.

Mr. Brannan reminded the Board that if they need a ride to the airport on Saturday, October 2, 2004, for the trip to New Orleans for the WEFTEC conference they should be here at the Authority at 8:00 a. m. and transportation would be provided. The flight leaves at 10:45 a.m. and the return flight on Tuesday, October 5th is at 10:45 a.m.

Mr. Brannan stated that the Fleet Wash contract for the vehicles has been extended for another year and it had a five percent escalation clause.

Mr. Brannan explained that at the pre-bid conference for the generators for the Main Office Complex we had five firms represented, but none of them put in a bid. There was only one that came with a bid, but he was late. Mr. Brannan stated that staff has made contact with the bidders to find out why they did not bid. Several indicated that having to have a Utility Contractor's License, which they did not have, was the reason. Mr. Brannan explained that the staff would rebid this work and bring the results back to the Board in either November or December.

Ms. Barber asked if one of the firms was the person that was at the How to do Business with the County meeting and he did not want to bid or did not have the Utility Contractor's License. Mr. Brannan stated that person was one of the firms.

Mr. Brannan stated that on Thursday, October 28th, the Authority has tentatively planned a dedication ceremony at the Casey Plant at 10:00 a.m.

Chairman McQueen asked Mr. Brannan to explain why the Board is meeting with the Commissioners on September 21st.

Mr. Brannan explained that the Stormwater issue is one that the Metropolitan North Georgia Water Planning District has established criteria that every jurisdiction should have in place to deal with stormwater. There are certain things that are going to have to take place and the EPD is using that as a guide as far as looking at jurisdictions. If you have a permit for a water plant, but you do not have these other issues taken care of like stormwater, wastewater, and water, they are going to hold up your permit until you get your house in order on these other issues. What that means is that our Commissioners are going to have decide how they want to deal with stormwater. Do

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they want to try to meet all the regulatory requirements or do they want to ask the Water Authority to do that.

The funding mechanism would be a stormwater utility that has been talked about. The stormwater utility basically charges everybody a fee based on the impervious area they have and the impact they have on stormwater quality. The report that came back from the feasibility study indicates whether the Commissioners want to do this or they want us to do it, the fee should be structured that way and they recommend that it be put on the water and sewer bill because everybody gets a water and sewer bill, but if you send a special tax bill to tax exempt properties such as churches, they might not pay it. If you send it on their water bill, they are going to pay it. If one does not pay the fee, their water will be cut off.

The funds that are collected from the stormwater fee would be set up like an enterprise fund. Every penny would do nothing but fund items such as the engineering, pipe replacements and personnel to manage the program. All the cities were a part of this and every one of the cities recommended that the Water Authority handle this, but that is a decision that the Commission is going to have to make.

There will be a lot of engineering and administrative work done upfront for a period of eighteen to twenty-four months before you could even start collecting that fee. The Commission will have to put some money upfront to pay for all this upfront work. After the fee is in place and collections start, the upfront money could be reimbursed. If it is decided that the Water Authority will oversee collecting this fee then there will need to be an intergovernmental agreement that will have to be reached between the Authority and the Commissioners with the Commissioners authorizing us to do certain things on their behalf and to collect that fee and do certain regulatory compliance issues with stormwater. At this point, we need to see where it is headed from the Commissioners standpoint.

Mr. Brannan stated that his thoughts on it are that if it is a water quality issue and it is tied to our plant permits, whether they are water or wastewater, then it would be in our best interest, long term, to be in control of what is happening.

Alan Horton asked if the Commissioners would make a commitment at the September 21st meeting.

Mr. Brannan stated that he believes that the Commissioners will listen to the report and listen to some feedback that we may have and may defer it to a later date or next year when the new slate of Commissioners take office. This is not something that the Water Authority is bringing to them. This is something that EPD and the Metropolitan North

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Georgia Water Planning District have put in their lap. The Commissioners asked us, along with the cities, to help CH do this feasibility study and bring them back some information to make a decision on the best way to address the situation.

Upon Motion by Wes Greene and seconded by John Westervelt 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