

**BOARD OF DIRECTORS MEETING
GREATER LAKE CITY REGIONAL UTILITY
JUNE 12, 2007 * CITY HALL**

The Board of Directors for the Greater Lake City Regional Utility, met on June 12, 2007, at 6:00 P.M. in the Council Chambers on the second floor of City Hall located at 205 North Marion Avenue, Lake City, Florida.

ROLL CALL AND CALL TO ORDER

1. Chairman Robertson called the meeting to order at 6:00 P.M. and indicated all Board Members were present.

BOARD OF DIRECTORS PRESENT:

John Robertson, Chairman of the Board
George Ward, Vice Chairman
Eugene Jefferson, Director
Mike Lee, Director
Stephen Witt, Director

PLEDGE OF ALLEGIANCE

INVOCATION – MIKE LEE

1. **MINUTES – BOARD MINUTES OF MAY 15, 2007**
Mr. Lee made a motion to approve the May 15, 2007 minutes. Mr. Jefferson seconded the motion. The motion carried unanimously on a voice vote.
2. **APPROVAL OF AGENDA**

Mr. Robertson requested a few additions to the agenda. Added under the Consent Agenda, 9. E. Tom Brown Invoice – \$2,665.03 for legal fees incurred in relation to the Butler Tract. Also added to the agenda under New Business, 10. E. Engagement letter for retaining Holland & Knight. Mr. Darby commented that this is a necessary procedure to confirm Holland & Knight will provide assistance to the City with regard to various utility matters and needs to be executed with recommendations to the City Council. **Mr. Witt made a motion to approve the agenda as amended. Mr. Ward seconded the motion. The motion carried unanimously on a voice vote.**

PUBLIC COMMENTS –

Mr. Stew Lilker spoke about a County-wide Regional Utility. He asked the City to reconsider the decision not to go forward with a Regional Utility. He requested that the Board review the proposed agreement from the County and come up with a counter-proposal. He stated that everyone would benefit from a Regional Utility. Mr. Robertson inquired if there was anyone representing the Columbia County Board of County Commissioners. There was no one present representing the Columbia County Board of County Commissioners.

3. **OLD BUSINESS**

- A. **Comments of the Chairman**

Mr. Robertson gave a presentation on the status of the Regional Utility. He said his comments will be divided into two parts. Mr. Robertson stated his first part was how the Board had made numerous attempts to work with the County in addressing the utility issues facing us. Mr. Robertson stated the second part of his remarks will deal with comments made Monday evening, June 4, 2007 to the City Council as well as comments made by the County Manager immediately following his remarks to the City Council. These remarks were made to Mr. Karl Burkhardt and appeared in the Lake City Journal the following day, Tuesday, June 5, 2007.

Mr. Robertson stated that Mr. Williams referred to an amended interlocal agreement. Mr. Williams was invited to our Board Meeting but he would be out of town but assured Mr. Robertson he would have representation at the Board Meeting tonight, but there is no representation from the County here tonight. Mr. Robertson stated the County has had an opportunity to form a Regional Utility with us under the provisions of F.S. 160, but the County never responded

B. Implementation Update of Wastewater Master Plan Presentation – Henry Sheldon

Mr. Sheldon presented a PowerPoint presentation on the update of the Wastewater Master Plan. The major components of the master plan are 1. that there will be two treatment plants, one on St. Margarets Road and a second plant somewhere south of the Cody Scarp. The only other major component of the Master Plan is that both plants will be advanced wastewater treatment plants. The St. Margarets Plant capacity will be limited to 3,000,000 gallons per day. Construction of improvements to this plant will be with a rural development 60/40 loan grant (40% is the grant and 60% is actually a loan). The second part is the phased construction of a reclaimed water system. We currently have \$3,000,000 that we have to start spending. Third feature of the master plan is how we are going to expand capacity. With the County's development plan to establish their own utilities, we can no longer plan for a large regional plant. We can only plan for short-term, smaller capacities until the matter of the County's service zones are resolved. The Butler Tract acquisition is still in negotiations. It is the best site for a proposed regional southwest plant. Mr. Reynolds then discussed the funding breakdown. The three action items were voted on separately. 1. Purchase Reclaimed Pipe & Fittings (\$500,000). **Mr. Lee made a motion to authorize the General Manager to spend \$500,000 of the \$3,000,000 grant to purchase reclaimed pipe and fittings. Mr. Ward seconded the motion.** A roll call vote was taken and the motion passed unanimously.

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| Mike Lee | - | Aye |
| George Ward | - | Aye |
| John Robertson | - | Aye |
| Stephen Witt | - | Aye |
| Eugene Jefferson | - | Aye |

2. Approval for the Jones Edmunds Associates Contract to move forward with the preliminary engineering report of their contract at a cost of approximately \$150,000. **Mr. Witt made a motion to approve Jones Edmunds associates to proceed with the preliminary engineering report. Mr. Jefferson seconded the motion.** A roll call vote was taken and the motion passed unanimously.

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| Stephen Witt | - | Aye |
| Eugene Jefferson | - | Aye |
| George Ward | - | Aye |
| Mike Lee | - | Aye |
| John Robertson | - | Aye |

3. USDA Loan/Grant Application Submittal. **Mr. Lee made a motion to approve the submittal to the USDA RUS for a \$5,000,000 Loan/Grant. Mr. Jefferson seconded the motion.** A roll call vote was taken and the motion passed unanimously.

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| Mike Lee | - | Aye |
| Eugene Jefferson | - | Aye |
| George Ward | - | Aye |
| John Robertson | - | Aye |
| Stephen Witt | - | Aye |

4. CONSENT AGENDA

Mr. Witt made a motion to approve the consent agenda as modified to include the Tom Brown Invoice – \$2,665.03 for legal fees incurred in relation to the Butler Tract. Mr. Jefferson seconded the motion. A roll call vote was taken and the motion passed unanimously.

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| Stephen Witt | - | Aye | |
| Eugene Jefferson | - | | Aye |
| George Ward | - | Aye | |
| Mike Lee | - | Aye | |
| John Robertson | - | Aye | |

5. **NEW BUSINESS**

A. **Employee Raise Policy – Scott Reynolds**

Mr. Reynolds stated that City Council had previously approved promotional increases. Mr. Reynolds is asking the Board to approve the same Administrative Policy for the Utility. **Mr. Jefferson made a motion to approve the employee pay raise policy as prescribed in Administrative Policy #29. Mr. Witt seconded the motion.** A roll call vote was taken and the motion passed unanimously.

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| Eugene Jefferson | - | Aye |
| Stephen Witt | - | Aye |
| George Ward | - | Aye |
| Mike Lee | - | Aye |
| John Robertson | - | Aye |

B. **Surplus Equipment – Debbie Garbett**

Ms. Garbett presented the list of surplus equipment from the Utility Department. **Mr. Ward made a motion to declare the property as surplus property contingent upon review by Mr. Darby. Mr. Witt seconded the motion.** A roll call vote was taken and the motion passed unanimously.

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| George Ward | - | Aye |
| Stephen Witt | - | Aye |
| Mike Lee | - | Aye |
| John Robertson | - | Aye |
| Eugene Jefferson | - | Aye |

C. **Water Treatment Plant Security System – Steve Roberts**

Mr. Roberts stated that the water plant was completed. He stated that we are about 4 days away from the pilot test, paperwork will be forwarded to the DEP for approval and then we will receive the permit that we can start pumping. Mr. Roberts said that due to three break-ins at the plant, we requested and received a quote of \$166,150 for security. Mr. Roberts also stated that in lieu of this, he could change employees' work schedule and have someone there at night for security purposes. Mr. Robertson requested Mr. Roberts come back to the Board next month with a recommendation on a security system.

D. **US Cold Storage Wastewater Connection – Scott Reynolds**

Mr. Reynolds stated US Cold Storage is building a facility across from the airport. This will create, initially, 50 new jobs and after build out will increase to 100 new jobs. They are requesting 5,000 GPD of wastewater at build out and they are outside City limits. They are requesting a variance. **Mr. Lee made a motion to approve wastewater connections to US Cold Storage. Mr. Ward seconded the motion.** A roll call vote was taken and the motion passed unanimously.

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| Mike Lee | - | Aye |
| George Ward | - | Aye |
| Stephen Witt | - | Aye |
| John Robertson | - | Aye |
| Eugene Jefferson | - | Aye |

E. **Engagement Letter for Holland & Knight**

Mr. Lee made a motion to approve the engagement letter for Holland & Knight to retain legal services and to be recommended to City Council. Mr. Jefferson seconded the motion. A roll call vote was taken and the motion passed unanimously.

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| Mike Lee | - | Aye |
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| Eugene Jefferson | - | Aye |
| George Ward | - | Aye |
| Stephen Witt | - | Aye |
| John Robertson | - | Aye |

6. **REPORT OF THE GENERAL MANAGER**

A. **Introduction of Nick Harwell, Director of Strategic Planning & Marketing**
Mr. Reynolds introduced the new employee, Nick Harwell.

B. **Employee Recognition Letter – Scott Reynolds**
Mr. Reynolds reported that we had received a complimentary letter from a citizen for Dani Deen and Joe Sheldon with the Natural Gas Department.

7. **CHAIRMAN & BOARD DISCUSSION/ACTION ITEMS**

A. **County Jail Capacity**
Mr. Reynolds stated that in January, 2007, 55,000 GPD was allocated to a new County jail project which is outside the City limits. Currently, the County has put this project on hold pending legislative reforms and the County Manager has indicated it may take a few years before capacity would be needed at the jail which has not yet started construction. Mr. Reynolds stated that based on recent economic opportunities coming into the community, he would ask the Board to remove the jail from our allocation policy. **Mr. Ward made a motion to withdraw the 55,000 gallon wastewater capacity allocation capacity which was previously committed to the new jail because they are not under construction at this point in time and do not anticipate being under construction before the one-year capacity allocation would expire. Mr. Lee seconded the motion.** A roll call vote was taken and the motion passed unanimously.

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| George Ward | - | Aye |
| Mike. Lee | - | Aye |
| John Robertson | - | Aye |
| Stephen Witt | - | Aye |
| Eugene Jefferson | - | Aye |

B. **County Intergovernmental Water Rate**
Mr. Reynolds stated that we only had one firm that responded to the RFQ for an Intergovernmental Water Rate Study. Florida Statutes requires three firms respond to an RFQ. We submitted this one firm to the County and the County then sent us a few different firms that could perform this study for us. We have not received any guidelines on how we should proceed forward with the rate study itself. Mr. Reynolds inquired if the Board wanted to proceed forward with the rate study. Discussion followed that it is the City water system and if anyone wants to buy water from the City, we can commission the study which the City would pay for and this would then become our rate. At the present time, we have no formal request for water. **Mr. Ward made a motion that at this point in time, until we have a formal request, in the form of a letter of intent to purchase water from the City based upon an agreement for the rates, there is no point in commissioning an Intergovernmental Rate Study. Chairman Robertson seconded the motion.** A roll call vote was taken and the motion passed unanimously.

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| George Ward | - | Aye |
| John Robertson | - | Aye |
| Mike Lee | - | Aye |
| Stephen Witt | - | Aye |
| Eugene Jefferson | - | Aye |

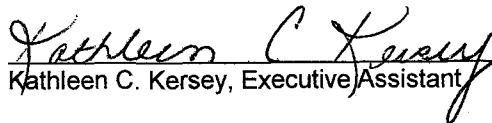
Also discussed under this Item B. was if the temporary rate should remain in place for the Ellisville application submitted by the County. Mr. Reynolds was directed to send a letter to the County requesting the County to submit a letter of intent to purchase water from the City. This letter from the City for a letter of intent would have a fifteen-day response time from the County.

C. **Third Party Utility**

Chairman Robertson stated this item was a discussion and potential action item reaching a conclusion for now regarding the Third Party Utility issue. Discussion followed about the Third Party Interlocal Agreement submitted by the County. It was stated that it was not in the best interest of the City to enter into an agreement for a Third Party Regional Utility as being structured and offered by the County. Also, before any agreement, the City should be paid for our equity in the system. Currently, the only rate payers are the City rate payers. The rates would have to triple or quadruple for about 10-15 years. There is no discussion in the County Interlocal Agreement about the City being paid for our equity and no discussion about the disposition of our employees. The County wants to serve the people in the unincorporated areas with utilities. The City also wants to do this, but not at the expense of straining the current system. Discussion also ensued about making a counter proposal to the County. Mr. Robertson stated that we need to determine our response to the County's revised proposal and for the City Council to vote on that. Mr. Robertson stated that the Board needs to: agree to pursue the Third Party Utility as proposed by the County, or that the Board is not interested at this time, or invite the County to work with us within the existing framework we have through Interlocal Agreements. **Mr. Lee made a motion that we recommend to the Council that we offer the County the opportunity to participate with the City within the existing framework of our utility through Interlocal Agreements to provide regional utility services. Mr. Jefferson seconded the motion.** A roll call vote was taken and the motion passed unanimously.

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| Mike Lee | - | Aye |
| Eugene Jefferson | - | Aye |
| George Ward | - | Aye |
| John Robertson | - | Aye |
| Stephen Witt | - | Aye |

There being no further business the meeting adjourned at 8:30 P.M.


Kathleen C. Kersey, Executive Assistant