

**MINUTES OF BOARD MEETING: March 11, 2021  
HENRY COUNTY WATER AUTHORITY**

**I. CALL TO ORDER/ATTENDANCE**

A meeting of the Henry County Water Authority Board, duly advertised, was held on Thursday, March 11, 2021, at the Authority's Administrative offices (Engineering Building) located at 100 Westridge Industrial Blvd., McDonough, GA. Mrs. Cletonya Stidom, Chair, called the meeting to order at 8:00 a.m. The following members were present: Cletonya Stidom, Warren Holder, Sandra Rozier, James C. Carter, Jr. and Siddiqa Gibson.

The following Authority staff and consultants were present:

Administration: Lindy D. Farmer, Jr., Tony Carnell, Kim Osborne, Roderick Burch  
Division Managers: Scott Sage, Scott Harrison, Allen Rape,  
Staff: Dan Newcombe  
Legal Counsel: Andy Welch, Smith, Welch, Webb & White; Ted Meeker, Sumner Meeker

**II. VISITORS:** None

**III. ACCEPTANCE OF AGENDA**

The Agenda was presented for acceptance by the Board. Mrs. Stidom advised that the discussion of the Costco Sewer Line Extension and Resolution will be removed from the Report of Attorney. Mr. Holder advised that he still had some questions regarding the matter and requested that a discussion be held. Mrs. Stidom acknowledged the request and advised that the matter will be moved to "Other Business" for further discussion. Mrs. Rozier requested an update concerning the status of the Authority's Charitable Assistance Program. Mrs. Stidom advised that an update will be provided to the Board via email. The Amended Agenda was accepted on motion made by Mr. Carter and seconded by Mrs. Gibson. The motion carried unanimously (5/0).

**IV. REPORT OF ATTORNEY**

Mr. Welch addressed the Board concerning the Authority's need to acquire a license from Norfolk Southern for the purpose of installing an 8 inch ductile iron sanitary sewer pipe beneath Norfolk Southern's tracks located near Highway 3 in Hampton, Georgia. He advised that several years ago the Authority entered into an agreement with Norfolk Southern providing for a fixed fee for future crossing permits. However, during his review of Norfolk Southern's agreement for this particular crossing he noted that the fee had been increased. That issue along with some other requested changes required ongoing negotiations with Norfolk Southern. He noted that there were some revisions that Norfolk Southern would not agree to, however, they did agree to the reduced fee in accordance with their previous Memorandum of Agreement with the Authority, as well as the inclusion of some language concerning liability. Mr. Welch advised that with those changes the agreement is now ready for approval by the Authority's Board.

Mr. Sage utilized a graphic to demonstrate to the Board the location of the line. Mr. Farmer advised that the Authority will be reimbursed for this expense by the developer of the project for which this line will provide service. Mrs. Stidom opened the floor for further discussion/questions. There were none and a motion was made by Mr. Holder and seconded by Mr. Carter to approve and adopt Resolution No. 2021-03 authorizing the execution of the agreement with Norfolk Southern for the required crossing permit. The motion carried unanimously (5/0).

Mr. Welch departed the meeting following his report.

## **V. EXECUTIVE SESSION**

Motion was made by Mr. Carter and seconded by Mrs. Rozier to enter into Executive Session for the purpose of discussing pending and potential litigation matters. The motion carried unanimously (5/0), and the Board entered into Executive Session at 8:09 a.m.

The Board returned to Open Session at 8:29 a.m. on motion made by Mr. Holder and seconded by Mrs. Rozier which carried unanimously (5/0).

The Board took the following action:

Resolution No. 2021-05 was presented authorizing the Chair to execute a Declaration of Taking for 0.3751 acres (Henry County Tax Parcel Number 053-01022000), Jodeco Road Easement Acquisition for Operation and Maintenance of Private Sewer Collection System located at 2074 Jodeco Road, McDonough, Georgia. Motion was made by Mr. Carter and seconded by Mr. Holder to approve and adopt said resolution. Mrs. Stidom called for any further discussion. There being none, all members voted in favor and the motion carried (5/0).

Resolution No. 2021-06 was presented authorizing the Chair to execute a Declaration of Taking for 0.0185 acres (Henry County Tax Parcel Number 053-01019002) Jodeco Road Easement Acquisition for Operation and Maintenance of Private Sewer Collection System, located at 2086-2100 Jodeco Road, McDonough, Georgia. Motion was made by Mrs. Gibson and seconded by Mr. Holder to approve and adopt said resolution. There being no further discussion, all members voted in favor and the motion carried (5/0).

Resolution No. 2021-07 was presented authorizing the Chair to execute a Declaration of Taking for 0.2177 acres (Henry County Tax Parcel Number 053-01019000) Jodeco Road Easement Acquisition for Operation and Maintenance of private Sewer Collection System located at 2140-2142 Jodeco Road, McDonough, Georgia. There was no further discussion and a motion was made by Mr. Holder and seconded by Mr. Carter to approve and adopt said resolution which motion carried unanimously (5/0).

Mr. Meeker departed the meeting at 8:41 a.m.

## **VI. REPORT OF GENERAL MANAGER**

### Quarterly Financial Report – Roderick Burch, CFO

Mr. Burch gave a presentation concerning the Authority's financial position covering the period from July 1 through February 28, 2021. Mr. Burch was requested to send a copy of his presentation to the members of the Board via email.

He reviewed the following information:

- Summary of Revenue (Projected vs. Actual) and Revenue Sources (water sales, sewer fees, 2 mil tax and other taxes, impact fees, miscellaneous fees, connection fees)

Questions:

Mrs. Rozier inquired how impact fees calculated and how they compare with fees charged by surrounding counties. Mr. Burch explained Commercial Impact fees are assessed at \$350 per EDU for water and \$1,350 per EDU for sewer. EDU stands for Equivalent Dwelling Unit. One EDU = 300 gallons per day. Commercial Impact fees were reduced in 2014 from \$700 per EDU for water and \$2,700 per EDU for sewer, to the current rate. He stated that the Authority's impact fees are a little lower than neighboring counties.

- Expenditures

Mr. Burch explained the categories of expenditures, and reviewed expenditures by department for the previous eight months. He advised that the bulk of the expenditures are for treatment, distribution and maintenance of the Authority's facilities.

Questions:

Mrs. Stidom inquired about the cause for the increase in the Authority's insurance expenditure? Mr. Burch explained that the Authority's biggest liability is insurance for its fleet of vehicles. He advised that he had questioned the Authority's insurance broker about the increase and was informed that there are increases across the board, not just the Authority.

- Debt

Mr. Burch explained the categories of the Authority's debt:

- GEFA/SRF Loans
- Revenue Bonds

- Review of Debt Service – Reduction due to Refinancing
- 6 month interest free on loans through GEFA/SRF – Saving the Authority \$550,000 in interest expense

➤ Cash/Investments

Mr. Burch reviewed cash and investments and advised that these funds are designated for future CIP projects.

Questions:

Mrs. Rozier inquired how the Authority will make up the additional funding needed for the CIP.

Mr. Burch advised that a significant source of revenue for the Authority is the 2 mil tax which will end in 2030. Growth and fees generated from that growth will provide funding, however, that growth will also require increased expenditures to meeting growing demands for water and sewer services. The Authority may need to seek additional funding through the issuance of bonds or GEFA loans. Mr. Burch noted that developer contributions are important, as the Authority does not budget for developer costs.

Mrs. Rozier questioned whether there is an opportunity for the Authority to partner with developers or provide assistance to help promote growth in the county.

Mr. Welch advised that according to Georgia law the Authority cannot spend tax dollars on developer projects. This is known as the gratuities clause. The Authority's ordinances do provide a process for developers to petition the Authority for assistance with line cost, if the line could serve future growth. The Authority can also assist with right-of-way acquisition if needed.

Sandra Rozier questioned if the Authority's CIP will include projects to serve some areas of the county without service?

Mr. Burch responded that the updated 2020 CIP will be presented to the Board at the May meeting. From a financial perspective, we cover the cost of system improvements with water and sewer rates and impact fees. Project improvements are paid for by the Developer.

➤ Charitable Assistance Program

Mr. Burch reported that 1506 customers have signed up for the program which generates about \$600.00 per month in revenue. He showed a slide with information on how the funds have been distributed by both Samaritan's Together and Connecting Henry. He noted that the report provided by Connecting Henry provides helpful data. Mrs. Rozier inquired whether



Budget Adjustments: BC2803A Bear Creek Sewer Outfall MH Replacement

Mr. Sage explained that this budget adjustment is for the replacement of 22 manholes along the Bear Creek Sewer Outfall which have been damaged by hydrogen sulfide.

There being no further questions Mrs. Stidom opened the floor for a motion to approve the projects as presented. Mrs. Gibson made the motion for approval which was seconded by Mr. Holder. The motion carried unanimously (5/0).

**VIII. APPROVAL OF MINUTES** January 14, 2021 and February 4, 2021 – Regular Meetings of the Board

A motion was made by Mrs. Gibson and seconded by Mr. Holder to approve the amended minutes of the January 14, 2021 and the minutes of the February 4, 2021 regular meetings of the Board. There was no opposition and the motion carried (5/0).

**IX. NEW BUSINESS**

**May Board Meeting/Work Session:**

Mr. Farmer noted that the Board’s annual work session will be held in May following the regular Board meeting. Some of the topics he suggested for the agenda were: budget presentation, policy review and capital improvement plan. He emphasized that this is the most critical meeting of the year. The meeting is generally conducted in the training room of the Authority’s Tussahaw Water Treatment Facility. Following the work session a tour of the facility can also be scheduled. Mrs. Stidom inquired regarding the possibility of virtual attendance. Mr. Carnell pointed out that due to sporadic internet service, a virtual option for attendance is not viable at this location. However, other locations can be considered, such as Walnut Creek Water Reclamation Facility.

**Costco Sewer:**

Mr. Farmer advised that he had received an email from Tim Jones (a copy of which was provided to members of the Board), informing that Costco is looking at other locations in Henry County for its project due to changes of the site work requested by Costco. Mr. Farmer advised that he and Authority staff had meetings with Mr. Jones and were able to lower some costs for the project, however, that was still not enough. Mr. Farmer noted that the cost of materials, curbing, etc. have risen considerably.

Mrs. Stidom noted that Costco’s decision to look elsewhere was not relative to any actions of the Authority. She emphasized that the Authority had been working with the developer and that the Authority had done all it had committed to do to assist the developer. Mrs. Stidom stated that there was an issue between the land owner and the developer.

Mr. Holder advised that he had some questions regarding the resolution that was removed from the agenda. He inquired how we got a resolution so quickly. He noted that

matters such as this are typically discussed by the Board first and then the matter comes back to the Board. He noted that the commissioner had requested that the sewer extension for this project be paid for with funds that were not available at this point. He stated that commissioners can make a request but that it takes the entire Board to approve the request.

Mr. Holder then questioned who makes the determination whether a sewer line extension is a system improvement? He referred to a map shown earlier of the proposed Costco sewer line extension and questioned how this would be considered a system improvement. He questioned whether the proposed extension was a system improvement or for Costco. He also questioned who authorized the attorney to prepare the resolution. Mr. Farmer advised that he had spoken with the attorney about it and that staff had a meeting with Mrs. Stidom, Mrs. Rozier and Fuqua staff. He noted that funding for the extension will be available at some point from the funds saved by the refinancing of the bond issue. Mr. Holder questioned shouldn't the Authority have a letter of commitment from the commissioner stating that the funds designated for that district will be dedicated to this project.

Mr. Welch explained the Authority's commitment to each district of a portion of the savings realized by the bond refinance. He noted that although there is not a current CIP for sewer line construction along the western parallel in district 2, it is anticipated that such project(s) will be included in future CIP's. The Authority decides where those funds are going, but we are listening to the requests of the BOC. Mr. Holder raised the question of what happens if the full Board of Commissioners does not support the request. Mr. Welch responded that the BOC does not make an appropriation decisions. The Authority's Board will make that decision, as appointees to the Board by the BOC. The Board member has the Authority to speak for his/her commissioner.

Mr. Holder questioned who decides what is system or developer improvement project as defined by the Authority's policy? Mr. Farmer replied that the Authority's ordinances speak to what is a project and what is a system improvement as defined by the Authority's impact fee ordinance. Mr. Holder emphasized that our policy provides that we cannot fund a private project. Mrs. Stidom noted that she tried to include language concerning economic impact in the definition of economic development to the resolution in December. Mr. Holder replied that the definition of economic development can be anything – it can't be defined. Mrs. Stidom stated that the issue is what does the Authority do about areas of the county that need improvements? Mr. Welch stated that Mr. Holder's question is a legal one and the broader discussion is financial vs. legal implications to balance these issues. Our ordinances and policies are consistent with state law and legal – on how we spend our revenues – confirmed by our enabling legislation. Mrs. Stidom inquired whether CIP is a planning function. Mr. Farmer pointed out that the May meeting is a critical meeting to discuss when the CIP is updated. The term "project improvement" is defined in the Authority's ordinances. Developers are required to pay their portion. Mr. Welch explained that the legal and financial implications must balance. If we remove developer requirements we create legal problems and financial problems. In this context, utilizing an overhead map, Mr. Welch explained the various options for providing sewer to the site and how each option could support the designation of either a system improvement or developer project. He stated a reasonable case can be made that this is a system improvement but looking at the project


alone could be considered a developer project. Mr. Welch emphasized that it is important for legal reasons to guard the Authority's policies, especially if you have to defend in litigation.

Mr. Farmer summarized the discussions that have been held to consider options for providing service to the Costco project and meetings that were also held. In December Commissioner Clemmons expressed agreement with the Authority's commitment.

Mr. Farmer emphasized that the Authority needs to be a stake holder in the western parallel discussions so that the Authority can plan accordingly. Mrs. Stidom stated that from Jodeco down to Hudson Bridge GADOT is negotiating for right-of-way acquisition. She emphasized that the Authority needs to be at the table.

**X. ADJOURNMENT**

Motion was made by Mr. Carter and seconded by Mrs. Rozier to authorize the Chair to execute the Affidavit concerning Executive Session matters. The motion carried unanimously (5/0). Mrs. Gibson made a motion to adjourn at 10:27 a.m. which was seconded by Mr. Carter. The motion carried (5-0) and the meeting was adjourned.



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Cletonya Stidom., Chair

Kim Osborne, Clerk