

TRANSCRIPTION OF TAPES FROM THE BOARD OF DIRECTORS AUGUST 8, 2007 SEWER INFORMATIONAL MEETING

Meeting was called to order and Kathy Busco, President introduced the new Board members.

The purpose of the meeting tonight is informational. We want to make it clear that no decision has been made. As we put in the Echoes last year, when we found out what was going on, you would find out. And that is exactly what is happening. As early as this morning, Bruce met with the engineer and there is a third option that we did not know could happen. We were told it couldn't happen and now they have said that maybe it could. You are learning everything tonight just as we are and more as we go on with things. Since Katrina, Utility Authority (UA) was formed. These people came to us and said "Let us tell you what is going on, what the Governor has done..." and I want them to explain it to you. A lot of you have questions - we had some questions as well that we have already posed to the board. (Instructions for submitting questions) Some of your questions will be answered by the presentation. The presentation will be available to be e-mailed to you, e-mail your questions back and we can have those questions answered for the next meeting.

Brooks Wallace of Dungan Engineering gave the presentation. Dungan Engineering is the engineering firm for the Utility Authority and we were the ones collecting information for the Gulf Regional Plan in DEQ in this area and we are the ones who originally met with the Hide-A-Way Board. We have Jeff Holliman, who is an attorney with Butler Snow; they are the attorney firm for the UA, Michael K. Folse is also an attorney with Butler Snow. Steve Lawler, who is the president of the Pearl River County Utility Authority, Tommy Breland, who is also a board member of the UA and chair of the Tech committee. Mike Resser, with the Health Department, is also present.

Steve Lawler gave introduction and thanked the homeowners for allowing them to come and make the presentation to Hide-A-Way Lake Homeowners.

Speaking for the Utility Authority, Mr. Lawler said that one of problems the UA has had since the organization was formed in 2006 is the misinformation through out Pearl River County as to what they are about and what they are trying to accomplish. The second thing is that the UA is not pushing Hide-A-Way to do anything. They came to make the presentation as a possible solution to our sewer problems. The UA was created by a legislative act in 2006 and signed into law by Governor Haley

Barbour. A copy of the act including the scope of this authority is, Mr. Lawler would be happy to distribute copies. Copies are also available through Dungan Engineering. They also have the rules and regulations which have been put together. He also cautions that this is a process which is very much being put together as they go forward. He commented on the participation of the Hide-A-Way property owners and their interest in coming to the meeting. The UA has amended their rules and regulations on more than one occasion because what they started with did not actually fit the need of the citizens of the county. The one thing you need to keep in mind is that the UA is not just looking at one community regardless of where it is in the county. It is a regional concept. There are five counties now participating in this and they meet once a month and talk about things that are going on in the other counties. At some point, not any time soon, you will see counties cooperating with one another when they are talking about supplying potable water to the citizen and treating lake and storm water. All of these things are going to come under this Utility Authority and your local board is going to be responsible for getting enforcing the rules and regulations in what the Act says is their scope of responsibility. The UA meets the first Monday of every month and alternate between Poplarville and Picayune. The meeting is at 6:00 P.M. at City Hall both municipalities. The UA welcomes guests at those meetings at any time just for gathering information and for inputting idea. New ideas are welcome and are needed.

The composition of the Board is as follows: four appointed members by the Board of Supervisors, two appointees by the City of Picayune, and one by the City of Poplarville. The UA wants to cooperate with everyone of this county to make it a better place for our children and grandchildren.

Michael A. Folse – attorney with Butler Snow. The UA was a result of Mr. Haley Barbour securing \$610 million worth of federal funding to help rebuild water and waste water infrastructure within the five Gulf coast counties. Pearl River county out of that is getting about \$59 million to start the infrastructure for water and waste water project. The presentation being given by Dungan is a twelve phase process if the homeowners choose to go with one of the options being presented. At step two, the preliminary engineering work has been done and the findings are going to be presented at this, the preliminary hearing. Cost estimates will also be given for the possible options as Dungan suggest this work should be done.

Brooks Wallace got involved after talking with the Hide-A-Way Lake Board about the needs of water and sewer in this area. After the initial discussion we were asked to prepare the preliminary engineering report which we have done for a sewer system in this development. Mr. Wallace made the attached presentation.

QUESTIONS FROM THE HIDE-A-WAY LAKE HOMEOWNERS:

(Questions answered by Brooks Wallace of Dungan Engineering)

WHAT IS THE ESTIMATED PERCENTAGE OF ERROR IN THE PRELIMINARY COST ESTIMATE?

We basically had to design a system – all the lines in the development had to be sized to get the number for the correct line size. The sizes go from 1 ½” to 8”, it is a low pressure sewer; it is not a conventional sewer system. The systems are approved by the Mississippi Department of Environmental Quality and are used all across the country and the state. There are some already in Pearl River County. For the estimated percentage of error, we contacted contractors to get their bid prices on what they would charge to do the work. It is estimated to be 5% plus or minus contingency on a \$13 million project.

WOULD THE MONTHLY OPERATING MAINTAINENCE COST INDIVIDUAL PROPERTY OWNERS BE ASSESSED NOW OR VARY BASED ON SQUARE FOOTAGES?

This would be partnered with your water system and your sewer bill will be based on your water consumption just like it is in all other municipalities

WILL THE COST TO NON-HOME OWNERS BE THE SAME SINCE THEY WILL NOT BE USING THE SYSTEM?

There would be no charge to lot owners who do not use sewer.

WHAT IS THE ESTIMATED VARIANCES IN MAINTANENCE COST ESTIMATES?

In the range of 2 – 15%. We simply, at the point, do not have a firm cost estimate on what our maintenance is going to be. We have three of these systems going into new developments right now and by the time, this project could be done, we would have a lot better numbers. We would have actual systems in ground at work. Our costs will be less expensive now with consideration for normal cost escalation. We are trying to use the leverage of possible grant money to reduce costs. It would be a financial strain on this club if we had to absorb all \$13 million.

IF THE SYSTEM WOULDN'T FLUSH DURING A DISRUPTION OF SERVICE, WHY WOULD THE PROPOSAL BE TO INSTALL A SYSTEM WHICH WOULD FAIL WHEN THERE IS A POWER LOSS?

That is what the generator plug is for. We could put a generator on every single pump but that just increases the cost.

HOW WOULD THE SYSTEM WORK WHENEVER THERE IS LONG-TERM POWER OUTAGES?

This information is given elsewhere in the report.

PLEASE EXPLAIN THE RATIONAL OF ECONOMICS ON HOW EACH COMMUNITY HAVE THEIR OWN TREATMENT PLANT VERSUS ONE LARGE PLANT SERVING SEVERAL COMMUNITIES.

The technology that we are using is a scalable technology. Rather than putting in two or three million gallon a day waste treatment plant. We can put the treatment in as it is needed. That is how we are able to offer the option that not everyone is added at once. This community would need, I think, 800,000 gallons a day waste water going through the system. That would be the design flow. Having to build 800,000 or million gallon treatment plant, we would be able to phase it in as connections are needed.

WOULD IT PREVENT FAILED SYSTEMS THAT ARE DOWNHILL FROM THE COLLECTION LINE BACKING INTO THE HOUSEHOLD?

There will be a check valves on each service lines which come in which will not allow waste water to flow back into each individual house.

IF THE PUMP GOES OUT, DOES THAT MEAN THE HOUSEHOLDS WILL BE WITHOUT SEWAGE UNTIL THE PUMP IS REPAIRED OR REPLACED?

No, there is a backup time with an excess capacity built into this system which would allow 36 hours of normal use before it would fill up.

IF THE SCANNER SYSTEM MONITOR VIA TELEPHONE CALL, HOW WOULD THAT SYSTEM WORK IF THE TELEPHONE LINES ARE OUT DURING POWER OUTAGES?

The scanner system would not be connected to each home, each pump would be connected to a land line phone line at your house. If you don't have one, then your system would not be connected to the automated system. All that means is that when an alarm comes on it does not automatically call but you will have an alarm in the form of a flashing light. The monitoring system just provides us for the majority of houses which do have phone lines to keep in touch without having to go out and check each system.

WHY DOESN'T ALTERNATE THREE STATE "DO NOTHING UNTIL SCIENTIFIC DATA MANDATES A NEED TO INSTALL A SEWER SYSTEM"?

Originally, we did not have an Alternate Three, but that may very well be the alternative you choose.

Kathy Busco directed the following question to the Mississippi Department of Health:

OUR SEPTIC SYSTEMS ARE SUPPOSEDLY SOME OF THE BEST KEPT IN THE STATE OF MISSISSIPPI AND MANY OTHER AREAS, WE HAVE BEEN TOLD, MODEL THEIR INSPECTIONS AFTER WHAT WE DO, WITH THAT IN MIND WHY IS THERE ALWAYS THE TALK OF THE PUSH FOR SEWER HERE? DOES THE HEALTH DEPARTMENT HAVE A TIME LINE FOR A MANDATED SEWER SYSTEM?

In some situations there are solutions or a repair but really, those are just a bandaid. Those are the problems we can see, there are those we cannot see. As far as relating other developments or subdivision, Hide-A-Way Lake has made great efforts in trying to maintain their existing system. There is no solution in long term short of this plan.

As far as what is down the road as far as mandating, the state does not have any type of maintenance requirement – we will probably see that in the future. That is something else we have to consider. Hide-A-Way is going to be limited on retainers should you have problems because of the small lots. We may be able to offer you a handful of options to repair systems or it might be one solutions or no solution. As far as onsite systems, you might be familiar with the term “perk test”, we don’t do “perk test”; we do a site and soil evaluation. We look at the soils colors, textures, modeling, restrictive “vorisions”. You might have a septic system that is 20 or 30 years old and we may approved those back then. It doesn’t mean that we might go out to your property and we might tell you that a septic tank with a field line may not be the best option for you. Just because you got one now doesn’t mean that would be what we would recommend today. Soil conditions obviously are going to differ all over the state and even in this community and you may have water table restrictions that vary that may give you options for conventional systems such as tank and drain field or alternate mechanical treatment plants. Obviously, the best way to treat waste water is, in those cases, conventional septic tanks, gravity fed, and let the soil treat the waste water. Some times you can’t have that as an option and have to use a mechanical system. You have to clean up the xxxxx and usually chlorinate it and then do something with this final disposal portion of it which takes up a lot of setbacks. It gets expensive. You are dealing with mechanic, motors, pumps, chlorinators and things like that. Some of our systems are in excess of well over \$10,000 and some of our conventional systems of septic tanks and drain fields are looking at a new system is about \$2,000. What you have now is not what you will get if we have to come out. We can be available to come out if you are having problems even washing machine influence as grey water is discharging. That is considered a malfunction. It is a state law that all waste water has got to be

maintained properly. Any type of seepage to the surface is a malfunction. During the hot, dry summer months, your field line may be working great but during the winter and fall months, when the water table typically rises, we see more xxxx. If water is seeping on the property you'll see a damp area where the field lines are, that is considered a malfunction. It is untreated effluence. It has a lot to do with soil and that is something you can't change or that we can change. You have to evaluate the soil with which we have to work.

HOW IS THE CENTRAL TREATMENT PAID FOR? WHAT PERCENTAGE OF THE COST IS CHARGED TO THE HIDE-A-WAY LAKE PROJECT?

Hide-A-Way Lake only pays for the treatment capacity that you use.

HOW ARE YOU GOING TO CHOOSE WHICH OPTION, THE \$9,000, \$5,000, OR \$2,000?

The option chosen, if one is chosen, will be up to the homeowners.

ARE WE GOING TO GO AHEAD WITH THIS EVEN IF THERE ARE LESS THAN 50% VOTES?

Definitely not, we are not here to push anything on anybody – we just want to offer a solution.

WILL ALL HOME OWNERS BE HELD TO THE SAME OPTION?

Yes, everybody would have to choose which option you would go with.

WHERE DID YOU GET THE \$9,000 PRICE TAG?

This amount came from our preliminary estimate for the total project. If you put 950 pumps on the lots and ran lines on all the streets in your development, you are looking at about \$13 ½ million and if you split that up, it comes to around \$9,000 a lot with equipment on it. Keep in mind that the unimproved lots won't have pumps and that is why the cost is \$5,000 less.

POLLUTION TO OUR WATERS OCCURS ONLY AFTER RAIN STORMS AND RUN OFF OF UPSTREAM FARMS AND SEPTIC TANKS, WHAT CONTROLS THIS FOR US?

Utility Authority has passed rules and regulation which will not allow any more developments less than 5 acres with more than ten lots without a sewer system. All new developments going in north of you will have sewage treatment plant and we are trying to get this discharge plant up here on the other side of the lake so that their waste water does not pass through to the lake.

WHY WASN'T A SEWAGE TREATMENT PLANT PUT IN WHEN THE SUBDIVISION PUT INT?

That would have been nice – we wouldn't be here tonight had it been done then.

HOW WILL ADJOINING COMMUNITIES BE BUILT?

The Utility Authority will have a waste water treatment rate which will be consistent throughout the county and the cost of the operating all the Utility Authority waste treatment facilities will be joined together and split up over the entire communities in order to minimize cost.

WHAT TRIGGERS COMPLIANCE?

I guess it would be the Health Department, DEQ, EPA, or a judge and we will talk about compliance for a mandated system.

WHO PAYS FOR THOSE WHO DON'T COMPLY?

In this case, if you didn't pay your sewer, you wouldn't have water.

WHERE WILL THE PUMP BE LOCATED?

The pump will be located very close to if not in the existing septic tank right around where the plumbing comes out of your house.

WOULD CORNER LOTS HAVE TO PAY TWICE?

No, corner lots are single lots and would be treated as one lot. It is not based on size or footage.

WHAT HAPPENS IF YOU SELL YOUR HOME? WOULD THIS AMOUNT COME OUT OF THE PROCEEDS?

If you had paid lump sum for your treatment equipment, then it should go on the price of the house. If you had a monthly or yearly assessments made, then it should follow through to the new property owner.

WHERE IS THE MONEY FRONTED TO GOVERNOR BARBOUR?

I think our total request we came up with \$250 million in project that we asked for Pearl River County. Of that, we put a very high priority on \$119 million and we were anticipating getting that much but we only got around \$60 million. We got the \$60 million but that is for backbone infrastructure, getting the infrastructure up this way. The money that got it this far didn't get voted on.

IF THIS PROGRAM ISN'T VOTED FOR ARE WE STILL GETTING A SEWER SYSTEM?

No.

WHY ARE THEY STILL ALLOWING SEPTIC TANKS TO GO IN NORTH OF US?

Good question. When the Utility Authority was formed and they created rules and regulations, they set up minimum acres requirements for the use of septic tanks. When you split a parcel, the minimum acre requirements for septic tanks do not apply to the existing platted parcel. If your parcel existed prior to the Utility Authority, you are not subject to the minimum acre requirements. We did that because, the minimum requirement set up by the UA if you have public water is one acre and if we hadn't put that exemption in for previously acquired lots it would not allow any more building in subdivisions such as this one. We are trying to prevent these problems from happening in the future.

WHAT WILL BE THE FASTEST TREATMENT PLANT YOU FACE FOR THE EXCESS CAPACITY?

The user of the excess capacity will pay for it not you. Two or three inch low pressure lines sounds inadequate. This system would have to be approved by the Mississippi Department of Environmental Quality. These are approved systems in use across the state.

KATHY MAKES A STATEMENT ABOUT THE 2/3 PETITION:

KATHY: The study that we did, we did not understand or think that we needed your 2/3s; we thought that came after the study. So we went ahead and did the study so we had a basis to make a decision on a petition.

BROOKS: I think the two-thirds petition was misunderstood by Dungan and by the Board. Typically what happens is that you have two-thirds of the homeowners in the community, without a homeowners association, does not have any organized way to pay for anything, and that two thirds of residents is required to start the study. Typically, then the two-thirds will guarantee the cost of the initial study by dividing the cost among the two-thirds.

KATHY: There will be another meeting on Saturday, August 25, 2007. You can come back with new questions. Please, please, please look at this stuff. Get it off the web site, really look at it and understand what it is all about and again come back with your questions on the 25th.

ADJOURNMENT

Motion to adjourn given by Kathy Busco, John Rodish seconded the motion. The meeting was adjourned by a unanimous vote of the Directors.

KATHY BUSCO, PRESIDENT

JIM DANTON, SECRETARY/TREASURER