

The Regularly Scheduled Meeting of the Board of Commissioners for Beach Mosquito Control District was called to order by Chairman Smith at 5:00 P.M., June 11, 2012. Smith requested the roll be recorded, and noted that all commissioners were present:

Present:	Commissioner:	John Smith, Chairman
	Commissioner:	Larry Couch, Secretary
	Commissioner:	Tom Easter, Treasurer
	Director:	James Clauson
	Attorney:	Amy Myers
	District Secretary:	Joyce Dean

Guests: Brad Gunn
Cindy Mulla

Approval of Minutes

Secretary Couch confirmed that everyone received and reviewed the minutes of the May 14, 2012 meeting, and asked if there were any corrections. Hearing none, he moved the minutes be approved as submitted. Easter seconded, and the motion carried unanimously.

Financial Reports

Treasurer Easter referenced the financial reports and noted the receipts were dropping steadily. Easter stated he had reviewed the Profit & Loss, Budget vs. Actual, and asked if there were questions or comments. Hearing none, he recommended the financial report be filed for audit.

Old Business

Chairman Smith reminded the board that a letter from previous Chairman Couch was sent to FAMU which specified the conditions under which the District would accept the PHEREC lease. Two of the conditions have been completed: the visit to the facility and inspection of the equipment. The last requirement was for FAMU to transfer to the District, the approximate \$82,000 balance of the infrastructure funds given to FAMU from the Florida Department of Agriculture. Smith advised the board that the District received a letter dated June 5 from Larry Robinson, FAMU Provost and Vice President for Academic Affairs, in which FAMU agreed to release the funds to the District provided the District commits to using the funds for conducting mosquito control research by purchasing scientific equipment and supplies. Smith asked for discussion or questions, and Couch referenced the third paragraph of the letter regarding the specific designation of the funds. He asked Attorney Myers if this would prohibit the funds being used for utilities, maintenance, insurance, personnel and other costs of operating the lab property. Myers responded that the designation precluded use for any purpose other than equipment and supplies, personal property assets of the District that would be used in furtherance of the mission. She continued that although insurance, utilities and personnel costs are also necessary to carry out the mission, those are intangibles and in her interpretation, are not the same as equipment and supplies. Couch suggested the District request FAMU to modify their response to include approval

to use the funds unrestricted. Smith responded that had already been requested. He stated that FAMU was reflecting the language that the Department of Agriculture gave regarding the usage of the funds, and a change in directive would have to be issued from the Department of Agriculture. Smith continued that when he approached them about this, the response was that they were not prepared to provide any more letters. However, Smith received an email stating they supported the District acquiring the facility to further the use for mosquito research. Couch stated his biggest concern was that if the funds could not be used for utilities and other operational costs, the District's funds would have to be used. He continued that the commissioners had all agreed from the beginning that the District could not afford to operate the lab facility without the potential funding from the requested FAMU funds. He related that the commission had decreased tax income consistently to the point that he had a big concern how much longer the District would be able to survive. He predicted that one hurricane would result in a problem. Smith asked Clauson to discuss the operation cost estimates for the lab, and Clauson referenced the insurance estimate of \$5658. Couch reiterated that this could not be paid from the FAMU funds; insurance is not supplies or equipment. Easter stated that it could; Myers stated that it could not. Smith related that during his tenure at PHEREC, the lab received a variety of contracts from many different sources. Included in those contracts, there was always a segment of the budget that included indirect costs to cover infrastructure costs to make the facility operational. Smith concluded that it depends upon individual interpretation whether the \$82,000 designated for equipment and supplies could be used for operational costs. Easter felt that supplies could include insurance, and Myers reiterated that in her opinion, it could not. Myers added that the board certainly had the option to disagree with her opinion; the use of the money with strings attached is always strictly construed, and if the Commissioners agree to use the funds for purposes other than those specified, there is the risk that the use may be challenged and the District will have to reimburse the fund from District revenue, and therefore that is the exposure. Couch agreed that was a concern. Smith emphasized that if the District accepts the lease, there will be \$82,000 given to the District. He agreed that there would be interpretations on how the money could be spent. He continued that the bigger plan would include making the facility available to other mosquito researchers and researchers in general who will contract with the District to utilize the facility for a fee, which could cover the operating costs of the facility. He confirmed, however, there was no guaranty for this revenue source. Chuck Fuller, the business operation manager for the Gulf Coast Marine Life Center in Okaloosa County, contacted Smith to ask if the District was closing the deal on the PHEREC land, and stated they were very interested in using the facility. Smith explained the Center is like a hatchery that produces different types of marine and shell fish, which are made available to the Federal and State governments to supplement the natural populations. The Center is interested in using the lab facility for that purpose as well as some educational programs along the same lines. Smith added that Clark Mosquito Control had also mentioned they wanted an operation here in Florida where they may conduct mosquito research, and there were other individual researchers as well who could be good prospects to cover the operational costs of the lab. He conceded that it was perhaps a gamble, due to the structure of the language governing the \$82,000, but he felt the District is under no obligation to keep the lease if it becomes a losing proposition, but could in fact turn it back over to the state and still retain the \$82,000. Easter felt that they money would be taken back, and Smith responded that the funds have nothing to do with DACS, but was given to FAMU, which could have kept it but chose instead to release the funds to the

District to provide an incentive for the District to accept the lease. Clauson added that currently, the District budget funds are used to purchase equipment supplies utilized at the District; some of the \$82,000 could purchase equipment and supplies for use at the District as well as the lab, in essence a "trade-out" of funds. Myers pointed out that the purchases would need to be used at the lab, and Clauson stated there was nothing to prohibit the use of such purchases at the District, as long as it was utilized at the lab property as well. Easter then moved as follows: "I make a motion that we accept the lease for the FAMU property with the stipulation that: (1) no tax funds from the Beach Mosquito Control District ever be used to maintain or enhance the property; (2) no Beach Mosquito employees while on duty at the district shall work at the lab, cutting grass, painting, etc. The employees may perform research work, with proper documentation; (3) a separate bank account will be set up to dispense these funds. When the \$82,000 is depleted and no source of revenue is in place to maintain the property, the lease will be terminated." Smith seconded the motion for the purpose of discussion. He stated he did not support the motion because of the restrictive stipulations that would prohibit the District from using the lab to any sort of a degree. Smith continued that he had studied the potential operational cost of the facility, including the insurance which will have to meet the specific lease requirements. He reminded the board of the high-dollar value equipment and supplies still remaining on the lab property. Easter asked if the District needed that and Smith responded yes, that it would benefit the District considerably. Easter questioned if the District could obtain the remaining equipment and supplies; Smith and Clauson confirmed that FAMU has agreed that the District would own anything remaining on the property at the assumption of the lease. Clauson continued that in addition to the thousands of dollars-worth of equipment the District has already received, there remains an equal amount to be obtained. Myers cautioned that the lease may contain restrictions that may require prior approval regarding the moving of the trailers from the property. Smith stated the lease allows portable buildings to be moved but of course not the permanent buildings. To minimize operational costs, Smith suggested the District move all equipment with value to one or two buildings there, then turn the power off to everything else. If everything was moved to the dog-fly building, Smith stated he was familiar with the operating costs of that building, and estimated electrical costs would be under \$300.00 per month. He felt the District could operate the facility for \$10,000 to \$15,000 a year. During that time, the District could harvest the equipment of value and possibly relocate one of the portable buildings to District property. Simultaneously, the profitability of making the property available to other entities and individuals for research purposes could be determined. Referencing the restrictions in Easter's motion, Smith stated it was obvious that the District would have to go to the site to look at the equipment. He added that several District employees have been to the site and transferred equipment already. Couch noted that if District employees didn't go to the site to clean it, the District would be required to hire the work done from an outside source. Easter said he had looked at the site recently and estimated a cost of \$2000 to \$3000 for mowing and site cleaning. He proposed paying District employees to clean up the site on an hourly pay basis, and charging the expense to the \$82,000. Clauson reminded him that maintenance could not be paid from the \$82,000 because it could not be classified as equipment and research supplies. Easter opined that the Board could do what they wanted to do; Myers agreed that the board could certainly act against her advice, but in doing so could possibly subject the District to repayment of the funds should the act be discovered and deemed adverse to the lease requirements. Clauson discussed having FAMU do the initial clean-up prior to the District assuming the lease, and

Smith added that under the lease agreement, DEP, FAMU and the District will meet at the site to conduct an inspection. Since the lease requires the holder to maintain the property, FAMU will be required to mow the property and return it to a presentable condition. Easter expressed his inability to justify to his constituents that the District may have employees working on a property off the beach. Smith responded that there are several benefits in acquiring the property that extend beyond the equipment and funding, in terms of preserving the facilities that were built there 47 years ago that took a lot of time acquiring, that help us maintain mosquito research, which is so important for the mosquito control districts because research is fundamental to how the districts improve their operations. Smith reviewed FMCA's goals to have research funds reinstated next year. They specifically identified the importance of continuing the research that PHEREC was doing; the lab can provide that capacity. He emphasized that the big picture would be maintaining the capacity for doing mosquito research that benefits all mosquito control entities, including Beach Mosquito Control. Clauson added that the only lab in Florida providing research is FMEL at Vero Beach, and that PHEREC did a lot of applied research, which the districts could use, and he felt that the District could continue the applied research. He commented that there are unknown factors that may surface next year or the year after which may allow the District to pursue grants, researchers using the facility for a fee, and obtain the revenue to support the infrastructure above and beyond the actual cost. Discussion continued regarding the benefits to the District by utilizing the facilities at the lab property that are currently not available at the District. Smith stated that whatever costs the District incurs for the lab property would be offset considerably by the funds and equipment being provided; the lab property would basically be an investment. He reiterated his opinion that if the District is in control of the property, the District would be in a position to negotiate with entities or individuals who may want the property. He cited a scenario in which developers would negotiate with the District and the Airport Authority so the District is rewarded monetarily for giving up the lease and therein allowing the Airport Authority to profit from the sale of the property. Clauson added that the equipment the District would obtain from the lab lease would be equipment the District would not have to buy and therefore represent a savings to the taxpayers of the District. Couch stated he had no problem with permitting District employees to perform necessary labor requirements at the lab property; that if the District accepts the lease, maintenance would become the District's responsibility, and that a research facility would be a plus for the District. Couch then asked Attorney Myers if the District could use the revenue generated at the lab or if the revenue would be restricted to lab use. Myers responded that the revenue would be restricted only to mosquito research purposes. She emphasized that fees charged for others to use the lab would have to be tied to the operational costs for that entity's or person's use of the lab.

Brad Gunn asked if the District would be responsible for any environmental clean-up that may be required in the future. Myers confirmed that the lease provides for Environmental Phase I or II at the State's discretion; the State can direct the District to complete either phase at the District's expense. Smith explained that in the past, PHEREC worked with DEP to set up wells on the site and monitored ground water and residue for several years. A problem was never identified and the wells were subsequently abandoned. Couch stated he would like to require confirmation in writing that the property is clean and clear of any contaminants. Smith stated he would like to direct Attorney Myers to examine the lease to ensure the District's interests are well protected. Regarding the environmental

approval, he anticipated the issue could be addressed when DEP, FAMU and the District went over the property, and possibly DEP or the District could require an Environmental Phase I or II audit. Myers responded that it would be the State's discretion; the State may or may not require it; likewise, if the District accepts the lease, the State could at any time require the District to have and pay for the audit. Smith stated this could be discussed with Mr. Duncan of the DEP. Smith stated he was not pushing for the commissioners to vote on the issue, but Mr. Bakker said FAMU is anxious for a decision. Smith did not recommend delaying the decision for much longer. Cindy Mulla asked if the lab use would be limited to mosquito research or if entities or individuals would be allowed to use the lab for other purposes. Smith explained that the Gulf Coast Marine Life Center work involves fishery and shellfish, which are non-targets; a large portion of the previous PHEREC research concerned non-targets, and he could see a tie-in to justify their use of the lab. Myers added that the deed that runs with the property does allow experimental work with chemicals, pesticides and other substances and procedures for testing the effective methods for control of mosquitoes. Mulla then asked if the District acquired the lease and FAMU did not perform soil testing, what would it cost the District to perform the tests. Myers responded that Phase I is somewhat superficial, but Phase II is more comprehensive and would be more costly, including an assessment of the severity of the contamination and an estimated cost to have it remediated. Myers could not give an estimate of the cost, and said it depends upon the results of the tests and other factors.

Smith stated he had prepared a list of things that need to be done at the site and said lawn maintenance would be the least of the time required. He informed the commissioners that once an inventory has been completed, they will see that the District would be receiving probably \$100,000 in equipment. Clauson added that some equipment transferred to the District may be deemed surplus and thus made available to other districts for a fee. Myers added that the lease contract holds a provision that allows the State to determine what equipment stays with the property at lease termination. Smith continued that he (Smith) would need to invest a good portion of his time there because of his knowledge of the center. One of his suggestions to Clauson was to hire, on an hourly basis, a previous PHEREC maintenance person to transfer knowledge to the District personnel regarding such things as the electrical, HVAC, plumbing, well and security systems. Smith continued that there were a lot of little things to be done to make it come together, but he felt that it would be well worthwhile and the District will be in a no-lose situation. If not, the District could always drop the lease. Myers reminded Smith that the lease would require a six-month notice to do so. In addition, the District would remain responsible for the property until the lease is assumed by another entity or reverts to the Airport Authority. Smith reminded the board that FAMU could have easily refused to continue to work with the District and simply allowed the property to revert to the Airport Authority. Smith continued that he would like Myers to thoroughly review the lease to protect the District's interest. He will discuss the environmental assessment with Mr. Duncan, with DEP, request FAMU to cut the grass at the site, and present his findings to the board. Brad Gunn asked if the cost of flood insurance was included in the insurance proposal, and Clauson responded the quote was based on the same insurance coverage currently at the District and he believed flood was included. It was agreed that Myers should make this a part of her review of the lease requirements. The discussion continued and addressed the adequacy of the current District personnel to handle additional duties. Smith stated there was a motion on the floor,

seconded for the purpose of discussion only, since Smith did not support the motion. Easter called for question and Smith called for vote. Commissioner Easter voted in favor; commissioners Couch and Smith voted against, and the motion was overruled. Smith stated the plan going forward was to have Myers review the lease agreement, he (Smith) will check with DEP regarding the environmental and lawn mowing issues, Clauson will verify flood insurance coverage, costs and requirements. The board discussed when the decision should be made, if a special meeting would be necessary, and ultimately chose to move the regular July meeting to Tuesday, July 3 at 4:00 P.M. with appropriate public notification to be made.

Clauson referenced the preliminary budget distributed to the board at the April meeting, as well as a millage comparison sheet included in the board packages. He noted that, at the current millage rate of .1438, estimated tax funds would be \$999,041.77. Clauson estimated carry-over will be between \$200,000 and \$300,000, but added that the carry-over could be reduced if another heavy rainstorm required the District to buy additional product for mosquito control. Smith noted that with the lesser carry-over predicted and the existing millage rate, available funds will be less than the preliminary budget, and therefore the budget will need to be reduced further if the millage rate is unchanged. Commissioners discussed the previous cuts in the budget, the millage rate remaining the same for so many years, the continued decrease in property values and the resulting decrease in tax dollars to the District every year, the decreasing carry-over each year, and the slight improvement in the amount of property value decreases. Couch emphasized that the board was elected to take care of the mosquito population, and as such must be concerned about the health issue. Easter expressed his concern about the continued decrease in carry-over funds and their eventual depletion, because these funds have to be used to make up for the decreased tax dollar revenue. Easter emphasized that taxes would have to be raised or expenses cut even further. Smith was optimistic that property values would continue in their current upward trend, which would increase tax revenue for the District without increasing the millage rate. He added that it would be helpful to have a better prediction for the carry-over figure. Clauson reiterated that weather conditions could make a significant impact on the carry-over amount; adverse weather could result in most if not all carry-over funds being used for product prior to the fiscal year end. The end result would be projected revenue of under \$1,000,000 and a budget for a higher amount. Clauson asked for the board's inclinations regarding the millage rate; raising the rate to provide for the preliminary budget requirements; keeping the same rate which would require further budget cuts. He stated the budget had to be in Tallahassee by July 15, and reminded the board that a rate could be set for budget purposes and could later be reduced if so desired; however, the rate could not be increased from the rate the board would specify. The final decision on the millage rate would not be required until September, but a tentative rate would need to be established by the July 3rd meeting for budget purposes. Clauson pointed out that at the current rate of .1438, the taxes on a house valued at \$125,000 are \$10.79; for comparison at a millage rate of .1890, the same \$125,000 home would pay \$14.18, an increase of under \$4.00 per year. Brad Gunn commented, from the perspective of a beach property owner, that most home owners care little about the actual millage rate, but are only concerned about the dollar amount of taxes they pay. He cited as an example that if he paid the same dollar amount, then his taxes had not been raised, even though the millage rate may have been adjusted to the roll-back rate. Gunn questioned what the options were, and said he feared a scenario such as the

State's insurance for homes. If the District has a bad year, the options become A. get a loan; B. issue a bond; or C. raise the taxes a substantial amount because the board did not plan well. He asked if it wasn't better to keep the dollar amount of the taxes at the same level, through approval of the roll-back rate, than to be required to subsequently assess a much higher rate. Cindy Mulla commented that the product prices the District is required to pay to continue their mission continues to increase as well. Clauson commented that the roll-back rate would be .1588, although he wasn't sure even that would be sufficient. Clauson stated the roll-back rate would bring the District around \$1.1 million, the same amount as last year. A discussion ensued regarding the budgeted money saved after the recent retirements, the scheduled step increase plan for the fiscal year, and the amount remaining in the current year budget to cover the remaining three months of this fiscal year. Smith stated he was not in favor of increasing millage rates, however, for preparation of the preliminary budget, he recommended the board use the roll-back rate to allow the preliminary budget to remain at the existing level, and adjust the rate downward toward the end of the fiscal year after the carry-over amount is determined, or adjust the budget accordingly. He added that in September, he would probably vote to keep the millage rate at the current percentage. The commissioners agreed with his recommendation.

Easter reiterated a question he had at a previous board meeting regarding the purchase of super-premium gas as shown on the gas bills he signed. Clauson confirmed the District does not purchase premium gas for the vehicles, and said he would contact the billing department to determine why the purchases are listed erroneously. Easter then asked why the District purchased the higher-priced synthetic oil instead of the regular. Couch commented on the value of the synthetic oil. Easter then questioned the ad in the chamber book that cost the District over \$1000. Clauson stated this expenditure was brought before the board, and was a three-issue ad for the chamber's Circuit magazine. He continued that the ad was part of the District's on-going effort to educate the public regarding the availability and functions of the District. Cindy Mulla added that the issues in which the District advertised were the high-mosquito count months. Easter stated he did not agree that the District needed to be advertising its services. Smith pointed out that at the last board meeting, the board chose to approve the LocalEdge services in lieu of most other advertising for a period to determine the effectiveness of the company's services.

The next item on the agenda was the Educational Incentive Program, to determine if the bachelor's degree required as part of the job description for the director and the aerial public health certification required as part of the pilot's position should cease being eligible for additional incentive pay. After a brief discussion, Couch moved and Easter seconded that the additional incentive pay be discontinued effective at the end of this fiscal year. The motion passed unanimously. In the May board meeting, the board discussed the possibility that the pilot's original salary had been set at a higher rate because of his bachelor's degree during a board meeting. Research of the minutes during that time period reflected no discussion regarding the pilot's hiring salary being increased due to the degree, and the board allowed the incentive pay the pilot receives for the degree to remain in effect.

Attorney Report

Myers reported there were no suggestions in the employee suggestion box. She informed the board that this budget year marked the seventh year her firm had been engaged by the District, and she would like to revisit the terms of that engagement. She is in the process of reviewing the monthly billing areas with the possibility of restructuring the way the District's payment to her firm is applied. One option would be to discontinue attending monthly meetings, so she may spend more time in research and issuing opinions for the board. Her goal would be to better serve the District within the budget perimeters. She will be discussing the matter further with Clauson, and invited the individual commissioners to provide their input if so desired. The commissioners were positive in their response. Myers stated she plans to have options for the board's review during the regular August meeting.

Director Report

Clauson reviewed and discussed the upcoming calendar events: June 2 was Danny Hood's birthday; June 8 – Ocean World at Gulf World; June 9 – Panama City Beach Garden Club; June 13 – Staff Safety Meeting; June 18 – Gulf Coast Radio Interview; June 20 – Naval Support Activity Safety Fair; June 22 – TRIM Training Clauson will attend; June 26 – AMVAC Open House in Axis, Alabama, where the Dibrom is made, to be attended by Clauson, Eddie Summers and Lee Duke; June 26 – Beach Public Library; June 26 – WJHG live coverage of the District, to include Channel 7 host Paris Janos in the helicopter; the week of June 25 – National Mosquito Control Awareness Week; July 1 is when the DR 420 Tax Notice goes out; July 3 – regular board meeting; July 4 – Independence day (District closed); July 15 – Detailed Work Plan Budget due in Tallahassee; July 18 – Woodlawn Church Quest Camp; July 28 – Dale Martin's birthday. Smith added that the Florida Coordinating Council will also be meeting on June 26, which will be web broadcast. Clauson related that the \$1,116,000 in state funding for FMEL in Vero Beach for mosquito control research that was approved by the House and Senate was vetoed by the governor and therefore no State funding will be available for mosquito control research during the coming fiscal year, the first time in 30 years that no State money will be available for mosquito control research.. Clauson continued that the State aid of \$991,800 for distribution to the mosquito control programs remained. Clauson stated that if the District accepts the lab lease, there is a possibility that the District may apply for and obtain grant funds for research. Smith distributed copies of the letter from the Florida Mosquito Control Association and briefly discussed their lobbying plans for the next fiscal year.

The commissioners reviewed and discussed the Dominate Mosquitoes by Trap Site, Secondary Traps and the Monthly Summary Report for May, as well as the Service Request Log and the Florida Arbovirus Surveillance Report. Clauson explained that three traps would be placed south of the Conservation Park, approximately a half-mile apart, for weekly monitoring. Easter questioned the high mosquito count at Camp Helen, and asked how we were treating the area. Clauson responded that Camp Helen is a State park and no treatment is permitted there. Clauson continued that the District monitors mosquitoes at two State parks; one on the east end and the other on the west end. Because no control measures are taken in the parks, the comparison of the trapping in the parks reveals the potential of mosquito populations in the remaining areas if those areas were not being treated by the District.

New Business

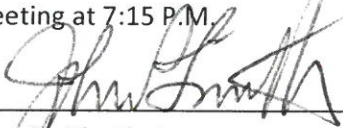
Clauson reviewed and discussed the letter from Dan Sowell, Bay County Property Appraiser, regarding the projected preliminary assessment roll for 2012 as well as the comparative letter from 2011. Smith asked if it was still foreclosures that continued to drive property values down and Clauson responded that new building was taking place. Brad Gunn commented on the continuing downward pricing of condominium units on the beach, which also affects property values.

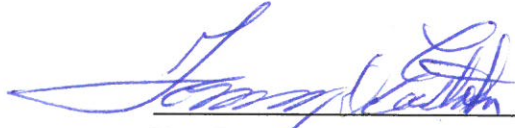
Clauson referenced the Director's Plan of Work/Components of Performance Appraisal that was utilized the previous year for his annual evaluation and his response in each area. The board will again rank each area; submit their findings including comments to Amy Myers by June 25th, who will compile the average score for discussion during the July meeting.

Announcements

Brad Gunn informed the board that Carlos and John from MCES told him Walton County may want to pursue aerial spraying and may be contacting our District for the service. A brief discussion ensued regarding an appropriate charge for aerial spraying services.

There being no further business to come before the board at this time, Chairman Smith adjourned the meeting at 7:15 P.M.



John Smith, Chairman

Tom Easter, Treasurer

Larry Couch, Secretary