

**PUBLIC ENTITY PARTNERS
BOARD OF DIRECTORS
MINUTES OF SPECIAL MEETING
DATE OF MEETING: JANUARY 17, 2020
BRENTWOOD, TENNESSEE**

The Board of Directors of Public Entity Partners (“PE Partners”) met in a special meeting at 10:00 a.m. on January 17, 2020 at PE Partners’ office in Brentwood, Tennessee.

Board Members present: Chairman Curtis Hayes, Vice-Chairman Randy Brundige, Victor Lay, Dr. Christa Martin, Lois Preece, Todd Smith, and Sam Tharpe

Board Members participating via telephone conference call: John Holden

Board Members absent: Jill Holland

PE Partners staff present: Dawn R. Crawford, President/CEO; and Charles DeMore, Executive Vice President & CFO

Also present: Russ Farrar, General Counsel; Kristin Berexa, Associate General Counsel; David Parsons, Counsel for Dawn Crawford; Jim Morrison, President of Public Risk Services, Inc.; and Lindsey Perry with Elite Reporting Services.

Chairman Hayes called the special meeting to order at 10:05 a.m. and asked everyone in the room and those participating via telephone conference call to introduce themselves.

1. CONTRACTS AND BY-LAWS

A. PRESIDENT/CEO CONTRACT

Chairman Hayes thanked Board members for meeting here today and said he thought it would be necessary for all Board members to get a grasp on the contracts that PEP are involved in so he thought the simple way to do it is just call for a meeting and let our general counsel go over the contracts. At this point Chairman Hayes turned the meeting over to Farrar and Berexa.

Farrar thanked Chairman Hayes and said what we have tried to do is put this notebook together kind of in order that we're going to go so it will make it real easy for you to follow us. The first item is the minutes by the contract committee in 2010, and I see I was on that. Sam Tharpe was on it. Mayor Rowland, Mayor Kelley, Mayor Green, and I think "Bones" Seivers sat in on the meeting, and that is where the compensation committee came together and voted on the contract. I did not vote. I want to be clear I didn't vote. The other members did, and you can see "Bones" attested to it, but that was the preliminaries on the contract given to Crawford, which is the second item in your packet where it says "employment contract." And if I need to go over this or you-all have any questions, stop me, but in essence, what the contract did was give her, at the time, three years with it rolling over for every year she doesn't get notice. So it stays three, three, three until notice is given, and that – my understanding, for the record, that notice has been given that it won't be renewed after the termination date right now. All the contract said was that she -- well, I say "all." It did say that she would make as much as the previous President, and that salary and bonuses can be adjusted from time to time by the Chairman in consultation with the President/CEO. I know we have been through this contract and been through it. Does anybody have any questions on this? I think we talked it, and I don't want to waste time if nobody has any questions.

Smith said I do. Just a quick question, and it just -- it relates to our action -- I think it's the last meeting the Board took about giving notice for the termination of the contract. On that Paragraph 1 there -- and I may not be wrapping my arms around this enough to get it -- but what does the phrase "It is to be extended for one additional year with the passage of each year unless either party notifies the other party six months prior to expiration date"? Is that not a year-to-year-to-year extension beyond that?

Farrar said the way that this has been construed and the only way it makes sense is it -- when you say "with the passage of each year," -- what it does, it adds a year to the contract. In other words, let's say you have a contract in 2013 for three years to 2016. You don't give notice at all. That contract, a year is added onto the end of it, so it would then be from 2014 to 2017, and that's the way it was designed, the way it's been explained to the Board, the way it's been interpreted. You would read out "with the passage of each year" completely out to do it any other way, and that's our opinion very strongly that you can't say you add a year with the passage of each year and then not add a year with the passage of each year, and when it references "expiration date," I think it really should have said "anniversary date," but it's clear when you talk about the passage of each year, what they meant is the date that the contract would expire on. In other words, June 30th in the case of this one. Did I answer your question?

Smith said I understand your opinion. I just -- I still struggle with what --. Preece said that doesn't seem to be what it says. Smith said yeah, but I'm going to go with your opinion because I --. Chairman Hayes said what I guess I'm asking -- what is your opinion that you think -- I guess I did not hear that. Smith said again, I'm certainly nowhere near an attorney, but when I read a contract goes from July 2010 to June 30th, 2013, and is to be extended for one additional year, so that means it's extended for one additional year after 2013 with the clause there "with the passage of each year unless either party notifies the other party six months prior." Smith said so I guess I read that to say, "When this was up in June 30th, 2013, it was extended another year to 2014, and when it expired in 2014, it was again extended another year into 2015."

Farrar said I guess I think I understand what you're saying. I just think that you read out -- it's "to be extended a year with the passage of each year." I don't think -- I mean, that would not make sense in this way. If you went down and you just extended it a year, then the contract becomes different than the term that it is. In other words, it's a three-year term, and you're saying, "We're not going to have to consider this." In fact, in the minutes it said to give her peace of mind that we have a rolling contract; that you add a year on for every year that notice is not given, which means -- basically it protects the employee, but it also protects the Board in that you're going to have continuity, but I think if you interpret it any other way, you're reading out "with the passage of each year" -- "to be extended one year with the passage of each year", so the extension -- once a year passes, you add a year onto the end. That's the way I'm -- okay?

Smith said okay. Farrar said are you -- I mean, are you okay? Smith said I trust your opinion; yes, yes. Farrar said I mean, do you see what I'm saying, though? Smith said I think so. Smith said I mean, I don't know if I can -- I still -- I guess I have a problem -- I can't grasp my brain around "the passage of each year," what that means -- "with the passage of each year."

Farrar said and that's the reason that I -- look, if I can give y'all advice, it's going to be on the safe side, and you can't read out of the contract the language "with the passage of each year." Smith said right. Farrar said that's in there; and the only way it would make sense is that way, because it says you add a year for each -- you add an additional year for each year that passes without notice being given. Smith said right.

Farrar said so that's why I'm saying the position that I think is correct -- and I've had some other attorneys look at that -- is that if you haven't given notice, it's like it starts over, like, at three years, and then another, but you -- as soon as you give notice, that three years starts to run, and there's no additional years added. Smith said okay. Farrar asked okay?

Dr. Martin said Mr. Chairman, I just need to say -- can I say something? Chairman Hayes recognized Dr. Martin. Dr. Martin said I just need to say that this is a uniquely different contract. I've been with city municipal government for 27 years, and I've never seen anything written like this. I just want, for the record, for that to be said from where I sit. We have all kinds of contracts in the City of Columbia with all kinds of people, but I -- but when it gets past that initial term for the contract, it goes to -- and maybe this language, the way it's in here, causes what you're saying to be true, but for me and what I've dealt with, when it gets past that first contract, it goes to one year, and that's the renewal that we're doing on the one year, one year unless counsel comes to the table and requests that another three-year be done on it. I just wanted to say that, and because of this language and me not being a lawyer and never wanting to be a lawyer.

Farrar said I shouldn't have been myself. Dr. Martin said we have to have laughter, but -- this language may be what's causing that, but, for me, that's what I've dealt with. Farrar said all I can tell you is this: I know that was the intent of that Board at that time, and then you looked at the minutes, and you looked at this plain language here. You can't read out of it "renewed an additional year with the passage of each year." If you did and just added one year on, then you haven't renewed it one year with the passage of each year. Dr. Martin said I get what you're saying. Farrar said you've renewed it one year with the passage of one year, and that's all you'll ever renew it, and it reads that totally out of it, so -- okay?

Chairman Hayes thanked Farrar and asked if there were any other questions for general counsel on this before we move on?

Lay said actually, I was just looking at -- I was going to ask Sam [Tharpe], was that -- you were there. Was that the intent?

Tharpe said it was the intent. Understand this: you know, we were in a mode where we were growing and doing things very positive and -- in the Pool at that time -- for PEP and I figured -- I know who wrote this. I know who wrote this. Ogden -- did you -- do you-all know Ogden? And "Bones." So -- and I'm not putting a lot on them, but, you know, they were pretty good counsels and they were going to be protected --

Farrar said and I'm not going to -- Sam [Tharpe], I don't want to interrupt, I'm not going to lie to you. Bones was involved in this too. Tharpe said well, that's what I said. Farrar said oh, I thought you said Ogden. Berexa said he said both. Farrar said I just didn't hear you -- you know I've got hearing aids.

Tharpe said they were very instrumental in growing the Pool to where it was at that point, so, you know, they were in protective mode for the Director and -- and for the people that were within PEP at that time, so, you know, they were looking outside the box to say if, you know, something came up and we had to do something in the nature of dismissal or anything, that was not even a concern. So you've got to understand the position of the Board and position of the Pool at that time, so...

Farrar said I will say this: you know, any future contracts that this Board does, you can change the way that operates, but I can tell you that was the intent, that's what was discussed, and you read that "with the passage of each year" out if you just extend it one-year period. So, I mean, it extends one year for each year. Tharpe said what Russ is saying is correct. Lay said okay. Tharpe said okay.

B. CLAIMS CONTRACT

Farrar said okay, guys. Here, you can let me have it now. I have -- the next one -- oh, excuse me. This is the one for Jim [Morrison]. I'm sorry. I meant to do mine next -- let me say this about --

Chairman Hayes said before we move on, is everybody okay with moving on to the next one? Farrar said oh, yeah. I meant -- I'm sorry. If there are any other questions or on the interpretation. Chairman Hayes said thank you; continue on.

Farrar said and the next one -- and I want you-all to please pay close attention to me on this, because this is a very long, very convoluted, very hard contract to understand, and what I want to do is, as briefly as possible, hit the highlights, and then if you have questions, thank goodness Mr. Morrison is here, I'm here, Kristin's here, the President's here. This contract is made between PEP and The Jimmy and Jennifer Morrison Living Trust. There are many lawyers that advise people to put their property in a living trust for different purposes; for continuity, for -- without having to go through probate, for tax reasons, all kinds of reasons, but in essence, the contract is a contract between Jim [Morrison] and PEP. So let me say that at the outset. Secondly, most of this contract goes through exactly what the claims people will do. In other words, this comes in. This is how you handle this claim. This is how you interpret it. This is where you go to get it interpreted. This is how you keep stock of the spending on litigation for each claim, the settlements of each claim. In other words, it is a full claims service, and I think that you need to know -- Jim, I lost that figure. Your figure is \$4 million? Morrison said it's \$4.4 million.

Farrar said \$4.4 million a year, and that includes him paying his rent, all his employees, the computer system, everything. It goes up --. Morrison said not the computer system. Farrar said oh, okay -- and it goes up two-point percent per year, which will cover -- he uses, very frugally uses -- to cover any increases in rent, phones, whatever, and give increases in pay to his employees. Morrison said 2.9 percent a year. Morrison said I have a staff of 29 -- I'm basically about the same size as PEP.

Farrar said I would also like to mention a couple things that I think are critical. One, if the President/CEO that was the President/CEO when Jim [Morrison] entered this contract, which was approved by the Board, I think, back in 2014, and I remember it was our meeting in Knoxville, if I'm not mistaken, provides a couple things. If the person who was the President at the time the contract was entered leaves the Pool -- or excuse - - I keep saying "Pool" -- leaves Public Entity Partners -- it is an insurance Pool, but I'm trying to get the name right -- then Jim [Morrison] has the right under this contract.

Farrar said what I wanted to say is, he has the right under this contract -- and I can tell you it was fully explained to the Board by Jim [Morrison] and I and Dawn [Crawford] -- that he has the right, if the President changes from who was President, Dawn [Crawford], when he signed this contract, he has the right to demand that PEP buy Public Risk Services for the sum of \$5 million. I want you to know that. He does not have to do that, but he has that right. Morrison said it's actually a --. Farrar said that being said -- oh.

Morrison said can I interject? It's actually at whatever fair market value is. In 2013, there was a certified valuation made of PRS, and that number was right at \$4 million eight years ago, so I'm estimating that would probably come in somewhere between \$4.8 and \$5 million in today's dollars. Farrar said yeah, and I'm sorry I didn't put it that way. Morrison said that's okay. Farrar said I just wanted them to know what I thought the actual exposure could be to the Board if we did that. That doesn't mean he's going to do that. Morrison said yeah.

Farrar said I want y'all to understand something on the flip side, though, that I think is very important to know. Jim [Morrison] has a pretty large family. Brothers, sisters, parents, nieces, nephews, and all that, but should Jim, his wife, and his two kids -- something happen to them, say they're on a trip and the plane crashes or something like that -- without doing anything with the rest of his family, he is giving PRS as a gift, no strings attached, to the Pool. That's how much he thinks about the Pool and how important it is to him, and I think it's important for you-all to know that. So that's what I wanted to go over. And, you know, I've got to tell you, from a personal standpoint, Jim and I work together almost every day. We're either looking at contract language, policy language, discussing situations, discussing how to handle different things, and I've got to just be honest with you. I don't know how you could get anybody that's any sharper on claims

than him, and not only claims but putting -- helping us work together to put in proper language into the policies that both protects our insureds and keeps the Pool clean and lawful on everything that we put into our policies, and I can tell you, members of the Board, with all due respect, that is an ongoing thing that we work on very, very often all year long. It's not a simple thing, especially -- let's say we've got our policies written. The law changes on the legislature. Then we've got to go back and evaluate and make changes based on changes that are made statutorily. So it is an ongoing process, and I don't know of anybody that I'd rather work with than Jim. He -- we communicate very, very well, for what that's worth to you-all. It's worth a lot to me, because I think it makes him a lot more effective and me a lot more effective. So I just felt like I wanted to say that.

Morrison said if I could add one comment, please. Farrar said sure. Morrison said the premise behind a lot of this is I am required to be a dedicated unit. I can't do business with anybody else. I can't grow my company. I couldn't go to Texas when Jack Floyd left the Pool and take on replicating what we have here in Texas. And so as a consequence of that, there have been negotiated some protections to ensure -- I'm putting all my eggs in one basket, and irrespective what the Board does in any form or fashion with the current President, I have no interest in -- and I'm happy to reduce that to writing -- to exercising that option until -- if I would ever exercise it until -- if PEP did decide to make a change, I would want to work with whoever that new CEO would be. Hopefully year, two years. I would see no reason for that provision to ever be exercised; however, just as a precaution, if, for some reason or another, someone else came in and didn't like me or whatever, I have a safeguard that all of a sudden my 35 years of contribution to PEP became zero.

Farrar said I'm sorry I didn't mention that, Jim. I meant to. Morrison said no, that's all right -- that's all right. Farrar said I'm working kind of on the fly here. Morrison said yeah, I just wanted to kind of clarify why some of the things are the way they are. Farrar said I just want the Board to know how valuable he and his operation are to us, and I did mean to mention that he doesn't do claims for any other entity except the Pool and --.

Tharpe said Russ, could I say something since my name is all in these minutes? Farrar said sure. Tharpe said I see the time and the value of what Jim [Morrison] does is so important to PEP, and I want the Board to understand that. He does a heck of a job. Very fortunate to have him where he is, as Russ [Farrar] has mentioned. And if you read these minutes, you will see -- I don't know how I ended up signing this, but I was not the Chair at that time. Evidently, Tommy must have ran out on us, and I had to sign off on it, but that's why I did sign off on it, because I did realize the value of what Jim is to PEP and to cities and towns across the state. So I want to clarify. This is pretty much what was in writing, and we proposed it, and we voted on it, and we agreed on it, and like I said before, the Board, at that time, we were moving in a very positive direction. Things were going well, and we were doing some good things, and their disposition was, at the time, when -- even with the Director from that standpoint that we need to move on and continue to do the things that we've been doing in the past. So I just wanted to share that.

Farrar said thank you, Sam, very much. And said I can -- I will say this to you: for the service that we get -- that we can provide to our members -- because of Jim's operation, number one, it's invaluable, and, number two, we're really getting a bargain. If you went outside to another independent claims service, first of all, you're not going to find one that will just take you as a single client, and they're going to be more expensive.

Chairman Hayes said I just have a question on the expiration date. And is the contract of Jim's anywhere close to renewing or expiring or -- and does it have an automatic rollover? I think that those are some of the things that the Board would be interested in doing. I think anyone here has got any --

Morrison said structurally, it works --. Farrar said you do have an automatic rollover. Morrison said except mine is a five-year. Chairman Hayes said okay.

Morrison said and it is a rolling five years -- same concept as Dawn's [Crawford] is that with each year, when a year expires, a year is added back if notice is not given of intent not to renew. Chairman Hayes said right.

Morrison said if notice of intent not to renew is given, then the rest of that year expires. Then there is four more years considered the notice period, and at the end of the notice period, which would be four additional years, then the contract is no longer in force. So it's just basically set up as a four-year, four-and-a-half-year notice period, is the concept, just so PEP couldn't decide, "Oh, we're going to give Jim 60 days' notice and we're going to part ways." Chairman Hayes said right. Morrison said you know, I've got 29 employees I'm trying to protect too. Chairman Hayes said yeah, absolutely.

Chairman Hayes said I understand that. I think what my question is, when is the dates that it automatically rolls over and what is the process, if there is a process, this governing Board needs to do each year, or is that strictly in the hands of the President? Farrar said unless you give notice you want to terminate, it just -- the Board doesn't have to do anything. It automatically rolls over unless notice is given.

Chairman Hayes said so I guess my question, Russ -- my question is this: how can we -- how can the Board be notified of any contract that is about to be automatically rolled over? And the reason I say that, I feel like there are some -- me included -- some Board members that have been shell-shocked just a little bit on how some of these contracts are written up. So my question is, six, seven, ten years from now, the Board members currently at this table will not be at this table anymore. Farrar said right.

Chairman Hayes said they will expire or whatever the case may be, okay? So how does the -- how can we make it to where the new Board member that comes into PEP is aware of all of the contracts and the definition of the contracts and the expiration date of the contracts? How are we to know that?

Farrar said I -- and this is my opinion. My opinion is --

At this point Holden left the telephone conference call. Chairman Hayes said John [Holden] had to go to a funeral.

Farrar said my opinion is this, Mr. Chairman. All of these contracts terminate on July 1 every year, number one. Number two --. Chairman Hayes said okay.

Berexa said Russ, let me back up. As I read Jim's, the notice of nonrenewable is March 31st. Farrar said okay. Excuse me. Berexa said yeah, just to be clear. There's a different --.

Farrar said but where I was going is this: one, that you need to know by -- on July 1 that it's rolled over another year, and then you need to know January 1 and March 31 that these two contracts -- you have to make a motion that you want to terminate them, and then they will work their way out. Like Jim's would be -- you would tell him on March the 31st, and he would have, like, five years and three months and work his way out. And, quite frankly, that is, with him especially, very reasonable. We've got to -- if that happened, we would have to bring in a whole new claims setup, whole new claims people, and it would be a boondoggle. So his five years, in my mind, protects us as much as it does him that he couldn't pull -- I -- an, while he's talking about you giving 60-days' notice, we wouldn't have to let him give 30-days' notice and pull out.

Chairman Hayes said Russ, I understand all that. I'm with you. I'm drinking the same Kool-Aid. My question is, how is the Board supposed to know about the President's contract, about Public Risk Management's contract, about your contract? I mean, that's -- I'm wanting to try to put policy in place --. Morrison said every annual meeting .

Farrar said let me say this in -- and I didn't -- I'm sorry I didn't get there. It's my fault. I do that sometimes. I go down the rabbit trail. In my mind, this Board should require the CEO to do three things: One, give every new Board member, when they come on Board, a copy of these contracts and any others you want. We've got well over a hundred contracts on different things from everything from computers to the building to security right on down the line, but the personal services contracts, one, you should require the President to give them to the Board member when they come on. Two, you should require the President to report at a Board meeting when they have to give notice if they want to give notice for the contract not to renew. Three, you have to give notice on the termination date of the contract. And those should be the CEO, in my mind, is who should be responsible for submitting that information to the Board. That's my opinion.

Chairman Hayes acknowledged Crawford. Crawford said for the most part, since I took over as President and CEO, we have gone into executive session in June, and we have gone over the main points of the contract. We've talked about the five-year rollover, the three or five-year rolling, three-year rolling, all those things, and they're in the executive meeting minutes, but if we want more expanded information at those June 30th sessions, I'll be happy to do that.

Chairman Hayes said yeah. I don't necessarily think that we have to dive into each and every contract, Dawn. And you sent me all the information. Thank you very much. And you did send me a list of the professional services, and I said, "No, thank you," but -- just four or five, but I do think that the Board members, once a year, needs to be -- whether it's on the agenda -- obviously it doesn't have to be voted on, but under advisement only or for reference only, the renewal of the President's contract is "X" date, the renewal of Russ's contract is "X" date just kind of gives you some information in case Board members have questions about the contract and we need to sit down and have another session about the contracts and -- but -- and understand, Board Members, it -- this is not necessarily for us, because we're learning now, but, I mean, we're here for -- and everybody is here for the best interests of PEP and for the long haul of PEP and looking out for the future of PEP, and as our terms expire and we no longer are on the Board and new folks come in, there has to be some kind of mechanism in place where they're not blindsided kind of like, maybe, possibly that we have been in -- in the past six to eight months on things that have come up. So I just want to make sure that when we pass the torch to our fellow Board members, that they look -- "Well, nobody told us," because that's what's going on right now. Farrar said Mr. Chair --. Chairman Hayes said nobody told me; nobody told Sam [Tharpe]; nobody told Victor [Lay] or --.

Tharpe said let me say something, if I could. Chairman Hayes said but I like your idea, and if we need to put that in the form of a motion, I don't care a bit to do it. He called on Tharpe.

Tharpe said when I first came on the Board -- and Dawn [Crawford] did this, too. I don't think she stopped, but what we had was, Lee Holland, he came to my home in Paris, Tennessee, and he sat down and gave me an orientation; had a booklet with all the facts about, at that time, the risk Pool and --and I don't know what happened to that, but --. Crawford said we're still doing it.

Tharpe said it sort of covered everything that was of interest at the Pool, along with any questions that you might have in concern of the Pool, and I believe the contracts -- the major contracts were included in that process and heck if we sit there -- I didn't know we were going to be sitting there for an hour and a half to two hours, but we were, because of the discussion that we had, but usually the CEO before, we had a meeting. Individually, she would sit down or either Lee would sit down and address that. Now, when I started coming back on the Board, you know, it wasn't necessary and -- but the point I'm getting at is that up front, we did get an orientation and it was factual on questions of that nature. So I -- and I appreciated that, really did, from the standpoint of being connected with the CEO and her taking -- and him taking an interest into what we were going to be up against through the Board. Now, everything else was passed through the Board. Now, I want to say this: As far as things being cohesive, when you go off -- I think it's eleven years that you can serve.

Crawford said nine. Tharpe said is it nine? When you go off and can't serve, are you -- when you're not re-elected, you know, this Board changes quite frequently in the case that when you get on here, you'll learn -- by the time you learn everything, it's time for you to come off this Board because of the intensity and the facts and the things that you -- that -- there's just so many different areas that hit you. And I personally think that, through the through attrition, Board members will come off anyway, but I don't think you should limit Board members serving on this Board simply because of the quality that you need for Board members to keep up with this on a day -- a year-by-year basis due to the fact that when you come on, you know, things can change and that cohesiveness is not there. So, you know, that's one thing that I would recommend: that we have limited number of Board members -- limited time to serve on this Board to where you can maintain some consistency in what's going on. And then, you know -- it's hard. I don't -- it's hard for the CEO to keep up and try to keep Board members up to task on all of this information. As you can see, this is very demanding. Chairman Hayes said right.

Tharpe said and you come on this Board for two -- how many -- how many terms do you come on and stay? Crawford said three three-year terms. Tharpe said you cannot -- three years, you're just now learning. Chairman Hayes said that's right. Tharpe said you're just now learning the money flow of this Board. Chairman Hayes said that's right.

Tharpe said and the thing is, I'm not saying we're not very intelligent people, but I'm saying it's a lot to absorb. So I'm suggesting that we have limited -- Chairman Hayes said unlimited. Tharpe said unlimited number. Farrar said we can address that with the bylaws. Chairman Hayes said okay.

Tharpe said and let attrition -- because if you don't get re-elected, you can't serve on this Board. In a lot of cases, I've seen a lot of folks -- but leave everything else the same. You know, still have TML Board member President to serve for the capacity of communication and connection, but unlimited terms. I think that would be a thing that we need to look at in our bylaws to strengthen the knowledge that -- where you won't go off in three years once you -- and then you don't know if you're going to get re-elected to serve. So being here as long as I have, that's one thing I would propose to do: Unlimited terms with the idea of keeping those extra officers that we do have on the Board and see if we can get some cohesiveness within the Board to maintain all of the things that are going on, okay? Chairman Hayes said thank you, Sam. Farrar said we're going to talk about the bylaws.

Chairman Hayes said okay, and if you want to make a motion, you can then. Tharpe said that is my recommendation.

Chairman Hayes said and I guess I'll save mine for when we go, but I understand exactly what Sam said. I think I'm on my last leg here, and it's really -- and it's took several years to get up to where I'm at now. And as a rookie or a freshman, I should say, here, it's a lot to grasp. I mean, it is a whole lot to grasp, so it takes - there is a learning curve. Go ahead. Go ahead, Russ.

Farrar said I was just going to say it's a huge business. I -- here's what I think, to streamline this. I -- and I don't think a motion is necessary. You may want to make one. I think that what you need to do on these personal services contracts, on Jim [Morrison], on my two contracts, and on Dawn's [Crawford], those are the personal services contracts, I think you're going to be wasting your time to go through every single contract, you know, like computers, security, but the four personal services contracts, when somebody becomes a new member of the Board, have the CEO give them those contracts and sit down with them one-on-one and go through each contract, and, two, let everybody know what's going on with them at our June meeting we have in the -- before July 1, the -- TML's annual meeting, annual conference, at our meeting there, to let you know exactly, as a group, what's going on with the contracts. And I think if you do that, you're going to be letting everybody know everything. I know, for instance, I -- and I -- I'm going to go ahead and drift into mine, unless somebody's got any other questions on --

Chairman Hayes said is there any --. Lay said I just have one question -- can you point me to the paragraph that says that if we had a change in the CEO that it gives the buyout option? Farrar said can you find that, Jim? Berexa said yeah.

Chairman Hayes said Jim, you may know exactly where it's at. Farrar said I think it's right at the end. Morrison said page 9 -- it's page 9, the second paragraph, I believe. Chairman Hayes said I knew he would know that. Thank you, Jim.

Berexa said it's Business Continuity Agreement. Farrar said Jim's was a long contract to read, Victor. Chairman Hayes said it sure is. I read it. Farrar said section 4 down there on page 9. Lay said okay. Farrar said and then you go over to page 10 on it. Lay said that's about Mr. Morrison's disability. What about if we change the CEO? Berexa said CEO. Lay said where's that?

Morrison said right here -- "If the President of the Pool, as of the effective date of this, is no longer affiliated with the Pool for any reason whatsoever, I may" -- da, da, da, da, da. Lay said okay, got it. So it -- yeah. It's the page above -- or the --.

Farrar said what page, Jim? I don't -- still --. Crawford said page 9 underneath the years and percentages. Farrar said oh, okay. It's not under the business continuity. Berexa said oh, it's not the business continuity. Morrison said no, it's a separate item. Crawford said it's the second sentence of that paragraph. Farrar said okay. Chairman Hayes said thank you, Jim. I knew you'd know the page. Morrison said I hate I had to look it up, but I just wanted to make sure in case I was asked. Farrar said that's what it's like dealing with him every day. He knows exactly what's going on.

Chairman Hayes said so -- but, again, I -- and I'm going to hold your suggestions to the very end on having the CEO -- and I'm certainly not saying that Dawn [Crawford] hasn't done that. I want to be clear I'm not saying that at all, but I think that the orientation you're recommending that I think is going on right now may be a little bit more in detail in the contracts, and as the contract expiration date starts to come up, I think that the Board should just know that it's -- whether they want to take any action or not, it's up to them, but they should at least know that, hey, Russ Farrar's contract's coming up. Just -- there it is. That way, you're not in the -- you're not in the -- that -- that's all. Farrar said okay.

Chairman Hayes said thank you. Is there any other questions on the -- on this contract?

Tharpe said let me say this: I see my name signed on these things. I'm sitting here saying that if I wasn't re-elected or re-appointed to this Board, I wouldn't be sitting in here. And I'm sitting here looking at my name like, "My goodness. My goodness." And I feel, you know, those who did sign, I did -- I know these people. So I hope you-all can see my sentiments based on what I told you. Chairman Hayes said right, absolutely. That's a good point. Tharpe said okay.

Morrison and I would only point out the last significant item in my contract, from my personal perspective, would be determining if there is a breach of a contract; that basically you can't declare a breach. I can't declare a breach. We have to go to binding arbitration for a breach to be declared, which protects you and protects me. Chairman Hayes said right, okay. Thank you, Mr. Morrison. I appreciate it.

Dr. Martin said is that in there? Morrison said yes, ma'am. Dr. Martin said which page is that on, Jim? Morrison said I didn't pay much attention to that. I was hopeful that that wouldn't ever be necessary, but --. Dr. Martin said well, we hope so too. Berexa said I think it's the contract terms section. Dr. Martin said on the front? Berexa said it looks like it's seven and eight, if I'm reading it correctly. The -- under "Contract Term and Breach." Morrison said page 8 right in the middle of the page. Right -- the sentence right above "Buyout Option." Berexa said right, -- "If either the Pool or PRS disagrees as to whether a breach has

occurred or been cured, both the Pool and PRS agree to submit to binding arbitration." Dr. Martin said okay.

Farrar said and what that -- really what that does, it's in our favor, because it saves you a lot of litigation costs that you wouldn't have otherwise. Chairman Hayes said what page? Berexa said page 8. Morrison said the paragraph above "Buyout Option."

Farrar said any other questions on Jim and the Public Risk Services? There was no response.

C. GENERAL COUNSEL CONTRACT

Farrar said if not, Mr. Chairman, the last two I have are the ones that are mine, and I'll be glad to address those with your permission. Chairman Hayes said yes, please. Go ahead.

Farrar said okay. First of all, I want to know if there's any problems with mine, let me know, but I did want to do this: In there, you will find the minutes from 2016 whereby I got my contracts. They are -- if you read on the first page, Dawn [Crawford] explained that I worked for years without any contract and to give me some peace of mind -- and here's another factor that I want y'all to understand. While Jim's [Morrison] talking about his 29 employees, the Pool is, by far, the largest chunk of our business, and I have my lawyers specially trained to handle liability of governmental entities and that type thing. They have specialized in the kind of litigation that the Pool does, and I have 15 lawyers that are available and have been utilized 24/7. So on the legal end, I want you to know that. On the lobbying end, you have to understand. We're really like two firms in the sense that we have the litigation section, and then we have the lobbying section, and the lobbying section would be just like if you went out and hired JohnsonPoss or one of those companies that do nothing but lobbying. That's what -- I have five lobbyists that do nothing but keep up with governmental affairs and lobbying. And to toot their horn, they worked their tails off on some bills that were going to cause us open records and give us a lot of heartburn. We also worked together on getting a presumption bill that was so watered down that we came out okay, but we could live with it. You will see in the minutes here what -- and then I'll go through the contracts that -- they were voted on. It's a five-year rolling contract and then a three-year -- three years as a consultant as needed. So that's what's in the minutes. And I do want to thank you, Mr. Chairman, for your support on these. I -- it had been a while since I looked at them, but I think that was when we were working on something you had in Livingston and hopefully you were happy with what we did for you.

Chairman Hayes said yeah, and let me say this -- as we have learned, some of us that went to the NLC, public pools -- Public Entity Partners risk management pools, I don't want to say public pools -- are under attack constantly, and I know that -- firsthand that Russ [Farrar] and his team has always put PEP first, and they have fought like crazy for us on the lobbying side. As far as general counsel, I've had the pleasure the last six weeks to talk to Russ [Farrar] and Kristin [Berexa] on several occasions, and they probably talk to me more than they wanted to, and maybe I've talked to them more than I wanted to. Just kidding. But anyway, I just think they do a solid job for us, and thank you for the update, but I'm sure there's some folks that may have some questions about the --.

Farrar said I just wanted to go -- if I could, just a minute --. Chairman Hayes said yes, please. Farrar said -- go through the general counsel contract. It's five years rolling, and once the notice is given that it's going to terminate, then there's three years as a consultant at half rate where I would be available to consult with anybody, but I think it's important that you understand a little bit. You're getting not -- this is not like a fee that is going to one person. It goes to a firm. We have 15 lawyers, and they all jump around with different specialties, whether it's contracts, torts, whatever. We have the people to do the work. You don't pay any extra for any of the work we do under the contract, and I might add that we have, in the past, basically daily advised the CEO, the underwriting department, others on contract language, on how to frame contract

language, on how to handle policy questions. I mean, I could go right down the list, but that -- basically we're there to do that, and I've worked with Jim [Morrison] a lot on that and, you know, we prepare and present at the annual symposium in August, which takes quite a bit of time to prepare our arguments at the same time you're handling cases. We handle the hotline cases. Just by way of example, we reviewed the formation documents of the Upper Cumberland Regional Airport and issued an opinion on the eligibility of insurance. We daily take calls from cities where we answer questions because they are our members without billing anyone for doing that. We do it to try to help them out. We've reviewed the formation documents of the Ridgely Industrial Development Board and issued an opinion on eligibility for insurance by PEP. We do that a lot on the -- because you've got to fit within a certain definition under the Governmental Tort Liability Act to be eligible to get insurance from us, and we have to issue opinions on whether this entity is an eligible entity under the statute. We do a lot of that. We reviewed the contract between PEP and the Oak Ridge Association Management Company before it was executed. We reviewed the contractual documents between 8x8 Global Cloud Communications and PEP prior to execution. We think it's almost invaluable, and I'm not saying it just because it's our firm, but it's invaluable for anybody with PEP to have their contracts reviewed by legal before they enter into them to make sure something's not being snuck in there. I mean, things as little as choices of law and venue, you want to make sure that you keep the upper hand on those. We've reviewed employee complaints. We've drafted letters for the Chairman. We have now reviewed and hired somebody to look at some personnel complaints. We've issued legal opinions and research on whether a school resource officer has liability if they travel outside their jurisdiction and engage in law enforcement activities, and this arose with questions about football teams wanting to take a security guard from their school to an away game with the football squad, so we did some research on that. We reviewed the proposed changes to the consulting agreement with Callahan and issued legal advice -- pretty formal legal advice concerning the changes made between the old and the new agreements and the effects on the business relationship. And that's something else I want to mention. You've got to realize, in this position, institutional knowledge means a lot, because it's not just legal. You have to consider the business and political effects, too, when you are issuing an opinion, and that comes from having knowledge of the organization. We worked with the workers' compensation attorney adjusters. We review contracts, addendums, amendments, blah, blah, blah. I mean, I could go on with some other stuff, but I wanted you to get an idea of what we do on a daily basis on the general counsel contract, and that's not counting the -- any kind of other problems or anything that the 14 other lawyers in our office handle, and I believe that I would be correct in saying that PEP -- and I don't want to speak for Jim [Morrison], but PRS has been very satisfied with the turnaround time on our responses to their inquiries and our ability to contact them and talk with them and explain to them what's going on. Any questions on the general counsel contract? And then I'd like to talk to you a little bit about the lobbying contract.

Chairman Hayes said yeah, just expiration date. Morrison said since you mentioned my name, I will say we have been very happy with Farrar & Bates and also the lobbying side. We work very closely with them.

D. LOBBYIST AND GOVERNMENTAL AFFAIRS CONTRACT

The lobby side starts with the legislature, comes into a seamless legal environment, and then that translates into what our policy document and our coverage that we offer the membership and how to frame that and a way to protect our membership based upon what the legislature has done. So having that seamless environment has been very, very helpful in the claims environment, and we have been very happy with both the lobby side, the general counsel side, and the way it works in a seamless fashion for the value that it provides to PEP. Farrar said thanks, Jim. I appreciate that. Morrison said since you brought my name up.

Farrar said I appreciate that. I really do. Curtis, the contract provides five years rolling, adding a year each year, and then when the termination date is given, there would be three years at half rate as a consultant to be available to whoever took my place as general counsel or lobbyist or whatever; that I would be, you know, on call basically for anything they wanted. The lobbying contract, to me --.

Berexa said I think what Curtis asked, too -- I'm sorry -- would be the same as Dawn's [Crawford]. It would be like a -- you need to notify -- six months, so it would be January 1st you would need to notify of the intent to terminate.

Farrar said and that's why I was saying -- said what I said about notification of all personal services contracts. You know, y'all are going to think I'm blowing my horn, and I don't mean to be, but this lobbyist contract, we came within a gnat's hair last year of us not even being sitting around this table. There were bills that would have absolutely completely put us out of business. We worked tirelessly behind the scenes. Even though other pools got involved, they knew that we had problems with them, but we didn't work with any other pool because we had an in that, worst-case scenario, the bills would have been amended because of our work to not hurt us or not touch us. And the CEO here knows what we went through last year, but it -- I'm telling you right now, it gets tougher and tougher every year. The legislature has to be educated over and over and over as to what the Pool does and its value, and I've already got a team of five people up there working. We do know the comptroller this year is going to have a bill on public records, but Jason -- we do have a great -- by the way, that's another thing I want you to know. We have a great relationship with the comptroller, and those of y'all that were at our Christmas party will notice both the comptroller and the deputy comptroller were there. For them to go to an event sponsored by a lobbyist just doesn't happen. So we have a great working relationship with them when we need them. And I guess I am tooting my own horn, but I want you to understand all this fits together with our institutional knowledge of the Pool, the danger. I'm not going to say some year we may not miss a bill, but we work like crazy to do that. They put in long hours. You have to understand your commercial carriers want to do anything they can to us, and we're having to fight them all the time. And it's my understanding that Senator Gardenhire is talking about running a bill -- and don't ask me how it would work, because I haven't seen it, but basically would require you to make available to the public the cost of defense of an insurance claim. Well, number one, that's going to be available through the city anyway, and, number two, the discussions that I've had with him, that's going to apply to everybody. And I don't really have a problem as long as everybody's on a level playing field, the commercial carriers and the Pools. Where I have a real problem, and I would assume that you guys do, is where the Pool is required to do something that's going to hurt their business, but the commercial carriers are not. They just sit there and take advantage of anything they can with us, work their way in, and then we're back where we were in 1980 with cities and local communities and entities that cannot afford to buy insurance, and the cost is going to go on through the roof. So we've been very -- I don't want to say fortunate, but we have been very fortunate, but we have made a lot of stuff happen, and I think Sam [Tharpe] knows this because he and I have talked about it a lot, what we do lobbying, and that -- I don't know how to tell you what we do, but I can tell you there's a lot of shoe leather, a lot of explanation, and I can tell you one thing. By the time you go over the same thing 132 times, you're wore out with it, but that's how many legislators there are. And I can tell you, I have lobbied for the Pool for, I don't know, six, eight years before this started, and now it's getting close to 15, but I've got some clients that I've had as long as 35 years. I've never had a client leave me. The only reason I've ever lost a client is because we've -- they want one thing, we go up there and accomplish it, and then they don't retain us because they don't need a lobbyist anymore. So continuity in governmental affairs and general counsel, in my mind, are important. This contract is a five-year contract that is rolling and, again, has the consulting part in there, which means, in essence, if you gave us notice and we were -- went through the five years and then went into the three years as consultants, you're going to have a team of five people, plus whoever you've replaced us with on the hill. We have strategized everything. The only thing that's bothered me is I had some people I had programmed to drop amendments and stuff like that -- for instance, Bill Ketron. We killed the de-annexation bill. Didn't really get a lot of credit for it, but we killed it by Ketron throwing a surprise amendment on them that we had orchestrated, and we orchestrated it with me sitting in my office talking to him so nobody would see us collaborating on it, and we've done this stuff over and over and over. So I will be glad to answer any questions, but I am very, very proud of our lobbying record. I think I'm correct telling you I've lost one bill in 35 years by one vote in the house, and that was before I had any help at all. I was lobbying against the

wildlife resources people, TML, at the time. It had to do with an increase in the transfer tax, and I lost that bill by one vote because I had a legislator that lied to me. Chairman Hayes said no

Farrar said I know that's -- but in any event, we also daily -- and it's available to you, too. Every week, we put out every bill we're working on for PEP, the status of that bill. We also put out, every Friday, a calendar for the next week that has any bills and the committees they're in that are bills that are PEP bills that we're watching and working, and there's a lot of bills you'll watch because they're -- if somebody slaps an amendment on them, it's going to change the whole dynamic. That happens. It's called a caption bill. So we watch a lot of bills, and then sometimes we have to jump in to try to kill one. Sometimes we waste our time. They're innocuous, but you've got to cover everything. You can't let something slip through your hands. And, Chairman, I apologize for being this long about that, but --.

Chairman Hayes said that's okay. The expiration date on that is the same as the same as it --.

Farrar said it was -- the way it works is, I guess now would be like 2024 and then the three years as a consultant, and that's it -- they're -- it's the same rollover as Jim's [Morrison] and Dawn's [Crawford] and all that, but if anybody's got any questions about the general counsel or the lobbying, I would be glad to answer them. I think -- you know, I don't know how I could -- how we could do any better than not losing bill for you in all these years, so, I mean, I don't know what more I can add to that. Chairman Hayes said yeah.

Smith said I'll just add this. If you see a bill that we, as Board members, can help back in the home districts, so to speak, call on legislators --. Farrar said oh, that would be great. Smith said TML is good at doing that, putting us to work. Call us too. Farrar said well, you know what? I will. Because a lot of times, if I've got a committee and I -- let's say I've got David Hawk on it or Steve Southerland, call from you, you know, that's going to save me a lot of legwork. Smith said yeah. Farrar said I appreciate that, you know.

Crawford said and if the Board members would like me to forward the weekly updates to all of you, I'll be happy to do that every Friday. Dr. Martin said that would be great. Farrar said I will tell you they get rather lengthy by the end of session.

Dr. Martin said Mr. Chair, I've got to step out. I've got a school in Columbia that's got a fire. Farrar said I'm sorry I talked so long. Dr. Martin said I apologize for texting. Chairman Hayes said that's okay.

Farrar said anybody got any questions for me? That's what we do for you. Lay said I've got a question, and it pertains to the three-and-a-half years. Farrar said it's three years. Lay said or three years. What was the thought process in -- since it's a five-year rolling contract anyway, which is more than Dawn's [Crawford] and is the same as Jim's [Morrison], and he doesn't have a three-year attached to it, what was the thought of adding the three-year? Morrison said I would like one.

Farrar said the way I -- I'm not going to try to get in somebody's head, but my understanding was, because we've been doing this so long and have so much institutional knowledge, that we could be a lot of help to anybody coming in to take our place, number one. Number two, it binds us that we can't go represent somebody that would be adverse to us because we are still down as a consultant to the Pool. So you're a client. We couldn't represent somebody adverse either in governmental relations or in the legal arena. That's the best I can answer, but it does guarantee you a noncompete, and it guarantees that we're available to share our institutional knowledge that we've developed over the last 30 years with whoever your new general counsel is and are available to go to the hill for them if they want us to, and all five lobbyists would be utilized for that.

Chairman Hayes recognized Crawford. Crawford said I can also tell you that when Ogden left and Russ [Farrar] came on as general counsel, with anything new like that, there's a learning curve. Now, we had -- he had the advantage that they were already doing defense work for us so they understood us, but you bring

somebody in cold who doesn't know anything about us -- and when I hired Charles [DeMore], I hurt his feelings because I told him, I said, "It's going to take two years for you to understand all this," and he thought, "I'm smarter than that." Then he came back -- he told me this story afterwards. He came back and said, "I didn't believe you, but you were right." And so that's for the protection of the organization.

Farrar said and, Victor, one other thing I would add, and I said this earlier. This is extremely important. When you're making a decision to try to advise your management team, your CEO, Board members, whoever, that you consider not only legals, but you consider the practical, political, and business effect too. You can't do this job and just look at it strictly legal. You have to balance all of these different things to come up with a solution. And that's all I've got to say. I'd be glad to answer any questions, and I'm sorry I talked so long about the lobbying, but I am very proud of the lobbying we've put together, and I do believe if you check, you're going to find most legislators regard us with pretty high regard, and I'm not just saying that. I'm saying it because I've heard that back from other people; that they've talked to Legislator A and they said, "Man, y'all do a great job."

Chairman Hayes said okay. All right. Any questions or --. There was no response.

2. BY-LAWS FOR PUBLIC ENTITY PARTNERS

Chairman Hayes said all right. Thank you, Russ. Does anybody need to take five?

Farrar said I'd like to, but I'm not on the Board, so --. Brundige said he takes five all the time. Farrar said did you say that about me, Randy Brundige? Brundige said I did. Farrar said thank you.

Chairman Hayes said all right. Looks like we'll roll on here, then. Farrar said are we taking five? Chairman Hayes said no, they didn't say to, so --. Farrar said okay.

Chairman Hayes said if you'll bear with us here. So we got Item Number 3, and then Item Number 4 --. Crawford said Number 2 is the bylaws? Chairman Hayes said yeah, do you want to start the bylaws? Item Number 2, bylaws for Public Entity Partners? Farrar said you want me to go? Chairman Hayes said yes, please. Farrar said I thought you was tired of listening to me. Chairman Hayes said no. Berexa said well, maybe some of us are. Farrar said well, you can leave.

Farrar said the first thing in trying to go through the bylaws, just to kind of talk to you about them, and something you may want to consider to update, first of all, it doesn't have to be done today, and we can do it when you want, but we need to change the principal office address of the corporation as it's set out in Article 2 of the bylaws. Article 3 --.

Crawford said when we move. Farrar said yeah. When we move. That's why I'm saying you don't need to do it today. Number 3, Chairman -- Chairman Hayes and I discussed this, and what we have come up with is, when it says "it shall have no members," it means that our clients, our customers, basically our members, are not like stockholders. Stockholders would have -- could have personal liability. Stockholders could get in the -- all the books of every company they own stock in, even if they own one share, and this protects our folks from liability for something that the Pool does. They couldn't go to Hohenwald -- I always use Hohenwald. They couldn't go to Hohenwald and go after them as part of a judgment. So it keeps them immune from liability. So my recommendation is to leave that in there, for whatever my recommendation is worth. Article 4. You know, Curtis [Chairman Hayes] and I talked about this, and I noticed that to be --.

Tharpe said excuse me. Could you go back to Section 3? Farrar said sure. Tharpe said oh, wait a minute. Are you on -- Article 4, right? Farrar said yeah, that's where I am now. Tharpe said okay. Go right on.

Which one -- which section are you doing? Farrar said I was doing Article 4, Directors. Tharpe said okay. Lay said section 1. Tharpe said article 4, Directors. Go right on.

Farrar said that's the quickest I've been talked to without getting in trouble. Article 4 talks about the directors, how many there shall be and all that, and you have eight and then the current President of the Tennessee Municipal League for a year. Interestingly, you do not have to be a member of TML to be a director, yet TML has to approve you. The Board of directors of TML. Now, you know, in my mind, this is something you may want to look at. I can tell you that -- like I told Curtis [Chairman Hayes], looking at this, you know, that may be something you want to require or it may be something that you want to think about because of the fact that you have so many HRAs and community action agencies, utility districts, school districts, all these people are entities that can't be members of TML, but the flip side is the -- the Pool was put together by TML. TML has supervision over who can serve as a director, and you may want to add into the bylaws that you -- your city -- not you, personally, but your city or governmental entity has to be a member of TML. So that's what I wanted to say about Article 4, the first part of it.

Chairman Hayes said I want to talk about that for just a minute. Farrar said okay. Chairman Hayes said I do believe that you should be a member of TML to be a part of PEP and certainly serve on the Board and I - - as we talked, I did get some information from TML and they strongly feel -- and, Dawn [Crawford], you might want to add in here, if you can or want to, that "Information required to determine eligibility of the cities and towns of Tennessee are eligible for coverage of TML Pool program as long as they are members of Tennessee Municipal League. In order for any related government entity to be considered eligible for coverage, they must be a city -- must be city representation on the Board, and the city representation must have decision-making authority."

Perry said I'm sorry -- I can't really understand each word after "decision-making authority.". Berexa said yeah. Chairman Hayes said okay. So let me start again. "Information required to determine eligibility" -- and I got this from the league.

Farrar said is this -- I want to -- is this eligibility to be a director or eligibility to get our insurance? Berexa said or eligibility to just belong to TML? Chairman Hayes said yeah, eligibility to be a director on PEP. Farrar said okay.

Chairman Hayes said saying you must be a member of TML --. Farrar said that's fine. I was just didn't want us to lose a bunch of customers that --.

Chairman Hayes said yeah. Instead of reading it all, you guys take a look at it. Dawn, do you want to talk about that for just a minute?

Crawford said the backdrop on that is, in an information guide that Lee Holland put together in conjunction with Joe Sweat back in the early '90s, they agreed to put that language in for the benefit of TML and the working relationship between the two organizations. It's a nonbinding document. It was strictly an information guide that they put together, and that's the background of where that came from way back when.

Dr. Martin said is that still being passed out or given out or? Crawford said no, ma'am, it is not. Chairman Hayes said well, I got it. Crawford said it's not being -- yeah, you got an old copy of it. Chairman Hayes said yeah, I did. Crawford said yeah, it's not currently being --. Dr. Martin said disseminated.

Berexa said because it -- it's sort of an interesting document in that it says information required to determine eligibility, the cities and towns of Tennessee, but then below it, it gives examples of entities covered, and it goes well beyond just cities and towns. So it's a little confusing. Crawford said that was one of the issues

that was later determined, and then the other issue was because it really had no legal binding to it to put that out as a mandate we had -- legal said it's just -- it's a little gray.

Berexa said okay. So I guess the issue for the Board would just be, you know, whether -- as I read your bylaws, any person who sits on this Board, their entity would have to be a member of TML. Chairman Hayes said right. Berexa said so now that there are a lot of entities that are insured through PEP that are not members of TML right now, so I guess the Board just needs to, you know, decide what their policy -- what they want to do going forward.

Chairman Hayes said in the event that we -- let's say we did vote on that and it passed, I mean, the folks that are insured by PEP would be grandfathered in. I mean, nobody is going back to kick anybody off the insurance. Berexa said no, no, no. Chairman Hayes said okay.

Berexa said no one that has insurance under PEP would lose their insurance. I guess the only -- the flip side of that would be, for the person that -- these entities that do have insurance under PEP that don't belong to TML, they would never have representation on this Board. Tharpe said right. Berexa said that's just, I guess, the issue for the Board to kick around and decide. That's how I see it.

Crawford said that's roughly about 36 percent of our members. Berexa said okay.

Tharpe said I'm going to -- I think it needs to say basically what it says. You must be -- and is there any way possible those entities that you mentioned, can they join TML? Crawford said my understanding is they cannot because they're not municipalities. Tharpe said what percentage -- you said 36 percent? Crawford said 36 percent of our members. Tharpe said how many of those are cities? Crawford said they're not cities. They're agencies of cities. They're school systems. They're housing authorities, development districts, utility districts. They're nonmunicipal --

Tharpe said the way I see that is, they can have -- we can have a representative on the Board under those conditions, but I still say that -- just like we have at the TML term of the Board to come on; that we can have a representative spot but still the bylaws should state you must be a member of TML.

Brundige said 36 percent of them couldn't get on the Board, then. Tharpe said you can't get 36 percent on the Board anyway. Chairman Hayes said I don't think they're eligible as of right now anyway, are they, Dawn? The housing authority members, are they eligible to be on the Board of directors? Smith said no. Chairman Hayes said I don't think they are.

Tharpe said what would you call those entities? Crawford said agencies of cities. Tharpe said okay, so the only thing I'm asking is for one person to represent them to serve on the Board. That's what I would recommend.

Berexa said so, Sam [Tharpe], just so I understand, are you saying let those 36 percent of the entities that aren't cities and municipalities elect amongst themselves maybe a representative or how they would do that, but --.

Tharpe said well, they would have to come to Dawn [Crawford], and it would have to go through TML, so to -- and the reason I'm saying that is this: they were not the founders. I'm glad we have the business; it's good, but I feel like they need to respect what has already been there, and if they want representation, then that would be the best way to get on. And so me, that's out of respect of this Board and the respect of TML.

Chairman Hayes said Sam [Tharpe], I'm just trying to make sure I grasp what you're saying. Tharpe said uh-huh. Chairman Hayes said is that if --. Tharpe said how they select that person, I don't know.

Chairman Hayes said but I mean, we're saying that you have to be a member of TML to be a part of PEP Board. Tharpe said that's correct. Chairman Hayes said all right, now, that's the first part you're saying. And then -- Preece said that's the way it is now. Chairman Hayes said no, it's -- well, that -- that's -- Berexa said it is, right?

Chairman Hayes said there's a little unclarity if that's the way it is now, okay, Ms. Preece? I don't know -- according to our general counsel, that's not the way it is now, and I think that's what we're trying to get to. I think that's what Sam's [Tharpe] saying. Secondly, the 36 percent that Ms. Crawford has said is -- that is not eligible to be on the Board because they are not a city and because they're a housing authority and -- or a development district or something of that nature, they're saying that they can have a seat at the table now, is what you're saying? Tharpe said have one representative from those entities in which you just called that -- they're agencies? Crawford said yes, sir.

Tharpe said so have a representative from that agency. I don't know how they would select one, but they should present it to the director, and the director should present it to TML. Smith said Mr. Chairman, can I --. Chairman Hayes said yes. Smith said I'm going to throw out an idea, and it may go the other end of what you're talking about, having to belong to TML, but there's -- you know, Section 3 -- or, I'm sorry, Article 3 says there's no members. I'm just going to throw out the possibility, and logistically I don't know if it can even happen, but why can't our customers, members -- we'll call them members -- can they vote on the Board of Directors or at least can there be a nominating committee process that goes back to the 300-and-some-odd -- however many --. Crawford said almost 500. Smith said 500 members that we have, can they -- can those members go back and vote in the Board of Directors, so to speak, so that everybody has a voice at that point, even the utility districts and the housing authorities? It's not necessarily a TML membership. I mean, it's kind of -- it's almost another breakaway from TML, but it goes back to our customers, the folks that we serve, having a voice on who the Board of Directors of this organization are.

Chairman Hayes said well, of course, Todd [Smith], right now, I mean, the nominating committee is TML. Smith said right, right. Chairman Hayes said and I'm just going to be honest. I don't want to break away from TML. TML -- they are who founded PEP, and it seems like over the years, we've tried to inch, inch, inch away from TML, and that is not the way that things are supposed to be going. We are supposed to be working hand in hand with Tennessee Municipal League and vice versa, and that's another thing that they taught us when we was in -- at the -- at the conference NLC in Fort Lauderdale on how hand in glove it should all be working together. So, I mean, I don't think that we have the authority to restrict TML -- what -- this is the wrong Board for that. Smith said well, I --.

Chairman Hayes said I mean, TML would have to decide that they want to go back to the folks of -- the members. I'm not completely against what you're saying, but I just don't think that we have the authority to do that. This Board don't have the authority to do it. Smith said I guess what I'm trying to avoid -- and I'm not suggesting it's happening now, but I'm trying to avoid the potential accusation of, "How do I get on the -- how do I get on the PEP Board? Is it a -- is it kind of a closed circle of the Board kind of nominates who they want to and it's a -- you know, it's not opened up to our memberships to have -- the membership to have kind of an input on who sits on this Board. It's a closed circle of who gets on this Board." And I don't want to -- I don't want this Board to have -- I don't -- we don't have that reputation, but I don't want us in the future to have that reputation of, "Well, you can't crack that nut of getting on that PEP Board, because we don't have a voice," or, "I'm a utility district, so I have no say whatsoever of who gets on that PEP Board. It's all through TML." I just don't want to be that kind of closed circle of this Board being a closed circle where there's no input from our members.

Tharpe said well, let me say this: The majority of our business is from where? Who -- where -- where do we pick up the majority of the business for PEP? Crawford said two-thirds of it is cities. Tharpe said okay, that answers your question. Now, the other side of that is this: TML is the founding organization of -- of PEP. We have not grown into that and -- and right now, we're -- I don't feel like this Board should go in that

direction due to the respect for what the cities and the majority of the cities do feel for PEP and TML. Now, if you want to break something up, you do that and see what will happen. So what I'm going to say is this -- and 've been around a pretty good while -- those cities that are holding on right now, they're holding on because of the respect of what this organization has done in the past. Now, we have 36 percent you say that are agencies that are giving us money. They're supporting us. I don't see why we can't have a representation from those -- from that agency to serve on this Board, at this point, because that is the sensible thing to do and the only thing I can say to that is, if we grow into that and -- and the leverage of that gets to where we have more agencies coming in, then maybe that can happen, but, hey, I'm going to say this: I don't feel like that's going to happen if we maintain the respect that we do have through TML and PEP and the Bond Fund, because when you go up on Capitol Hill, that's the strength that he has. And I'm sorry. If he didn't have it, we couldn't exist. So you've got to have some logic about this and the thing about it is, we are representing a lot of people, and I'm sitting here seeing what has happened with -- for City of Paris over the length of time that I've been on the Board from PEP and from the Bond Fund and from TML and what we're doing is making decisions on what is going on majorly in cities. So I'm telling -- the only thing I'm asking for is some consistency from this Board, and I don't see why -- it wouldn't hurt if we want to come up with a nominating committee to serve on this Board, that can be it. That could be the answer to your question. Now, there are some bylaws in here on the executive committee that can exist within this Board; is that correct? Crawford said that's correct.

Tharpe said and if you want to get a nominating committee to research who could serve on this Board, maybe that would be the route to go, but I'm speaking with a passion that I understand the process because I have been here -- if I -- like I told you before, if I wasn't on this Board, I wouldn't be talking, okay? But I have seen it, and the only thing I see that -- that -- that needs to be more cohesive is that we need unlimited terms and from that standpoint, I feel like that this alone will -- and I will tell you, it's very simple to see. You see it. You see all the knowledge that you need to serve on this Board. Some of you-all, this is your first year. Some it's your second year. We -- you haven't tapped in on everything that you need to know. Not yet. It takes time and it takes energy and it takes communication. We meet quarterly and when you get that information, you know, you get it, and it's sent out to you in your package, but the point is, you -- I know you have questions, but the point is, that comes with experience. So that is the only thing that I -- as I read -- because I just quickly run through the bylaws while we were going through some other stuff, but that is the only thing that I see that you-all had brought up at this point, and if we can form a nominating committee to determine that agency or that person to serve in that capacity, I think they would be well respected. And, of course, that has to be approved through the TML Board, everything that does occur and those conditions, and that's a good reason why, okay? So -- we've got a lot to protect at this point. I'm going to tell you. You don't -- you're not -- we're not talking about protecting this -- something very small; a small portion of what cities do. This is a large portion of what cities do, and you think about this. And, of course, city managers, you guys, and mayors, you-all know this. If it wasn't for PEP, if it wasn't for TML, where would you be? You think about that. What's that movie? It's a Wonderful Life? Is that what it is? Well, I'm going to tell you right now, you don't want to think about what -- I'm speaking from here. So the bottom line is, if we don't respect it, nobody else will, and that's why we have to be cautious on what you do and who you bring in, okay? That's all I'm going to say. I'm going to leave --. Chairman Hayes said thank you, Sam [Tharpe]. Russ, you want to --.

Farrar said I just want to make two or three very quick comments. If this body -- I think Kristin [Berexa] and I -- if this body directs us to limit directors to TML members, have unlimited terms, whatever, we can draft something up to be proposed to you. I don't think you need to do it today. We need to have time to do it right. The other question I have is, we're fine on drafting something up where someone who is an insured member but not a member of TML can have a place on the Board, but the one question I'm left hanging with -- and I guess, Sam [Tharpe], I kind of direct this to you -- if we're going to talk about unlimited terms -- then where is that going to fit in? Are we going to limit the term of whoever the representative is for the entity that is not a member of TML but is an insured of ours? What is your thought on how you want them to fit in?

Tharpe said I would -- I would take something like -- you know, like the TML President that comes in, he only has one year to serve, okay? So in order to get representation from those people, those agencies, I would say maybe put them on a limited term of three, four -- four years.

Farrar said I have one more question for you. Tharpe said and that's just my thought over that at this point. Farrar said I have one more question. Tharpe said that would give a broader range of somebody from the utility company, somebody from the schools or whatever, okay?

Farrar said I have one more question for drafting purposes. Tharpe said uh-huh.

Farrar said if you make the terms unlimited, in other words, you can serve and serve and serve, do we stand for reappointment every three years or five years? You're just not limited on how many times you can be appointed? Or is the lifetime -- are you talking about a lifetime appointment once you get on the Board?

Tharpe said well, when I say "unlimited," that means that if you are in a -- it's based on what you already have here. You have elected officials serving; is that correct? Farrar said uh-huh.

Tharpe said so if you are elected, if you are a city manager, based on what we do have now, I'm going to tell you, through attrition, people are going to come off this Board. If you take a look at this page right here -- I'm just looking at this page. This was way back when I first came on the Board on -- in Section 2. And I'm looking at this, and I see at least three people on here that's dead. Farrar said right, right. Tharpe said okay? Farrar said I'm not -- I agree with you.

Tharpe said I know that, but this is what I'm bringing this out to the Board where they can understand where I'm coming from. And some of these people are not -- Jay Johnson. He's no longer in city government. So, you know, it's one of those things where, you know, I see Cindy Ogden. She's the only person on here, and myself that would qualify to serve on this Board.

Brundige said is she still in city government? Tharpe said yes, she's the City Manager in Gatlinburg. I'm just asking -- I mean, I agree -- this is -- I'm trying to let the Board see what I'm -- through attrition, people could come off of this Board and -- and that's why I'm saying unlimited terms, but I know what you're saying. You want to know if you want to reappoint the person. Berexa said right.

Tharpe said I think they should be reappointed -- up for reappointment at least every four years. Farrar said that's what I was asking, but you're not limited -- that you can only be appointed three times. It's -- you can be appointed a hundred times.

Chairman Hayes said so -- all right. Farrar said all right. Tharpe said and that judgment can be based upon what other things are in here. You have attendance -- by the way, if you don't know it, if you miss three meetings in a row, you are up for dismissal, so -- but I'm it's in the bylaws; is that correct? Farrar said yeah.

Tharpe said well, I'm just telling you, you know, these are the things that, you know, I feel like that we need to maintain. I -- you guys are not going to miss any meetings. I already see that, you know, so --

Farrar said I'm listening to you. If it's the Board's desire, Mr. Chairman we'll draft up --.

Chairman Hayes said well, that's what I was going to do is get a motion, and that way -- so, first, Sam's [Tharpe] brought up a couple things here, okay? So let's go with A, being -- having to be a member of TML to be a Board member for PEP. That's Item Number 1, I think. Sam [Tharpe], are you putting that in the form of a motion?

Tharpe said yes, sir. I will make it as a motion. Chairman Hayes said all right. There is a motion by Sam Tharpe. Is there a second? Smith said can you repeat the motion again? I'm sorry. I--.

Chairman Hayes said yes, sir. The motion is you have to be a member of Tennessee Municipal League and PEP to be a Board member for PEP. Smith said so you have to be members of both? Chairman Hayes said yes.

Smith said how does that play with your idea of --. Chairman Hayes said I really need a second before we have a discussion. Smith said I'll second it. Chairman Hayes said okay, yeah. Go ahead. Thank you.

Smith said so how does that play, Sam [Tharpe], with your idea of representation from these other 36 percent? Tharpe said that's going to be in another motion. Chairman Hayes said yeah, yeah. Smith said okay.

Chairman Hayes said that's -- he's --. Tharpe said that's just in -- for TML and for PEP. Chairman Hayes said right. Tharpe said that will be in the form of another motion.

Chairman Hayes said so we've got a motion and a second. Is everyone clear on the motion?

Dr. Martin said I am not. Chairman Hayes said okay. So the motion is your city has to be a member of Tennessee Municipal League and a card-carrying member, I guess, or --. Dr. Martin said and a customer of --. Chairman Hayes said and a customer of PEP to be a PEP Board member. Lay said Director. Chairman Hayes said Director. Tharpe said that's it. Dr. Martin said I'm good with that.

Chairman Hayes said okay, yeah. So there's a motion by Sam Tharpe. Second by Todd Smith. Any more discussion? There was no response. Chairman Hayes said motion passed. Item Number 2 would be that -- to have a -- PEP directors to have an unlimited term, but they would go up for reappointment --.

Tharpe said every four years. Chairman Hayes said every four years. Is that your motion? Tharpe said that's correct. Chairman Hayes said is there a second? Preece said I'll second that. Chairman Hayes said second by Mayor Preece. Does everyone understand the motion? All for the motion, let it be known by saying aye. All opposed? There was no response.

Chairman Hayes said motion passed. All right. Item Number 3. Sam [Tharpe] is the 36 percent that our President says that really has no representation, and they cannot be a member of Tennessee Municipal League simply because they're not a city, okay? And we're talking about housing authorities, development districts, human resource agencies. Dawn [Crawford], am I missing any of the --. Crawford said 911, utility districts. There's a handful more.

Chairman Hayes said yeah. I think what -- and I'm not putting any words in Sam's [Tharpe] mouth -- is doing an exploratory committee on how we're going to try to add one of those members to the Board, because that is very broad and very large.

Dr. Martin said yeah. Because some cities have school districts. You didn't say school districts. Crawford said that's included. There's 185 members that we have that are not considered to be municipalities or cities. Dr. Martin said and so when I stepped out for the school the fire is out. A lot of smoke. One child taken to the hospital. So are they beating on the door and asking you to be members of PEP? I stepped out. Maybe I missed that. Chairman Hayes said no. Berexa said no.

Chairman Hayes said what we're just talking about representation on the Board, and I think -- Mr. Smith brought up some stuff, and Sam [Tharpe] countered and then he asked Ms. Dawn [Crawford] if there was --

two-thirds of our members are from Tennessee cities -- obviously here in Tennessee, but -- and there was -- what was your -- 36 percent? 35 percent? Crawford said 36.

Chairman Hayes said 36 percent of other customers are development district, housing authorities, human resource agencies, and 911s and things of that nature, and Sam [Tharpe] felt like that there maybe could possibly be a seat at the table. Now, I would like to table it right now and come back with some more information. That's what I'd like to do, but we're more than welcome to vote on it right now. I'd like to see a list of everyone available, and then I think that we need to sit down and draw up exactly what we are looking for and --.

Tharpe said well, it'll have to be a process on how we would select. Chairman Hayes said because, I mean, you've got the human resource agency. That sits on entity, and then you got development districts. That's their own -- I mean, and then you've got housing authorities, and then you've got 911s. I mean, you're talking about a group. So I would think that we need to sit down and come up with some qualifications that -- because that's -- that is very, very broad. I understand what Sam [Tharpe] says about representations, but it is a token, my opinion, that HRAs and development districts and housing authorities -- and I'm a member of every one of them. You guys probably are, too, but it is a token that they even get our insurance.

Farrar said I would just point out one quick thing, and that is, if you table this, that's fine, but if you don't, you -- we need to remember that you just passed a motion that you had to be a member of the municipal league to be a director, and we can't have competing requirements, so that requirement would have to be -- right now, that's fine, okay, where you are, that you have to be a member, but that would have to be modified if you brought in a nonmember onto the Board. Berexa said right.

Chairman Hayes said okay. Sam [Tharpe], what would you like to do? Tharpe said well, I would like for our attorney to take a look at it and see the feasibility of it and see if you can come up with a plan based upon what our bylaws already say maybe the executive committee, pulling that in to see, out of that 185, who would be good candidates to serve, and they -- I'm just saying serve in four-year terms. Farrar said okay. We'll be glad to do that. Tharpe said I was going to ask you and then if you could come up with something.

Berexa said can I ask a question just so we understand, then, exactly what we would be looking at, review the bylaws, look through it, and figure out how, possibly, there could be representation from this 36 percent of agencies that are not cities or towns; that can't belong -- that don't belong to TML, but just so I'm clear, but we've already decided -- or passed that the -- you have to be a member of TML to be on the Board. So are you trying to figure out how they can be represented by putting someone on the Board?

Tharpe said yes, yes. Berexa said but if they have to be a member of TML --. Tharpe said well, this is the provision you-all are going to have to come up with. Farrar said right, I understand what he's saying. I mean, we can -- there's a -- just off the --. Berexa said possible modification.

Farrar said yeah, just off the top of my head, we could do this. We could say that you have nine directors that are members of TML and one who is a representative of entities that are not eligible to be members of TML but are our insureds. I mean -- and that's off the top of my head, but playing with it like that, we could do that, so I don't --.

Tharpe said have one question I want to ask. How did we start taking in more people that were not considered cities and towns? Chairman Hayes said how did we? Tharpe said yes, did they come to us and we decided that we would take on that business?

Crawford said that's my understanding. I wasn't here at the time, but yes. Morrison said I think it came from the framework that they may never have participated, but with the structure that was in place at that

point in time, they would qualify as an insured or qualify to become a member. Berexa said right. Farrar said under the statute.

Tharpe said that clears it up. Okay, now you know where --. Farrar said that way they don't have to bid it every year, and there's some other things -- advantages to them -- lower costs. Tharpe said that answers a lot of questions. Dr. Martin said yeah, and so I just need to say, too, that since everything you just said, HRAs and utilities and development districts and school Boards and school districts and all that, each one of them have their own separate grouping, so now we're conversing about having them come together and choose one person as the non-cities to be on the Board? Tharpe said no, they're not going to choose. We will. They will --. Dr. Martin said okay.

Farrar said one quick question. Do you want those -- that person to have unlimited terms? My thought would be that they could only serve, like, two terms, two four-year terms or some -- or four four-year terms. Morrison said no, one four. Farrar said one four-year term. Fine. I just wanted to make sure I had the number.

Chairman Hayes said okay. Well, there goes page 1. We only got 25 more to go. Farrar said I think we -- I can be a lot faster on --.

Smith said Mr. Chairman, can -- as we're talking this through, is it possible to also look at just a general nominating committee for Board membership? And I'm just -- in my position -- I have no idea how I got on the Board, because the conversation Dawn [Crawford] and I had -- but I really have no idea how the process worked of how I got on the Board and I guess I'm trying to formalize, you know --

Chairman Hayes said okay. Todd [Smith] and, again, I don't -- I hate to be repetitive, but TML is a nominating committee. There is already a nominating committee. Crawford said they do not -- their nominating committee does not impact us. Tharpe said that's right. It's not a nominating committee for this organization, and that's something that might need to be reconciled. Chairman Hayes said I stand to be corrected. My apologies.

Smith said just something to look at, if there's a nominating process. Farrar said yeah, we'll try to put together -- something all together where everything flows and bring it back to you at the next meeting.

Tharpe said because this person that's coming from the agency should be coming from a nominating committee, in my book. Dr. Martin said in my book, too.

Chairman Hayes said I stand to be corrected, Mr. Smith. Okay. So we're on -- okay. I think we took care of page 2.

Farrar said and, Mr. Chairman, at least Section 3 down to Section 7, we will handle a revision to make everything coincide on the terms and removal, everything on the directors, so my suggestion would be that you wait and let us come back on that as part of the entire package that we have to incorporate what Sam wants and present it to the Board, and then you-all can make changes. Chairman Hayes said okay. 3 and 7? I'm okay with that. Farrar said okay.

Chairman Hayes said is there -- somebody may have some questions about 3 and 7, though, before I just --. Farrar said oh, I'm sorry. Yeah. Chairman Hayes said is there any questions from the Board from Section 3 down to 7?

DeMore said may I say something? Sticky wicket here, but on page 5 under Section 7, Paragraph B -- Farrar said wait a minute. We're on --. Crawford said one through six. DeMore said okay. Farrar said you're on a different part of the --. Berexa said your page numbers are different, I think, than the one in the

book. Chairman Hayes said all right. Russ [Farrar]? Farrar said yes, sir. Chairman Hayes said let's move on.

Farrar said the regular and special meetings, I don't see any change in that. I do think as we're changing these -- unless y'all have an objection, we don't need a motion. We have checked with open records counsel, and I want to be clear on this. You cannot participate in discussion for the Pool Board or vote by phone. That -- unless your bylaws specifically allow you, but we're not one of the governmental entities that can participate in that, so. Berexa said only state --. Farrar said you can listen. You just --. Berexa said only state agencies can participate by phone under statute, so our bylaws would have to represent that. I mean, you could listen, but you can't really participate in the discussion unless you amend your bylaws.

Farrar said if anybody has any questions on anything on page 5, I will be glad to answer them. Some of these are going to be premature before we do the revisions. I would like to mention, Mr. Chairman, and it has no effect on me, but through the years, I've served on many Boards, both public and private, and usually there is a stipend of some kind paid to the directors. And on Section 9 on page -- is it 6? Chairman Hayes said 7. Farrar said it's on my page 6. Berexa said sorry, I was looking at something else.

Farrar said called Compensation. Section 9, Compensation. It says "No stated salary shall be paid to directors for their services, but by resolution of the Board of directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; however, nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation." And I don't have a right to make a motion, but I think to do something in the range of \$400 or \$500 compensation for each meeting four times a year is extremely reasonable compared -- if you consider city council salaries, other salaries, you're taking your time off from work, you're coming down here, and I think it would be a good idea for y'all to at least consider that as a fee for attending the meetings, and you get that, and you don't get mileage, but you would get your food and hotel in addition to that. You may not want to do that, but that's my thought, Mr. Chairman.

Tharpe said Ms. Dawn [Crawford], can we afford that? Crawford said I think we can work that in the budget. Tharpe said you can? Crawford said I think we can.

Tharpe said I'll make a motion. Farrar said how much? Tharpe said \$400.

Chairman Hayes said motion made by Sam Tharpe. Farrar said I hope y'all don't think I was going outside my purview by suggesting that.

Chairman Hayes said is there a second? (No response.) Chairman Hayes said I'll second Sam's [Tharpe] motion. Any discussion?

Preece said yes. Chairman Hayes said okay. Preece said are we talking about the four meetings or are we talking about all of the meetings? Chairman Hayes said well, whenever you have a meeting. Preece said okay. Chairman Hayes said normally there's just four. This has been a little special circumstances this time, but -- yeah.

Crawford said so for clarification, that would not include the conferences? Farrar said oh, it would include the conferences --. Chairman Hayes said if it's a meeting. Farrar said if you're meeting -- yeah. Any meeting. Chairman Hayes said any meeting. Crawford said okay.

Tharpe said well, let's talk about this. Special-called meetings also will be paid? Like this meeting right here, this is not a quarterly meeting. Chairman Hayes said according to what Russ [Farrar] is saying, all meetings. If you want to back out and say no --. Tharpe said well, all but special-called meetings. Chairman Hayes said okay.

Farrar said you're still spending your time, your travel, and everything to come to --. Tharpe said we still going to get the travel, right? Farrar said you will get the hotel and food. Tharpe said we still get our mileage regardless.

Farrar said the mileage would come out of the \$400. Tharpe said \$400? Chairman Hayes said right. Tharpe said okay. Farrar said so somebody give me --.

Tharpe said who -- does anybody have mileage that's over \$400? Smith said any what? Tharpe said mileage. Smith said oh, no. Farrar said well, that would also include your time in being here too.

Tharpe said yeah, well, I just ask that because if you're going to get the same amount anyway --. Smith said I think so. I think it is. Maybe close, but --. Farrar said are we leaving it for all meetings?

Chairman Hayes said Sam [Tharpe], it's your motion. Are you leaving it for all meetings or --. Tharpe said yes. Farrar said okay. Chairman Hayes said okay. All right. Victor [Lay].

Smith said \$317. Tharpe said okay. Hold it. Let's back up here. \$317? Smith said yes. Tharpe said okay. Smith said yeah, it, yeah. Chairman Hayes said well, he would still be covered. If you're getting \$400 and he's getting \$317, he'd still be covered. Tharpe said I'm nowhere close to that, but --. Chairman Hayes said yeah, I'm not either.

Preece said does that include hotel or is that --. Chairman Hayes said no. Preece said okay.

Chairman Hayes said PEP will still pay for your hotel and still pay for your food. Crawford said I think the mileage issue is that if your mileage check is a hundred and his is \$300, you get to pocket \$300. He gets to pocket \$100 for his time. Tharpe said yeah.

Lay said and mine's, like, \$30, you know, because -- in all honesty, I'm opposed to the compensation, and it's because of the situation that I feel like I'm in. Todd [Smith] may be similar. I'm being paid today by the City of Spring Hill. They're not making me take a vacation day. I'm authorized by my Board to be here. I'm being compensated. I feel like it's double dipping, and it is -- if I'm taking compensation for my time, \$30 of me driving -- if I drive a city vehicle, I give my check to the city. If I drive my vehicle, I keep it. And I feel that -- very strongly that that's -- you know, for me. If you're a part-time mayor and you're not being compensated, if you're a vice mayor and not being compensated, I don't have any issues with compensating for those times.

Tharpe said well, we can we amend this motion, please, to where it will also say if you do not want to be compensated, you can deny receiving it? Farrar said refuse the --. Tharpe said refuse the stipend.

Brundige said and stay with your mileage? Tharpe said based upon -- and you don't even have to put any reasons for that. Brundige said and get paid for your mileage? Tharpe said well --. Chairman Hayes said just keep it the way it is now. Tharpe said just keep the stipend where it is.

Smith said I fully agree with Victor on this. Farrar said I'm not sure that I understand. You're keeping the hotel and the food? Tharpe said yes. Farrar said how are you treating the mileage? I thought it was coming out of the \$400. If it's not, are we paying mileage in addition to the \$400?

Lay said I think you should pay mileage in addition to the \$400, because you're compensating for time, not for travel. Brundige said yeah. Lay said already -- you're already paying for the hotel and you can get -- turn in receipts and get some reimbursement for food. I think the -- if you're going to do the compensation, it should be for the time, not the mileage, and all that's over and above. I don't have a problem with that.

I'm just saying for me, maybe for Todd [Smith], we're full-time -- we're being paid to be here. I just need a way to deny it.

Farrar said right. I'll -- and, you know, the mileage will be the same thing. If you don't want to take it, you don't have to. Lay said right. Farrar said so you can do whatever you want to.

Crawford said I just want to also point out that you will receive a 1099 for the compensation. Chairman Hayes said right. Tharpe said yeah. Smith said whether we take it or not? Crawford said if you don't take it, you will not get one. Chairman Hayes said no. Farrar said no, you don't pay tax on what you don't get.

Chairman Hayes said hey, not yet. Not yet. All right. There's a motion on the table, and I think -- is there any more discussion? Dr. Martin said I'll have to look at my situation, because I'm, you know, part-time. It does not cover me coming to this.

Chairman Hayes said I mean, you need to vote. I'm not telling you what to do. It appears that the motion would be in your favor, but I don't know that, but --.

Preece said can we go over the motion one more time? Chairman Hayes said yeah, sure. Preece said I am confused.

Tharpe said the motion is we would get a stipend for \$400, and if you decline to accept that, you have every reason to decline to accept, and that would be delivered at every called Board meeting. Chairman Hayes said as recommended by our attorney. Tharpe said less mileage. And that --. Chairman Hayes said and hotel and --. Tharpe said yeah. Mileage, accommodation, \$400.

Crawford said the current reimbursement would stand as it is, and then you would get \$400 on top? Chairman Hayes said that's right. That's right. That's right. Crawford said okay.

Tharpe said that's the motion, and the attorneys can put it this --. Chairman Hayes said all right. And that is recommended by Russ [Farrar]; correct? Farrar said what's that now? Chairman Hayes said the motion.

Farrar said I just suggested that you might want to consider it because that happens with other boards, commissions, that thing. Chairman Hayes said right, thank you. All right. We got a motion and a second. All for the motion, let it known by saying aye. All opposed?

Smith said no. Chairman Hayes said all right. Lay said that's mine. Mine's a no, as well. Chairman Hayes said okay.

Farrar said you can take or not take the \$400. Chairman Hayes said that's right. Berexa said what was yours? I'm sorry. Did we miss --.

Dr. Martin said mine is an abstain, but I don't know how that works, because I don't know what my circumstance is.

Farrar said Sam [Tharpe], I just want to make sure I got this right. You can -- you're entitled to \$400. You can either take it or not take it. Chairman Hayes said right.

Farrar said you would then be also entitled to mileage, meals, and hotel, which you can either take or not take. And I would suggest on the mileage motion, let us just put in there at the rate that the Internal Revenue Service allows. Chairman Hayes said yeah. Crawford said that's what we pay.

Chairman Hayes said all right. Okay. Motion passed. Next item.

Farrar said I've got to be honest with you. Right now, I don't have -- unless you-all have got questions or problems, we're going to have to rework some of this stuff at the end to make it all balance out, but I don't have anything right now that I'm going to suggest or go over on the bylaws. I would --.

Chairman Hayes said I do have one on Section 8 on page 10, and this -- we are going to be -- I think next month we'll be talking about hiring an HR Director, and it says here she shall exercise -- under Section 8, President, "he or she shall exercise general supervision over management and" --. Berexa said Article 5, Section 8. Farrar said Section 8.

Chairman Hayes said somewhere in there, I just -- and we've had some discussion over this in the past about an HR Director, and the HR Director, the President would be their supervisor, but when it comes to separation/termination, that would have to be done by the CEO and the Board, and that's the only position that that would take place. And we don't even have one yet, but in the event that we do, like I said, I think we're discussing it next month.

Dr. Martin said there's going to be another section in this --. Chairman Hayes said I'm asking counsel. I think they might be able to put it in right there. I don't know. Farrar said yeah, I can put it in there. Berexa said uh-huh.

Tharpe said you're going to bring that back to us, right? Chairman Hayes said yeah. Farrar said oh, yeah. I'm going to bring you a revised everything so you can compare them.

Chairman Hayes said okay. So this is -- do you have anything else on the bylaws? Farrar said no, sir, I don't, Mr. Chairman.

DeMore said point of clarification as corporate secretary. On page five, I'm just -- the actions taken today are made by the Board to ask Russ [Farrar] and Kristen [Berexa] to put these together as recommendations to change the bylaws? We're not voting to change the bylaws right now? Brundige said no. Tharpe said it's just recommendations. DeMore said okay, because --. Farrar said we're going to present -- the way I understood it, we're going to present a proposed change that you can then vote on.

DeMore said okay. I was going to say, because the notice for the meeting -- is what I'm looking at -- we said would be for viewing and discussing business contracts, and in here it just says if we're making -- the Board's making a change r amendment to the bylaws, it has to have explicit language to that effect in the meeting notice, so that's why I was wanting to clarify.

Chairman Hayes said thank you. All right. Okay, folks. We've got lunch out here.

Tharpe said make a motion to adjourn. Chairman Hayes said well, no, no, no. We've got to go -- we do -- we need to go into executive session. Tharpe said oh.

Chairman Hayes said so do you want to have lunch and have executive session during the lunch? Berexa said yes. Smith said yeah. Chairman Hayes said all right. So let's take 20 minutes here, and let's come back. Grab your box, and I've got to get out of my room.

At this point the Board paused for a lunch break at 12:19 p.m.

3. ADJOURNMENT TO EXECUTIVE SESSION

After a brief lunch break, the Board of Directors entered into Executive Session at 12:34 p.m.

4. RECONVENE TO PUBLIC MEETING

The Board of Directors adjourned from Executive Session, and Chairman Hayes called the meeting back to order to resume in public meeting at 1:36 p.m.

5. ADJOURNMENT

Brundige made a motion to adjourn. The motion was seconded by Lay. Chairman Hayes asked if there was any discussion. There was none.

Chairman Hayes called for a vote and said all for the motion to let it be known by saying aye; then, for those opposed to indicate by like sign. There was no response.

Chairman Hayes declared the meeting adjourned at 1:37 p.m.

William Curtis Hayes, Chairman

Charles DeMore, Secretary