

Florida Governmental Utility Authority Board of Directors Meeting Minutes

Thursday, February 15, 2007 - 1:00 p.m.

**Lee County East Regional Library
Meeting Room 1, 881 Gunnery Road
Lehigh Acres, Florida 33971**

Board Members:

Lea Ann Thomas, Chairman, Polk County
Jim Lavender, Vice-Chairman, Lee County
Thomas Dick, Member, Citrus County
Mike Johnson, Alternate Member (TOHO) Osceola County

Staff Present:

Robert Sheets, Systems Manager, GSG
Charles Sweat, Director of Operations, GSG
John Pelham, General Counsel, Pennington, Moore, Wilkinson, Bell & Dunbar, P.A.
Heather Encinosa, for Utility Counsel, Nabors, Giblin & Nickerson, P.A.
Judi Gilbert, Clerk to the Board, GSG
Kevin Grace, Director of Contract Services, GSG
David Miles, Chief Financial Officer, GSG
John Dunty, Operations Manager, GSG
Tarek Fahmy, Manager of Capital Projects, GSG
Yvette Hartsfield, Community Services Manager, GSG

Guests Present:

Ralph Hemingway, Lehigh Acres Utility Advisory Chairman
Ed Goscicki, Severn Trent
Mike Currier, Severn Trent
Doug Meurer, Lee County
Tony Paradiso, Majestic/Greentree Properties
Jere Carrick, Majestic/Greentree Properties
Scott Coover, Lee County

I - Call to Order

Chairman Thomas called the meeting to order at 1:05 p.m.

II - Invocation

Mr. Ralph Hemingway gave the invocation.

III - Pledge of Allegiance

Chairman Thomas led everyone in the Pledge of Allegiance.

IV - Public Comment

Chairman Thomas asked if anyone from the Public wished to speak, the Chairman recognized Mr. Ralph Hemingway.

Mr. Ralph Hemingway stated he was the Chairman of the local Lehigh Acres UAC. He stated he had one request of the FGUA Board; the advisory committee would like to have one or two sessions where someone representing the engineering department and the finance department would come and speak to the advisory committee. He said they have a lot of questions regarding the budget for this year and the upcoming year they would like to address. Mr. Hemingway said as the sounding board for Lehigh Acres residents, and with the existing problems they need to have the correct answers when speaking to the residents. He said that by educating the advisory committee on these matters, they in turn can address some of the questions that are being raised.

Mr. Hemingway stated that Lehigh Acres is growing at a very fast rate. He said the latest figure that he received on the growth was between 85,000 to 90,000 residents. Mr. Hemingway said as a result they have a problem with having sufficient water in Lehigh Acres, and would like to have some guidance and education on exactly what is in the budget and how engineering is attempting to address the water issues.

Chairman Thomas asked if anyone wished to speak, there being none she moved to the next agenda item.

V - Minutes Approval of the January 18, 2007 Meeting Minutes

Chairman Thomas asked if there were any additions, deletions and/or changes to the meeting minutes. Hearing none, Chairman Thomas asked for a motion to approve the January 18, 2007 meeting minutes. A motion to approve was made by Mr. Thomas Dick and seconded by Mr. Jim Lavender. Chairman Thomas asked if there was any discussion, there being none and all being in favor, the motion was unanimously approved.

Chairman Thomas then moved to the seven (7) Consent Agenda items and asked if there were any additions and/or deletions to the Consent Agenda. There were none.

VI - Consent Agenda

- CA 1** Acceptance of the FGUA Standard Utility Infrastructure Conveyance and Service Agreement with Westgate Regional Centre by Florida Landmark Communities, Inc. in the Lehigh Acres Utility System
- CA 2** Acceptance of the FGUA Standard Water and Wastewater Utility Infrastructure Conveyance and Service Agreement with New Life Assembly of God of Lehigh Acres, Florida, Inc., a Florida not-for-profit corporation for New Life Assembly of God, Phase 1 in the Lehigh Acres Utility System
- CA 3** Acceptance of the FGUA Standard Utility Infrastructure Conveyance and Service Agreement with Cypress Courtyard, LLC, by Echion USA, Inc. for Echion Commercial Center in the Poinciana Utility System
- CA 4** Acceptance of the FGUA Standard Water and Wastewater Utility Infrastructure Conveyance and Service Agreement with Craig Mayer, DDS, PA for Doctor Mayer Dental Office in the Lehigh Acres Utility System

- CA 5** Acceptance of the FGUA Standard Utility Infrastructure Conveyance and Service Agreement with Mosaic Partners, LLC for Lehigh Medical Office in the Lehigh Acres Utility System
- CA 6** Conditional Acceptance of the Conveyance Close-out Package for Blackstone Landing Phase 2 (A&B) Subdivision, Located in the Poinciana Utility System in Osceola County, Florida
- CA 7** Approval of Amendment No. 1 to Work Authorization AGM PO-047 with ARCADIS G&M, Inc. for Additional Consulting Engineering Services, FGUA Project No. PO 047, Service Expansion to the Reuse Transmission System in the Poinciana Utility System
- CA 8** Other Items

Chairman Thomas asked for a motion to approve the Consent Agenda items. A motion to approve was made by Mr. Jim Lavender and seconded by Mr. Mike Johnson. Chairman Thomas asked if there were any questions, there being none and all being in favor the motion was unanimously approved.

Chairman Thomas then moved to Finance and Administration and asked Mr. David Miles for his report.

VII - Finance and Administration

- FA 1** Approval of the Budget Amendment 2007-19, Gassner Development, Inc. Conveyance of Town Lakes Phase III Subdivision Infrastructure
- FA 2** Other Items

Mr. David Miles stated that he had just received a telephone call [during the meeting] where he was informed that SunTrust was wiring \$8.4 million dollars to Citrus County, which would complete the closing of the Citrus County transition. Mr. Miles said with the transfer of these funds, Citrus County now owns the utility and it is no longer a FGUA system.

Mr. Robert Sheets said he wanted to add one comment, that being, the Citrus County staff and the FGUA staff worked very hard during the Citrus County transition to complete a lot of work in a relatively short period of time. He said the staff in Citrus County's utility department, the budget office and other county staff that had been involved in this work are really top-notch people to work with, and he was appreciative of their cooperation.

Mr. Thomas Dick stated he would certainly pass that along, and also thanked Mr. Sheets for all the professional individuals that had assisted the County.

Mr. Miles then continued, he said FA 1, the Budget Amendment 2007-19 with Gassner Development was related to the conveyance of Phase III subdivision which is a townhouse community in the Lehigh Acres area. He said there was a developer's agreement prior to the acquisition of the system by the FGUA, which provided for certain payments to Gassner Development, Inc. (Gassner). Mr. Miles said the first two (2) phases were completed prior to the FGUA acquisition from Florida Water Service Corp. (FWSC). The FGUA was contacted by Gassner and requested to make additional payments for the infrastructure on Phase I and Phase II. This had been paid in full by FWSC prior to the FGUA acquisition and has led to litigation between Gassner and the FGUA on Phases I and II. He said that the FGUA has recently received invoices for Phase III, and the FGUA attorneys have stated that the FGUA is responsible for making payments on Phase III. Mr. Miles said staff is in the process of validating that the invoices are correct and have complete

conveyance packages to accompany the Phase III conveyance (out of the four (4) phases). He said there is \$203,000.00 worth of wastewater improvements, and \$157,000.00 in water improvements totaling \$360,000.00 that are expected to be paid. Mr. Miles stated there is not a budgeted amount in the capital projects for FY 2007 for this project. He added that staff will not have an exact amount until all of the invoices have been verified. Mr. Miles stated staff was asking the Board to appropriate the funds to allow payment for Phase III at the direction of the FGUA counsel. He said the FGUA counsel may be able to provide better insight as to the status of the litigation, and under what circumstances the funds will be transferred, since the invoices may be paid directly to Gassner or the funds may be placed in the court registry during the ongoing litigation. He said staff is asking for approval of Budget Amendment 2007-19 contained FA 1 which will allow staff to move forward.

Chairman Thomas asked if there were any questions or comments from the other Board members, there being none, Chairman Thomas asked for a motion to approve FA 1 Approval of the Budget Amendment 2007-19, Gassner Development, Inc. Conveyance of Town Lakes Phase III Subdivision Infrastructure. A motion was made by Mr. Jim Lavender and seconded by Mr. Thomas Dick, and all being in favor the motion was unanimously approved.

Chairman Thomas asked if there were any other Finance Items to come before the Board.

Mr. Miles said he had one other item to bring to the Board's attention. He stated at the January Board meeting he had mentioned that staff would be bringing back a developer agreement in Golden Gate involving the Sembler Company. He said that they had requested that this agreement be delayed to the March agenda, they need to get some of the signatures that were involved in the Developer Agreement and wanted to get approval from the tenants. Mr. Miles said staff will plan to bring this item back before the Board at the March agenda.

Chairman Thomas then moved to Operations.

VIII - Operations

- OP 1** Approval of Work Authorization GSG 07-28 with Government Services Group, Inc. Establishing an Inspection Fee Budget Serving the FGUA Lehigh Acres and Golden Gate Utility Systems for Fiscal Year 2007 Applicable to the Contract Operator Projects Less Than \$100,000

Mr. John Dunty stated OP 1 was the Work Authorization GSG 07-28 that would establish an inspection fee budget serving all of the FGUA utilities through the FY 2007. He said this was applicable to the contract operator projects [each one] less than \$100,000.00. He said this is a new approach to recover lost inspection hours that are typically not charged when they are small projects. Mr. Dunty stated to capture these lost hours they now would have to write an abstract to include in the agenda package for each work authorization that may be for only one (1) or two (2) hours. He said last year over one hundred (100) jobs were approved internally by the System Manager and Director of Operations, and of which many were inspected and not charged. With this concept it would allow Board approval with a budget of \$28,010.00 and funds would be extracted to cover the inspection hours for each individual work authorization which would be reported back to the Board on a quarterly basis. Mr. Dunty said the projection for the remainder of the year should entail fifty (50) projects that Severn Trent will perform that staff will need to inspect. He said of the fifty (50) projects they are approximately 250 projected inspector hours. Mr. Dunty said the budget request is for \$5,670.00 hours for Lehigh Acres [water], \$11,170.00 for Lehigh Acres wastewater, and \$11,170.00 for Golden Gate water and wastewater. He said the budget would be extracted from the available capital budget under the Repair and Replacement (R&R) funds.

Chairman Thomas asked for a motion to approve OP 1. A motion was made by Mr. Thomas Dick to approve. The motion was seconded by Mr. Mike Johnson. Chairman Thomas asked if there was further discussion.

Mr. Thomas Dick asked for clarification that the Board would be getting quarterly reports that would true up by project and by the number of inspection hours. Mr. Dunty responded that was correct. Chairman Thomas stated she thought it was a good idea and Mr. Dick concurred.

Chairman Thomas asked if there were further discussions, there being none, and all being in favor the motion was unanimously approved.

OP 2 Approval of Utility Easement Deed from 5501, Inc. to the Florida Governmental Utility Authority in the Lehigh Acres Utility System

Mr. John Dunty stated that OP 2 was for approval of a utility easement deed from 5501, Inc. to the FGUA in the Lehigh Acres Utility System. He said that in 2006 the Director of Operations approved a vacation of easement for re-platting of commercial property. He said the rezoning process now requires a new deed of easement be approved by the Board. Mr. Dunty said this deed of easement will allow utility access for an 8-inch wastewater force main and access to a 10-inch water main running diagonally through the property. [Mr. Dunty had provided each board member prior to the meeting color aerial copies of the property.] He said the easement will allow the FGUA's contract operator to have access to the pipes within the easement. Mr. Dunty said staff is requesting that the Board approve the utility easement deed. Mr. John Pelham asked the Chairman if the Board along with the acceptance of this deed, authorize the staff to record the deed in the public records of Lee County.

Chairman Thomas asked for a motion to approve OP 2. A motion was made by Mr. Jim Lavender. The motion was seconded by Mr. Thomas Dick. Chairman Thomas asked if there were any questions, there being none and all being in favor the motion was unanimously approved.

OP 3 Approval of Water Meter Asset Valuation Report Recommendations Serving the FGUA Poinciana, Lehigh Acres and Golden Gate Utilities Systems

Mr. John Dunty stated that OP 3 describes the approval of Water Meter Asset Valuation Report that staff and Severn Trent had been working on for the past six (6) months. Mr. Dunty said the water meters that had been changed out, had been accumulating in each of the utilities. He said this accumulation was being stored physically at the water and wastewater facilities where there was room. He said with this accumulation over the years it had become quite significant. Mr. Dunty said that since these meters are considered assets, they needed to be valued and Severn Trent along with staff had shopped around through the various industries to see how this valuation could be accomplished. Mr. Dunty said the feedback that staff had received industry-wide was there was zero value up to \$3.00 per meter. Mr. Dunty mentioned that Mike Currier with Severn Trent, who was in the audience, had done a very nice job in recognizing that there was a value opportunity outside of the industry. Mr. Dunty said that typically municipalities will return the water meters back to the water meter providers and in return get a nominal fee; usually the fee does not include delivery of the water meters. Mr. Dunty said staff had found a source, the Ringling School of Arts in Sarasota that would be willing to pick up the meters and deliver them to the point-of-need and pay \$3.00 per meter. Mr. Dunty said this equates to an asset value based on the accumulation, which is \$9,042.00 in Poinciana, \$2,340.00 in Lehigh Acres and \$2,646.00 in Golden Gate. He said staff was requesting that the Board consider the assets at this value and approve this resource to the

Ringling School of Arts. Mr. Dunty explained that the brass would be used by over three hundred (300) art students per year. He said the school had indicated they would take as many water meters as the FGUA would be able to provide and this would not be a one-time offer.

Chairman Thomas asked Mr. Dunty how they found out about the school's need. Mr. Dunty stated through Mike Currier. Chairman Thomas asked Mr. Currier how he knew of the school. Mr. Currier stated that his brother had attended the school and through several telephone calls their staff was able to track down the correct person to speak with in regard to the school using the water meters. Mr. Jim Lavender commented he could not think of a better use for the meters. The other Board members agreed it was a great idea.

Chairman Thomas asked for clarification on the approval process, stating it was approval for the valuation report. Mr. Charles Sweat added the Board would also need to approve staff disposing of the water meters.

Chairman Thomas asked for a motion to approve OP 3 as stated. A motion was made by Mr. Thomas Dick. The motion was seconded by Mr. Jim Lavender. Chairman Thomas asked if there were any questions, there being none and all being in favor the motion was unanimously approved.

Chairman Thomas asked if there were any other Operation items to come before the Board.

OP 4 Other Items

Mr. Charles Sweat asked if he could bring one other item before the Board. He stated that he had previously briefed each Board member individually by telephone within the last few days on this subject matter. He said that he and Mr. Dunty had met with the Town of Dundee, and during the meeting they had met with each town council member and the town manager for the Town of Dundee. [Memo to the Board on this matter was provided to the Board members before the Board meeting.] He said the meeting was regarding services that could be provided by the FGUA and possibly having the Town of Dundee become a member of the FGUA. Mr. Sweat said that during their meeting with the council members and the town manager the reception was very good from everyone. He said the memo before them was to authorize staff to continue in the due diligence process and then report back at the next Board meeting the findings. Mr. Sweat said he and Mr. Dunty had scheduled tomorrow to do the actual field work. Mr. Sweat said hopefully at the next board meeting they would be able report back if the Town of Dundee would be willing to enter into an interlocal agreement and become a member, or if they had chosen to not pursue a relationship with the FGUA.

Chairman Thomas asked for a motion to authorize staff to continue discussions with the Town of Dundee regarding membership and/or services. A motion was made by Mr. Thomas Dick. The motion was seconded by Mr. Jim Lavender. Chairman Thomas asked if there was further discussion, there being none and all being in favor the motion was unanimously approved.

Chairman Thomas asked if there were any other Operation Items, there being none she moved to the Information Items.

IX - Information Items

- IN 1** Status Update on the Florida Governmental Utility Authority (FGUA) Capital Improvement Project (CIP) Program
- IN 2** Status Update on the Integrated Water Resource Management Plan
- IN 3** First Quarter FY 2007 Financial Report
- IN 4** Other Items

Chairman Thomas said these are the items that are presented every month and asked if anyone had any questions or comments, there being none she moved to the System Manager.

X - System Manager

- SM 1** Other Items

Mr. Robert Sheets stated that staff had a meeting that morning with Collier County on issues surrounding Golden Gate. He said it was a very productive meeting and staff was going to go back and revisit some additional opportunities for interlocal cooperation and tie-ins. He said staff will be conducting analysis and research in this area. He said that staff had attempted this effort several months ago and did not get to a place where a viable agreement could be reached for the Board. He said staff will now be revisiting this and bring it back to the Board as a status report at the next Board meeting.

Mr. Sheets also mentioned he had a request for the Board to consider planning for the budget process for the FGUA. He said historically, since the FGUA's inception, this process is started with the Strategic Planning Retreat, and is scheduled either in February or March of each year. He said each year's topic always seems to be a system in transition. Mr. Sheets said that would go double this year, and unless the Board had some other direction or suggestions, staff would begin the process of getting with each Board member to review their calendars to see what dates may be amiable in March to have the Strategic Planning session. Mr. Sheets said depending on the Board's desires, staff would like to use the same facilitator from last year, unless the Board would like to change and seek out someone different. Chairman Thomas stated she thought Dr. Mel was great and personally would like to see her as this year's facilitator. There was no comment from the rest of the board members to the contrary. Mr. Sheets said that staff would get to work on getting that accomplished.

Chairman Thomas asked if there were items to be brought before the Board under Utility Counsel.

XI - Utility Counsel

- UC 1** Other Items

Ms. Heather Encinosa stated she had nothing to bring before the Board.

Chairman Thomas asked if there were any items to be brought before the Board under General Counsel.

XII - General Counsel

- GC 1** Other Items

Mr. John Pelham stated he had nothing to bring before the Board.

Chairman Thomas then moved to Board Items.

XIII - Board Items
BD 1 Other Items

Mr. Jim Lavender stated that he had one item he wanted to bring to the Board's attention regarding a letter of approval for rezoning and capacity. This information was sent by email to Mr. Sheets and Mr. Sweat regarding this matter. Mr. Lavender said Lee's County Board had been struggling with the rezoning and the capacity issue when it came to a property that is within the FGUA Utility System. Mr. Lavender was inquiring if it would be possible for staff to use a letter that is similar to what Lee County uses when their utility provides a letter of potential capacity at the rezoning stage. He said he had provided a draft to each Board member and staff of the letter. He said he was looking for consensus to have the same document used by the FGUA that Lee County utilizes.

Chairman Thomas said that if Mr. Lavender was seeking consensus from the Board she thought it was fine. Mr. Sweat said that staff may want to change some wording after reviewing the document, but generally it appeared to be fine. Mr. Lavender said that would be fine, he just wanted a method that would make it easier for Lee County's Board if they could see the same letter on both sides. He said now they tend to be questioning since they are unfamiliar with the FGUA process and he said he told his Board he would bring the matter before the FGUA Board. Mr. Sweat said he would review the letter and get it back to Mr. Lavender.

Chairman Thomas asked for clarification if Board approval was needed if Mr. Lavender had the Board's consensus to move forward. Mr. John Pelham said he would look to make sure that the FGUA does not have a letter of availability in the standard package that the Board had already approved, if there was he would bring it back to the Board attention. He said that would be the only thing that would keep it from moving forward.

Chairman Thomas stated she wanted to reiterate Mr. Sheets' comments regarding the Citrus transition on all the work that everyone had accomplished, and wanted to state that she did appreciate everyone's efforts. She said none of the Board members could actually realize all of the work that went on, since they did not do the work, but as the Chairman she wanted to express her appreciation for all the hard work that was accomplished.

Chairman Thomas said there being no further business to bring before the Board, she adjourned the meeting at 1:27 p.m.

APPROVED BY:



Lea Ann Thomas, Chairman