

**Florida Governmental Utility Authority
Board of Directors Meeting Minutes
Thursday, February 19, 2009 - 12:00 Noon
West Pasco Government Center, Commission Chambers
7530 Little Road
New Port Richey, FL 34645**

Board Members Present

Lea Ann Thomas, Chair, Polk County
Jim Lavender, Lee County
Shane Parker, Hendry County
Michele Baker, Pasco County

Staff Present

Robert E Sheets, FGUA Systems Manager, GSG
John Pelham, General Counsel, Pennington, Moore, Wilkinson, Bell & Dunbar, PA
Heather Encinosa, Utility Counsel, Nabors, Giblin & Nickerson, PA
Brian Armstrong, Utility Counsel, Nabors, Giblin & Nickerson, PA
Chris Traber, Bond Counsel, Nabors, Giblin & Nickerson, PA
Tom Giblin, Bond Counsel, Nabors, Giblin & Nickerson, PA
Craig Dunlap, Financial Advisor, Dunlap and Associates
Charles L. Sweat, V.P. Water Resource Consulting, GSG
Faith Doyle, Board Clerk, GSG
Jon Williams, Chief Financial Officer, GSG
Tarek Fahmy, Director of Operations, GSG
Yvette Hartsfield, Community Service Manager, GSG
Stephen M. Spratt, FGUA Assistant Systems Manager, GSG
Dieudonne Thomas, Community Service Representative, GSG
Barbara Kerby, Community Service Representative, GSG

Guests Present

Robert Dick, STES
Scott Coover, Lee County
Doug Meurer, Lee County
Gary Deremer, US Water
Victoria Penick, US Water
David Thornton, Wachovia
John Andrews, Chair, Committee for Better Water Now
Dick Wiltsey, Resident
Sam and Marie Goldberg, Residents
Gary Franck, Resident
J. Lanza, Resident
E. Wood, Resident
Richard Letvin, Resident
Susan Hendrick, Resident
Glenn Van Doren, Resident

I - Call to Order

Chairman Lea Ann Thomas called the meeting to order at 12:07 p.m.

II - Invocation

The invocation was offered by Ms. Thomas.

III - Pledge of Allegiance

The audience recited the Pledge of Allegiance to the flag of the United States of America.

Ms. Thomas requested that the Utility Counsel items related to the FGUA's acquisition of the Aloha Gardens and Seven Springs Systems located in Pasco County be moved to immediately follow the consent agenda. The Board concurred.

IV - Public Comment

No members of the audience wished to address the Board.

V - Minutes Approval of the January 15, 2009 Regular Meeting Minutes

Mr. Shane Parker made a motion to approve the January 15, 2009 Regular Meeting Minutes. Mr. Jim Lavender seconded the motion. All were in favor and the motion was unanimously approved.

VI - Consent Agenda

CA 1 Approval of Bid Award to Shenandoah General Construction Company and Authorization for the Chair to Execute the Standard Construction Agreement with the Low Bidder for FGUA Project No. GG 001, Inflow and Infiltration Rehabilitation and GG056, Manhole Rehabilitation in the Golden Gate Utility System

Provided for consideration was the proposed bid award to Shenandoah General Construction Company (Shenandoah) and requested authorization for the Chair to execute the Standard Construction Agreement with the low bidder for FGUA Project No. GG 001, Infiltration and Inflow Removal, and GG 056, Manhole Rehabilitation, in the Golden Gate Utility System. The projects are required to identify and correct pipeline infiltration due to groundwater and inflow due to flooding or rain events and the identification and correction of manhole deficiencies causing infiltration and inflow. This project is scheduled for completion in 120 days from the Notice to Proceed. The bids for this project were opened and reviewed by FGUA staff on January 20, 2009. The lowest bid price was submitted by Shenandoah, a Florida licensed company. Therefore, award of this project is recommended to the lowest responsive bidder, Shenandoah, in the amount of \$94,125.00. Staff recommended approval of the bid award and authorization for the Chair to execute the Standard Construction Agreement with the low bidder, Shenandoah General Construction Company in the amount of \$94,125.00 for FGUA Project No. GG 001 and GG 056 in the Golden Gate Utility System.

CA 1a Approval of Work Authorization GSG 09-13 with Government Services Group, Inc. for General Inspection Services for FGUA Project No. GG 001, Infiltration and Inflow Rehabilitation and GG056, Manhole Rehabilitation in the Golden Gate Utility System

Provided for consideration was Work Authorization GSG 09-13 with Government Services Group, Inc. (GSG). GSG will perform 94 hours of general construction inspection services that will include observation and documentation of the construction of GG 001, Infiltration and Inflow Removal, and GG 056, Manhole Rehabilitation, in the Lehigh Utility System. The projects are required to identify and correct pipeline infiltration due to groundwater and inflow due to flooding or rain events and the identification and correction of manhole deficiencies causing infiltration and inflow. GSG will collect and record information gathered during the inspections to develop a comprehensive plan to correct and prevent infiltration and inflow as required by FDEP rules and regulations. The work authorization for inspection services is a not-to-exceed amount of \$10,994.00

estimated by the average weekly hours associated with the inspection of this project. Staff recommended approval of Work Authorization GSG 09-13 with Government Services Group, Inc. for general inspection services for GG 001 and GG 056 in the Golden Gate Utility System.

CA 2 Approval of Bid Award to Shenandoah General Construction Company and Authorization for the Chair to Execute the Standard Construction Agreement with the Low Bidder for FGUA Project No. LE 015, Inflow and Infiltration Rehabilitation and LE060 Manhole Rehabilitation in the Lehigh Acres Utility System

Provided for consideration was the proposed bid award to Shenandoah General Construction Company (Shenandoah) and requested authorization for the Chair to execute the Standard Construction Agreement with the low bidder for FGUA Project No. LE 015, Infiltration and Inflow Removal, and LE 060, Manhole Rehabilitation, in the Lehigh Utility System. The projects are required to identify and correct pipeline infiltration due to groundwater and inflow due to flooding or rain events and the identification and correction of manhole deficiencies causing infiltration and inflow. This project is scheduled for completion in 120 days from the Notice to Proceed. The bids for this project were opened and reviewed by FGUA staff January 20, 2009. The lowest bid price was submitted by Shenandoah, a Florida licensed company. Therefore, award of this project is recommended to the lowest responsive bidder, Shenandoah, in the amount of \$152,827.50. Staff recommended approval of bid award and authorization for the Chair to execute the Standard Construction Agreement with the low bidder, Shenandoah, in the amount of \$152,827.50 for FGUA Project No. LE 015 and LE 060 in the Lehigh Utility System.

CA 2a Approval of Work Authorization GSG 09-14 with Government Services Group, Inc. for General Inspection Services for FGUA Project No. LE 015, Infiltration and Inflow Rehabilitation and LE 060 Manhole Rehabilitation in the Lehigh Acres Utility System

Provided for consideration was Work Authorization GSG 09-14 with Government Services Group, Inc. (GSG). GSG will perform 124 hours of general construction inspection services that will include observation and documentation of the construction of LE 015, Infiltration and Inflow Removal, and LE 060, Manhole Rehabilitation, in the Lehigh Utility System. The projects are required to identify and correct pipeline infiltration due to groundwater and inflow due to flooding or rain events and the identification and correction of manhole deficiencies causing infiltration and inflow. GSG will collect and record information gathered during the inspections to develop a comprehensive plan to correct and prevent infiltration and inflow as required by FDEP rules and regulations. The work authorization for inspection services is a not-to-exceed amount of \$14,534.00 estimated by the average weekly hours associated with the inspection of this project. Staff recommended approval of Work Authorization GSG 09-14 with Government Services Group, Inc. for general inspection services for LE 015 and LE 060 in the Lehigh Utility System.

CA 3 Approval of Work Authorization GSG 08-31 Amendment No. 1 with Government Services Group, Inc. for general inspection services for the Reconstruction of Lift Station No. 1, Project No. GG 048 in the Golden Gate Utility System

Provided for consideration was Work Authorization GSG 08-31 Amendment No. 1 with Government Services Group, Inc. (GSG). GSG will perform 44 hours of general construction inspection services that will include observation and documentation of the additional construction work for FGUA Project GG 048, Reconstruction of Lift Station No. 1 in the Golden Gate Utility System. GSG will provide the information collected and recorded during the inspections to the FGUA'S Engineer of Record, Wade Trim, Inc. GSG will review all project documentation gathered in the field and will provide comments and recommendations made during the project's execution prior to placing this project into service as required by the FDEP rules and regulations. The purpose of this amendment is to provide additional inspection services required due to unforeseen below ground circumstances including unmarked utilities and rock formations which hindered dewatering activities, thus extending the time for construction. This project is required to convert Lift Station No. 1 to a Master Lift Station with Master Manhole to handle current flows, decreasing possibility of spills and to provide telemetry for monitoring of lift station functions. The work authorization for inspection services is a not-to-exceed amount of \$5,192.00 estimated by the average weekly hours associated with the inspection of this project. Staff

recommended approval of Work Authorization GSG 08-31 Amendment No. 1 with Government Services Group, Inc. for general inspection services for the Reconstruction of Lift Station No. 1 in the Golden Gate Utility System.

CA 4 Approval of Change Order No. 2 to Consolidated Productions, Inc. for LE 053 D.O.T. Miscellaneous Relocations (Gunnery Road-Water) in the Lehigh Utility System

Provided for consideration was Change Order No. 2 to the Standard Construction Agreement with Consolidated Productions Group, Inc. for LE 053 D.O.T. Miscellaneous Relocations (Gunnery Road-Water) in the Lehigh Acres Utility System. The deductive Change Order is for final reconciliation of unused contingency funds in the amount of \$48,363.80. Staff recommended approval of Change Order No. 2 (a deductive change order) to the Standard Construction Agreement with Consolidated Productions Group, Inc. for LE 053 D.O.T. Miscellaneous Relocations (Gunnery Road-Water) in the Lehigh Utility System for the final reconciliation of unused contingency funds in the amount of \$48,363.80.

CA 5 Acceptance of the FGUA Standard Utility Infrastructure Conveyance and Service Agreement with Charles A Lambertucci and Holly A Lambertucci for Developer Project No. 09-003 LED, Lambertucci Commercial Buildings Located in the Lehigh Acres Utility System

Provided for consideration was the FGUA Standard Utility Infrastructure Conveyance and Service Agreement with Lambertucci Commercial Buildings located within the Lehigh Acres Utility System. Construction completion is anticipated to be in the March 2009. The proposed water facilities to be installed include a direct tap on the 12-inch water main on Gretchen Avenue that draws water from the existing water main on Lee Boulevard. The property will be connected to a privately owned septic system. No wastewater infrastructure will be conveyed. The agreement was signed for the developer by Charles A Lambertucci and Holly A. Lambertucci (husband & wife), who have the authority as the Owners. Staff recommended approval of the FGUA Utility Infrastructure Conveyance and Service Agreement to provide water utility services to Lambertucci Commercial Buildings.

CA 6 Acceptance of the FGUA Standard Utility Infrastructure Conveyance and Service Agreement with Hope Hospice and Community Services, Inc. for Developer Project 08-013 LED, Hope Hospice House Located in the Lehigh Acres Utility System

Provided for consideration is the FGUA Standard Utility Infrastructure Conveyance and Service Agreement with Hope Hospice House and Community Services, Inc. located off of Beth Stacey Blvd, Lee County Florida, in the Lehigh Acres Utility System. Construction completion is anticipated to be in late 2009. The wastewater facilities from Hope Hospice House will connect to the existing 12-inch wastewater force-main on Beth Stacey Boulevard. The water facilities to be installed will connect to the existing 8-inch water main on Beth Stacey Boulevard. The agreement was signed for the developer by Samira Beckwith, who has the authority as President and CEO. Staff recommended approval of the FGUA Utility Infrastructure Conveyance and Service Agreement to provide water service to Hope Hospice House, FGUA Project No. 08-013 LED, located in the Lehigh Acres Utility System.

CA 7 Acceptance of the FGUA Standard Utility Infrastructure Conveyance and Service Agreement with First Baptist Church of Lehigh for Developer Project 07-104 LED, First Baptist of Lehigh Located in the Lehigh Acres Utility System

Provided for consideration was the FGUA Standard Utility Infrastructure Conveyance and Service Agreement with First Baptist Church of Lehigh located at 1102 E. Leland Heights Blvd, Lehigh Acres, FL 33936, Lee County Florida, in the Lehigh Acres Utility System. Construction completion is anticipated to be in August 2010. The wastewater facilities from First Baptist Church of Lehigh will connect to the existing 12-inch wastewater force-main on Leland Heights Boulevard that connects to the collection transmission system. The water facilities to be installed will connect to the existing 2-inch water main on Highland Avenue. Associated infrastructure will also be conveyed. The agreement was signed for the developer by Jean Simms, who has the authority as Trustee. Staff recommended approval of the FGUA Utility Infrastructure Conveyance and Service Agreement to provide water service to First Baptist Church of Lehigh, FGUA Project No. 07-104 LED, located in the Lehigh Acres Utility System.

CA 8 Acceptance of the Conveyance Close-out Package with Sunshine Professional Suites, LLC for Curcione Commercial Center Located in the Lehigh Acres Utility System in Lee County, Florida

This item was pulled from consideration by the Board at this time.

Mr. Jim Lavender made a motion to approve items CA 1 through CA 7 of the consent agenda. Mr. Shane Parker seconded the motion. All were in favor and the motion was unanimously approved.

VII - Finance and Administration

FA 1 FGUA FY09-10 Budget Schedule

**Florida Governmental Utility Authority
Strategic Planning, Budget and Capital Plan Calendar
FY 2009/10**

Date	Action
January 2009	Severn Trent Capital Requirements Due to System Manager
Feb 2, 2009	Staff budget and CIP Plan kick-off meeting in Orlando, budget forms, instructions issued to managers.
Feb. 16-20, 2009	Consult County Planning staffs for input on CIP Plan for consistency with County Comp. Plans
March 2, 2009	Preliminary drafts of new and revised CIP project schedules and amounts due to CFO; Finance Completes development of all other '09 projections and FY10 revenue and expenditure requirements.
March 19, 2009	Golden Gate Rate Study presented to Board; Preliminary FY 09-10 forecast, if available
March 19, 2009	FGUA Board First Budget Planning Work Session
Week of March 30, 2009	Completion by CFO of preliminary review of budget submissions and additional clarifications/info needed from Severn Trent, operations and customer service managers, and rate consultant; incorporation of Board feedback.
Week of April 6, 2009	Preliminary Operating/Capital/Debt Service Budgets completed; consultation with county planning/management staffs on CIP/rate issues
Week of April 13, 2009	Preliminary Capital Budgets completed; transmit to County planning staffs for Comp. Plan comments.
Week of April 27, 2009	Obtain County Planning Department comments and staff revises CIP if required.
Week of May 4, 2009	Staff presents draft budget to System Manager
Week of May 11, 2009	System Manager provides feedback/guidance on budget and CIP for Presentation to Board.
May 21, 2009	FGUA Board of Directors Strategic Planning Update and 2 nd Budget Planning Session.
June 18, 2009	System Manager submits draft FY09-10 budget and CIP plan to the Board of Directors.
July 1, 2009	Deadline for submission of budget to the Board
August 1, 2009	Deadline for Submission of Golden Gate System Budget and supporting documentation to Collier County Utility Staff
Aug. 7, 2009	First Public Advertisement of Final Budget Hearing and Budget Adoption. (one week apart 30 days prior to the budget hearing)
Aug. 14, 2009	Second Public Advertisement of Final Budget Hearing and Budget Adoption.
Week of Sept. 14, 2009	First Public Hearing on budgets and Rate Resolutions (special masters)
Sept. 17, 2009	Continuation of Final Public Hearing and Adoption of Budget Resolutions at FGUA Board meeting
October 1, 2009	Begin FY 2010 Budget

The budget calendar was accepted by the Board of Directors.

FA 2 Other Items

There were no other finance and administration items to be presented.

VIII- Operations

OP 1 Approval of the Standard Professional Services Contract with ARCADIS as one of the Top Ranked Engineering Firms Identified by the CCNA Process and Authorization for the Chair to Execute the Same

At its January 15, 2009 meeting, the FGUA Board accepted the System Manager's recommendation to accept the twelve Contracts for Consulting/Professional Services submitted for the Board's consideration. The Board was informed that at that time there were outstanding contracts with Boyle Engineering Corporation (as of January 3, 2009 AECOM USA, Inc.), Greeley & Hansen and ARCADIS. The contract for ARCADIS was provided for the Board's consideration. ARCADIS was one of the engineering firms that the FGUA Board accepted at its September 18, 2008 meeting as the result of the System Manager's recommendation to negotiate with the top 15 firms resulting from the CCNA process. Staff recommended approval of the continuing engineering contract with ARCADIS and authorization for the Chair to execute the same.

Mr. Shane Parker made a motion to approve item OP 1. Mr. Jim Lavender seconded the motion. All were in favor and the motion was unanimously approved.

OP 2 Ratification of Work Authorization ST 07-52 Am. No. 1 with Severn Trent Environmental Services for Metering Equipment Installation at Heritage Apartments in the Golden Gate Utility System

Provided for consideration was work authorization ST 07-52 Amendment No. 1 for the additive amount of \$33,824.76 to the Standard Construction Agreement with Severn Trent Environmental Services for FGUA Project No. GG 046 Heritage Apartments Master Meter Installation. Work Authorization ST 07-52 in the amount of \$76,041.47 was issued to Severn Trent Environmental Services on March 20, 2007 and included the installation of two (2) master meters at the Golden Gate Heritage Apartment Complex. A copy of ST 07-52 was included. These meters were to be installed to resolve the long standing issues of delinquent accounts within the complex and hold the owner accountable for water usage. Problems were encountered with Collier County's permitting department and a Right-of-Way (ROW) permit was not able to be obtained unless alterations were made to the proposed master meter assemblies which included a full size bypass assembly on each meter. This required alterations resulted in the issuance of Amendment Number 1 to ST 07-52 in the amount of \$33,824.76. In addition a site survey and construction drawings signed and sealed by a registered Professional Engineer (PE) were required for permitting. After meetings with Collier County's permitting department a ROW permit was issued. Due to the long standing issues at the Heritage Apartment Complex and previous difficulties in securing permits, STES was instructed by staff to immediately proceed with the installations and itemize the costs of the new master meter assembly. Construction was completed in October 2008 and shortly thereafter the meter assemblies were placed in service. The additional cost is \$33,824.76 and puts the total project cost at \$108,973.04 which therefore requires FGUA Board ratification. Staff recommended ratification of work authorization ST 07-52 Amendment No. 1 to the Standard Construction Agreement with Severn Trent Environmental Services, Inc. for the additive amount of \$33,824.76 for the Golden Gate Heritage Apartment Master Meter Installation, FGUA project No. GG 046.

OP 2a Approval of Budget Amendment 2009-03 to reallocate the project budget for GG 046 Construction Services in the Golden Gate Utility System.

Provided for consideration was Budget Amendment 2009-03 that will reallocate \$33,825.00 from Project No. GG004, Construction Services to GG046 Construction Services, as directed by T. Fahmy. Staff recommended approval of the above budget transfer to increase expenditures by \$33,825.00.

Mr. Shane Parker made a motion to approve item OP 2 and OP 2a. Mr. Jim Lavender seconded the motion. All were in favor and the motion was unanimously approved.

OP 3 Other Items

There were no other operations items to be considered.

IX - Information Items

IN 1 Status Update on the Florida Governmental Utility Authority (FGUA) Capital Improvement Project (CIP) Program

The status update on the Florida Governmental Utility Authority (FGUA) Capital Improvement Project (CIP) Program was provided to the Board.

IN 2 Status Update on the Florida Governmental Utility Authority (FGUA) Community Outreach Program

The status update on the Florida Governmental Utility Authority (FGUA) Community Outreach Program was provided to the Board.

X - System Manager

SM 1 Acceptance of DeSoto County Resolution No. 2009-04 Adopted by the DeSoto County Board of County Commissioners Seeking Membership in the FGUA and Acceptance of DeSoto County as a Member of the FGUA

Provided for consideration was DeSoto County's Resolution 2009-04 that was passed by a unanimous vote at the January 13, 2009 DeSoto County Board of Commissioners meeting. The DeSoto County Commission has appointed the County's Utilities Director, Mr. Chris M. Rogers as their representative to the FGUA Board of Directors and we welcome him and look forward to his attendance and participation at future meetings. The County also appointed an interim Alternate Director, Bart Arrington. Staff recommended acceptance of DeSoto County's Resolution 2009-04 approving the form of the interlocal agreement and acknowledging the receipt of the executed signature page from the County for the First Amended and Restated Interlocal Agreement Relating to Establishment of the Florida Governmental Utility Authority and to accept the appointment of Mr. Chris M. Rogers as the County's FGUA Board representative and Mr. Bart Arrington as the County's alternate.

Mr. Jim Lavender made a motion to approve item SM 1. Ms. Michele Baker seconded the motion. All were in favor and the motion was unanimously approved.

SM 2 Approval to Adopt the Golden Gate Utility Advisory Committee By-Laws and Accept the Committee Member Appointments

Provided for consideration, was a copy of the Utility Advisory Committee (UAC) Procedures and By-laws. This document establishes the purpose of the committee and provides a uniform set of procedures and guidelines for the conduct of the business and affairs of this committee. The UAC shall offer suggestions and recommendations to the FGUA Board. The UAC shall also consider suggestions from the public and shall cooperate with citizen groups, civic clubs, governmental agencies and other organizations. Once formed, the UAC will appoint a Chairperson and Vice-Chairperson, and will establish a bimonthly meeting schedule. The Staff has organized and conducted several advertisements within the prospective County to solicit five (5) members to serve for a term of three (3) years on the UAC. Terms will be staggered at 18 month intervals. For the first committee, names will be drawn for two members who will serve 4 ½ year terms, allowing all terms to be staggered from then on. There were six (6) qualified applications received to fill the five (5) positions. Copies of each applicant's application were provided. Upon Board approval, the staff will contact committee members and set-up the first UAC meeting. Staff recommended that the Utility Advisory Committees By-Laws be adopted as written for Golden Gate Utility System. Staff also recommends that the following members be appointed: William Arthur, David Farmer, PE, AICP, Keith Denny, William Combs, W. James Klog, III.

Ms. Michele Baker made a motion to approve item SM 2. Mr. Shane Parker seconded the motion. All were in favor and the motion was unanimously approved.

SM 3 Authorization to Examine the Impact of House Bill 691 and Senate Bill 1192 Relating to the Florida Public Service Commission's Jurisdiction Exemption

Provided for the Board's information was House Bill 691 and Senate Bill 1192 relating to the Florida Public Service Commission's (PSC) jurisdiction exemptions. A memorandum from the Systems Manager was included with details of the specific issues and amendments these two bills convey and an opinion of actions that should be undertaken by the Board in response to the legislatures potential passage of these bills. Staff recommended that the Board provide authorization for both general and utility counsel to provide the necessary assistance in examining the impact of the legislation and if necessary convey the FGUA Board's opposition to the proposed bills to the Florida State House of Representative and Senate.

Mr. Robert Sheets stated that the full impact of this legislation needs to be analyzed. Many entities have concerns with the legislation. Ms. Baker asked if there is an estimate of the costs associated with the examination of the legislation's impact on the FGUA. Mr. Pelham stated that for general counsel the basic cost would be covered by the ongoing contract and if extensive research is required he would bring back a request for the increased scope of work. Ms. Encinosa stated that the utility counsel would most likely perform the work at an hourly rate and would provide a lump sum fee engagement letter. Mr. Sheets suggested that funds are limited and staff will bring back a status report. Mr. Jim Lavender made a motion to authorize general and utility counsel to provide assistance in examining the impact of the legislation and if necessary convey the FGUA Board's opposition to the proposed bills to the Florida State House of Representatives and Senate with the caveat that status reports be provided to the Board along with authorization for increases to the scope of work above and beyond general and utility counsel's ongoing contracts. Ms. Michele Baker seconded the motion. All were in favor and the motion was unanimously approved. Ms. Thomas asked if other governmental entities are lobbying on this issue and asked that she be provided with the committees the bills will go before. Mr. Pelham stated that he would provide this information. It was suggested that the Directors take this information to their local jurisdictions.

SM 4 Status Update on the Lehigh Acres Utility Expansion Project

As part of the analysis of future utility expansion in Lehigh Acres, a number of properties have been identified as being located adjacent to existing FGUA wastewater facilities, which places them within the guidelines for mandatory connection under Chapter 381.00655, Florida Statutes. Provided was a staff report which included a set of proposed policies to guide mandatory wastewater connections in all FGUA systems, and a proposed connection program for the identified 166 residential connections in Lehigh Acres. There are also commercial properties that will fall under the mandatory connection criteria. However, staff is still identifying these locations, and these properties will be brought to the Board for separate consideration in the near future.

The proposed Lehigh Acres residential connection program includes the following provisions:

- Properties must connect within 365 days of formal notice of service availability;
- Properties must connect within 90 days if the septic system is in need of repair or replacement;
- Estimated costs ranging from \$5,130 (typical case) to \$15,130, including costs to abandon the septic system and connect from right-of-way to clean-out;
- Financing/payment options which include 2-year interest free, 5-year interest free (hardship only), and a 15-year with interest option, as well as the lump sum payment option;
- Preliminary discussion of how the FGUA may fund/finance the project; and
- A proposed project schedule.

This was an information item only. It is anticipated that the proposed mandatory connection program will be presented for action at the March Board meeting. Mr. Sheets stated that the Lee County Board of County Commissioners will also receive an update that will include this information.

Mr. Stephen Spratt stated that this issue is frustrating to the resident, and there is concern that all potential customers have been identified. Mr. Spratt states the residents are concerned because of the timing of the implementation of the plan. Ms. Thomas asked if Lee County received funding for neighborhood stabilization. Mr. Lavender stated that the driving factor behind the Lee County Board's decision was that Lehigh Acres must be consistent with the County's connection requirements. The County is in compliance and the County wants Lehigh Acres to be also. Mr. Sheets stated although the timing was not optimum that the FGUA will implement the plan as requested by the County. Ms. Thomas asked how many of the 166 connection identified were in foreclosure. Mr. Spratt stated that he believed the number to be approximately thirty-five. Discussion ensued on funding assistance programs. Mr. Sheets stated that the plan will be introduced in measured steps and staff research availability of funds to defray costs of installation and decommission. Mr. Sheets stated that we are going to move forward with the first step because it is an FGUA responsibility and will be done consistent with the County standards. Mr. Parker requested a map of the area being required to connect and asked has an interest rate been determined for customers wishing to finance. Mr. Spratt stated that the numbers provided in the bullet points are only assumptions at this time. Mr. Spratt stated that presently the study only includes residential properties and the commercial properties are being verified.

SM 5 Other Items

There were no other systems manager items to be presented.

XI - Utility Counsel

UC 1 Approval of FGUA Resolution No. 2009-07 Authorizing the Issuance of Florida Governmental Utility Authority Revenue Bonds (Aloha Utility System) Series 2009 for the Aloha System Acquisition, Initial Construction Project and Authorization for the FGUA Utility Officers to Perform Certain Other Actions Related to Closing for the Acquisition Transaction

Please note that all of the Utility Counsel items were presented and approved immediately following the consent agenda items.

Provided for consideration was FGUA Resolution No. 2009-07 authorizing the issuance of Florida Governmental Utility Authority Revenue Bonds (Aloha Utility System) Series 2009, for the purpose of acquiring facilities located in Pasco County, Florida and constructing certain capital improvements to such facilities. The Resolution also provides for approving and accepting a loan commitment with respect to the negotiated sale of said bonds; approving and accepting an interest rate hedge related to said bonds; authorizing the execution and delivery of an indenture of trust, first supplemental indenture of trust and interest rate hedge agreement with respect to said bonds; appointment of the trustee as paying agent and providing for the removal the current trustee of and designation of a successor trustee with respect to other utility systems owned by the FGUA. The Resolution makes certain findings and provides direction on certain other matters in connection with the issuance of said bonds. The Resolution also authorizes the officers of the authority to perform certain other actions required for the completion of the acquisition and implementing the initial capital improvements project. Staff recommended approval of Resolution No. 2009-07 authorizing the acquisition of the Aloha Utility System and the construction and installation of the initial project and

authorization for the officers of the authority to perform other certain actions required for the completion of the Aloha Utility System acquisition transaction.

Mr. Craig Dunlap reviewed the final details of the financing for the acquisition of the Seven Springs and Aloha Gardens Utility Systems in Pasco County. He stated that Wachovia's David Thornton was instrumental in getting the commitment for a three year term locked in with an interest swap provision. The maturity date is October 1, 2012. Wachovia can reset the rate at the end of three years and will continue to monitor the market for a fixed rate term. As part of the Wachovia commitment the FGUA had to receive investment grade ratings from all three rating agencies.

Bond Counsel, Tom Giblin reviewed the bond resolution and stated that to secure the financing one action was required by the System Manager that requires ratification, the loan commitment was signed by Robert Sheets subject to board approval. Mr. Giblin then reviewed the exhibits and noted that Exhibit C was the indenture and the trustee will be Wells Fargo. Ms. Lisa Derryberry has been the trustee for other FGUA indentures and now works with Wells Fargo. Mr. Giblin informed the Board that Wednesday the real property will close, Thursday the financing will close, and Friday will be the transfer of funds. Mr. Giblin stated that with the financing difficulties encountered because of the status of the national economy that without Ken Wheatley and David Thornton of Wachovia the transaction may not have been completed.

With no discussion from the members, Ms. Thomas asked for a motion. Ms. Michele Baker made a motion to approve item UC 1. Mr. Jim Lavender seconded the motion. All were in favor and the motion was unanimously approved.

Ms. Thomas addressed the customers that were present, stating that the Board is glad that it could get the acquisition done for them. Mr. Armstrong added that the customers have been instrumental with their knowledge of the PSC along with understanding the need to raise rates initially at take over. Ms. Thomas concluded that the FGUA is ready to assist them in addressing the concerns and issues and that the customers have been a pleasure to work with during the acquisition process.

PLEASE NOTE THAT ITEM UC 3 WAS CONSIDERED IMMEDIATELY AFTER ITEM UC 1.

UC 2 Approval of the Revised U.S. Water Compensation/Transition Agreement for the Aloha System and Authorization for the Chair to Execute the Same

Provided for consideration was a Revised Aloha System Compensation Agreement between the FGUA and U.S. Water/Wade Trim LLC to provide for the provision of Utility Services to the Aloha System, effective on the date of acquisition through September 30, 2013.

On October 8, 2008, this Board approved an earlier form of this agreement in an effort to accommodate a December 2008 closing on the Aloha System. This earlier agreement was not executed by U.S. Water/Wade Trim LLC due to the need for certain contract adjustments during the transition of the operations from Aloha to the FGUA.

Although the annual compensation total remains unchanged, this Revised Aloha System Compensation Agreement includes a new Transition Plan (Appendix D). This plan details how U.S. Water/Wade Trim LLC and the FGUA will successfully transition to ownership and operation of the Aloha System, including transition activities, staffing, and a schedule. This plan also provides for the suspension of certain contract provisions during an 18-month transition period (unless another time period is noted therein) to allow U.S. Water/Wade Trim LLC the chance to identify and resolve any service delivery issues as they become accustomed to the Aloha System. This plan also clarifies certain contractual terms (i.e. scope of locates, definition of customer complaint) and permanently modifies the following substantive contract provisions from the General Terms Agreement for the entire Initial Term of the Compensation Agreement (commencement date to September 30, 2013):

- Telephone System upgrade will be funded by the FGUA as a Capital Improvement
- Umbrella/Excess Liability Insurance coverage amount changed from \$15,000,000 to \$5,000,000.
- U.S. Water/Wade Trim LLC and the FGUA will split the one-time cost to dispose of any excess residuals that remain in the Aloha System.
- Items of Delayed/Deferred Maintenance that are identified after acquisition will be funded by the FGUA.
- The requirement to clean 10% of the wastewater system collection lines every year has been waived.
- FGUA to assign a capital project engineer to the Aloha System.
- Any changes made to the Aloha System after acquisition that result in greater chemical or staffing needs will be negotiated as additional compensation.

Staff recommended the Board move to revoke its October 8, 2008 approval of the original (unexecuted) Aloha System Compensation Agreement and then move approval of the Revised Aloha System Compensation Agreement including all attached appendices.

Ms. Michele Baker made a motion to revoke the approval given on October 8, 2008 for the original Compensation Agreement and to approve the Revised Compensation Agreement along with all the attached appendices as presented. Mr. Jim Lavender seconded the motion. All were in favor and the motion was unanimously approved.

PLEASE NOTE THAT ITEM UC 3 WAS CONSIDERED IMMEDIATELY AFTER ITEM UC 1.

UC 3 Approval of FGUA Resolution No. 2009-08 Determining the Use of Water and Sewer Service Availability Charges

Provided for consideration was Resolution No. 2009-08 Determining the Use of Water and Sewer Service Availability Charges; Making Legislative Findings; and Providing an Effective Date. The resolution is intended to direct the use under the Indenture of the Water and Sewer Service Availability Charges Established in the Rate Resolution for the Aloha Utility System. Pursuant to the addendum to the Purchase and Sale Agreement entered into by Aloha and the FGUA on December 12, 2008, Aloha is entitled to retain up to \$250,000 of prepaid Service Availability Charges for each month, or portion thereof, between December 12, 2008 and the Transition Date. Based on the information secured during the due diligence process, it is estimated that approximately \$450,000 in pre-paid Water and Sewer Service Availability Charges shall be transferred to the FGUA on the Transition Date. The Water and Sewer Availability Charges shall be treated as System Revenues and may be used for the purposes outlined in Section 4 of the resolution. The Resolution will become effective immediately upon its passage and adoption. Staff recommended approval of Resolution 2009-08 Determining the Use of Water and Sewer Service Availability Charges; Making Legislative Findings; and Providing an Effective Date.

Ms. Michele Baker made a motion to approve UC 3. Mr. Jim Lavender seconded the motion. All were in favor and the motion was unanimously approved.

UC 4 Approval of the Agreement to Lease Vehicles or Equipment by and between the FGUA and U.S. Water/Wade Trim, LLC for the Operation of the Aloha Utility System

Provided for consideration was an Agreement to Lease Vehicles or Equipment between U.S. Water/Wade Trim, LLC and the FGUA. Under this lease, which is effective February 27, 2009 for a twelve month period (contingent upon a successful closing), the FGUA will lease the Aloha System rolling stock to U.S. Water/Wade Trim for use in the operation, maintenance, billing and customer services to be provided for the Aloha System. The agreement provides for an annual rental fee per

vehicle or piece of equipment of \$10.00 payable at the beginning of the lease year. Staff recommended approval of the Agreement to Lease Vehicles or Equipment between U.S. Water/Wade Trim, LLC and the FGUA contingent upon a successful closing of the Aloha Utility System.

Ms. Michele Baker made a motion to approve UC 4. Mr. Shane Parker seconded the motion. All were in favor and the motion was unanimously approved.

UC 5 Approval of Work Authorization USWWT 09-01 with U.S. Water/Wade Trim LLC for the Initial Infrastructure Project in the Aloha Utility System

Provided for consideration was Work Authorization USWWT 09-01 with US Water/Wade Trim, LLC. to provide all necessary services for the evaluations, studies and project definition for the initial infrastructure projects (details attached) for the Seven Springs and Aloha Gardens water treatment and distribution system to maximize overall system efficiency and operations. The scope of work includes operational investigative services for water distribution system and water treatment plant evaluation. This shall include the development of a water system map, modeling and hydraulic analyses of the distribution system, identification of distribution system deficiencies, and providing recommendations for treatment and distribution improvements. Existing as-built documents for the treatment and the distribution systems are assumed to be available. The evaluations and recommendations will be summarized in the form of a project implementation plan to ensure effective system operations. The plan will define each needed improvement, estimate the design and construction cost, and be scheduled to minimize customer outages while maintaining FGUA and regulatory agency timeframes. The not to exceed cost for these services is \$685,454.00. Payment shall be made pursuant to invoices documenting hours worked applied to adopted rates (scheduled attached) and expenses incurred. This project is scheduled for completion with varied dates by task from the Notice to Proceed date per the information contained in the work authorization. Staff recommended approval of Work Authorization USWWT 09-01.

Mr. Robert Sheets stated that this was the FGUA's eighth acquisition and this acquisition has been the most time consuming and difficult; he recognized that Wachovia has made the financing for the acquisition possible; Pennington, Moore, Wilkinson, Bell, and Dunbar have been instrumental; PBS&J, Malcolm Pirnie and Brown & Caldwell provided the engineering due diligence; US Water, headed by Gary Deremer have been in the trenches since the beginning doing the heavy lifting; GSG staff along with NGN staff working in several capacities (bond, utility and acquisition counsel) with special recognition to Brian Armstrong were all instrumental in making this acquisition happen, however we would not be here without the citizens and because of their support we have reached. **Ms. Michele Baker made a motion to approve UC 5 for the Work Authorization USWWT 09-01 in the amount of \$685,454.00 subject to closing. Mr. Shane Parker seconded the motion. All were in favor and the motion was unanimously approved.**

Mr. John Andrews chair of Committee for Better Water Now addressed the Board and stated that along with the residents he wished to express appreciation to the Board and staff, especially Brian Armstrong who kept them informed and Gary Deremer of U.S. Water for listening to their concerns and Wachovia for making the financing happen. Ms. Thomas thanked the Committee and stated that she hoped the FGUA will make less work for them.

UC 6 Approval of the Capacity Impact Fee Installment Payment and Lien Agreement for Maple Microtel Restaurant

Provided for consideration was a Capacity Impact Fee Installment Payment and Lien Agreement for Maple Microtel Restaurant. This agreement was drafted at the request of the property owner, Reached the Beach, Ltd. by its Manager, Brian Owens, to provide for the payment of water and wastewater capacity impact fees that were attributable to the Maple Microtel Restaurant over a period of time. It was determined by staff that additional capacity impact fees were due to the FGUA in the amount of \$97,009.77 as a result of the owner

opening an integral restaurant as part of his previously developed Maple Microtel Hotel. A partial payment of \$65,009.77 was made in good faith and the developer requested an opportunity to pay the balance in installment payments. Staff has reviewed the circumstances and facts associated with the developer's request and agreed with the request to pay the remaining impact fees in six monthly installments. The balance due is an indebtedness against the real property described in the attached "Exhibit A" and the agreement will be recorded in the Public Records of Lee County and will be considered a lien against the property. Should an installment payment not be made the full amount becomes due and payable. Upon full payment of the impact fees the FGUA will execute and record a Satisfaction of Lien and record it in the Public Records of Lee County, Florida. Staff recommended approval of the Capacity Impact Fee Installment Payment and Lien Agreement for Maple Microtel Restaurant and authorization for the clerk to record it and upon full payment for legal counsel to draft a Satisfaction of Lien for the Board's consideration.

Mr. Jim Lavender made a motion to approve item UC 6. Mr. Shane Parker seconded the motion. All were in favor and the motion was unanimously approved.

UC 7 Other Items

There were no other utility counsel items to be presented.

XII - General Counsel

GC 1 Approval of the Amended and Restated Management Services Agreement by and between the Florida Governmental Utility Authority and Government Services Group, Inc. to include the CIP Administration Fees for the future Seven Springs and Aloha Gardens Systems for FY 2009 and FY 2010

This item was presented for the Board's consideration at the January 15, 2009 meeting and was deferred to the February meeting at the request of the acting Pasco County Director for further consideration. The System Manager conferred with the Pasco County representatives on January 23, 2009 to provide further explanation as to the amended agreement and to respond to their questions. The proposed Amended and Restated Management Services Agreement by and between the Florida Governmental Utility Authority and Government Services Group, Inc. incorporates various amendments to the Management Services Agreement during the term of the relationship. Additionally, the proposed agreement eliminates provisions that are no longer applicable and also includes numerous corrected and clarifying edits. Finally, the agreement incorporates the addition of the Aloha System. The effectiveness of the Amended and Restated Agreement is contingent upon the FGUA's acquisition of the Aloha Utility System.

The principal changes proposed in this agreement for the first time are as follows:

1. Clarification language in Section 2.10 (A) and (B) and Section 3.08 that the reference to Section 112.061, Florida Statutes regarding reimbursement for expenses is applicable to "travel related" expenses.
2. A recognition in Section 2.10 (C) that, in some instances, development review activities by the System Manager require an extraordinary amount of time. The added provision in this Section would allow the Manager to submit a supplemental funding request to the Board to compensate for the additional support required. It is anticipated that the Manager will be coming back to the Board with a proposed amendment to the fee schedule for development review services which would allow the FGUA to recoup staff and legal costs incurred as a result of a developer's request for alteration of standard form documents or title issues with conveyances to the FGUA.
3. Additional language is added to Section 3.06 regarding inspection services for Capital Projects. The Board has previously requested that the Manager provide a quarterly report reflecting actual inspection hours incurred and payments made for small repair and replacement projects funded under the miscellaneous repair and replacement budget.
4. Section 4.02, Term of Agreement is amended to provide the term of the Amended and Restated Agreement will commence on the Effective Date of said agreement and end on September 30, 2014. This term

would be consistent with the Board's previous position of having the System Manager's contract extend for a one year period beyond the operations contract.

5. Section 2.10 (B) Compensation for Basic Services is updated and amended to provide for the increased capital project administration staffing plan necessitated by the addition of the Aloha System. Staff recommended that the Board of Directors approve the Amended and Restated Management Services Agreement as presented and approve the revised capital project administration staffing plan.

Mr. Jim Lavender made a motion to approve item GC 1. Ms. Michele Baker seconded the motion. All were in favor and the motion was unanimously approved.

GC 2 Request of General Counsel for a Closed Attorney-Client Session with the FGUA Board at the March 19, 2009 FGUA Board Meeting

General Counsel respectfully requests a closed attorney-client session with the FGUA Board at the March 19, 2009 FGUA Board meeting for the purpose of seeking advice from the Board concerning the pending case of Gassner v. Florida Governmental Utility Authority, etc., Case No. 06-CA-00826, Second Judicial Circuit, Leon County, Florida. The purpose of the session will be to discuss settlement negotiations and litigation expenditures for the above referenced case. Those persons attending the session with the Board members will be Robert Sheets, John Pelham, Heather Encinosa, Harry Chiles and a court reporter. It is anticipated that the session will last thirty minutes. Staff recommended that the Board authorize general counsel to schedule a closed attorney - client session for the March 19, 2009 meeting regard Case No. 06-CA-00826.

Ms. Michele Baker made a motion to authorize the advertising of an executive session at the March 19, 2009 meeting. Mr. Shane Parker seconded the motion. All were in favor and the motion was unanimously approved.

GC 3 Other items


There were no other general counsel items to be presented.

XIII Board Items

BD 1 Other Items

There were no other board items to be presented.

The meeting was adjourned at 2:10 p.m.



Lea Ann Thomas, Chair