

**MINUTES OF MEETING
SUNSHINE WATER CONTROL DISTRICT**

A Regular Meeting of the Sunshine Water Control District's Board of Supervisors was held on **Wednesday, June 16, 2010 at 6:30 p.m.**, in the **Commission Chambers, Coral Springs City Hall, 9551 West Sample Road, Coral Springs, Florida 33065.**

Present at the meeting were:

David Hulett	President
Emily Heafy	Vice President
Joe Morera	Secretary

Also present were:

Craig Wrathell	District Manager
Doug Paton	Client Services Manager
Matt Kozak	Wrathell, Hunt & Associates
Bill Capko	District Counsel
Cory Selchan	Field Superintendent
Rhon Ernest-Jones	District Engineer
Tom Donahue	District Engineer
John McKune	McKune & Associates

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Hulett called the meeting to order at 6:40 p.m. Mr. Wrathell called the roll, noting, for the record, that Supervisors Hulett, Heafy and Morera were present, in person.

SECOND ORDER OF BUSINESS

Sample Bonding Scenario Based Upon Updated CIP

Mr. Wrathell indicated this sample bonding scenario contains several items that were not included in the previous scenario. He referred to the Capital Program Affordability Study on Page 1 and explained the CIP is increasing from \$15.3 million to approximately \$18.8 million. This page is an overview showing the impact of the increase on the assessments, detailing the borrowing options and related costs for a 10-year bank note, 30-year insured special assessment bonds and 30-year special assessment bonds with debt service reserve. Mr. Wrathell spoke of obtaining a Standard & Poor's rating for the District, which might help lower the interest rate.

Mr. Wrathell indicated, with most bond deals, if you do not have a rating or bond insurance, a debt service reserve is generally required, in case principal and interest or interest payments are missed.

Mr. Wrathell referred to Page 2 showing a pay-as-you-go scenario listing incremental additional annual assessment amounts and the time it would take to reach the \$18,971,425 amount, depending on the increase selected. He summarized, with an increase of \$50 per unit, it would take until 2032, a \$75 increase takes until 2027, a \$100 increase takes until 2023, a \$125 increase takes until 2020, a \$150 increase takes until 2019 and a \$175 increase takes until 2017.

Mr. Wrathell indicated Page 3 shows the breakdown of available construction funds raised, based on the various annual assessment amounts, for a 10-year bank note with an interest rate of approximately 7.50%. An additional assessment of \$175, per unit, would be necessary to reach the desired \$18.8 million mark to fund the CIP. He indicated this holds the time frame to ten (10) years and reduces the interest paid, but it is at a high cost to the current residents.

Mr. Wrathell explained Page 4 details the available construction funds raised based on the various annual assessment amounts, for a 30-year insured bond at an approximate interest rate of 6.75%. He indicated in order to fund the entire CIP, under this scenario, the annual additional assessment would need to be about \$100 per unit.

Mr. Wrathell reviewed Page 5 showing a breakdown of the available construction funds raised based on a 30-year bond with debt service reserve at an interest rate of approximately 7%. He noted it is similar to the previous scenario, with an additional assessment of just over \$100 per unit being necessary.

Mr. Wrathell explained the side-by-side summary of the various options on Page 6. He noted the options generally will require the additional assessment to be a little over \$100 per unit, in order to reach the desired \$19 million needed for the CIP. He acknowledged this figure is higher than the Board's original target amount. Mr. Wrathell felt lower interest rates are possible but these scenarios use a conservative approach. He discussed other approaches such as breaking up the CIP by issuing bonds to finance priority items, waiting until the current bank loan matures in 2012 and using the \$43 per unit in funds from that to fund the remainder, utilizing a pay-as-go approach. Mr. Hulett asked to return to this topic during the Engineer's Report.

THIRD ORDER OF BUSINESS

**Consideration of Resolution 2010-12,
Approving the District's Proposed Budget
for Fiscal Year 2011 and Setting a Public
Hearing Thereon Pursuant to Florida
Law**

Mr. Wrathell distributed a modified version of the proposed budget containing two (2) minor revisions. He reviewed the proposed budget drawing attention to the current fiscal year and comparing it to the Fiscal Year 2011 proposed budget. A proposed assessment levy net revenue of approximately \$2.205 million is projected for Fiscal Year 2011. This amount nets out the 4% discount for early payments. Other minor revenue sources are added, resulting in approximate revenue of \$2.12 million.

Mr. Wrathell indicated there is little change in the expenditure amounts going into the next fiscal year. Pages 3 – 6 provide definitions and descriptions of the various expenditures. Mr. Wrathell advised that the proposed budget shows total expenditures of \$2,490,352 and shows the District will purposely reduce its reserves by \$277,925. Mr. Wrathell referred to Page 9 containing general fund engineering cost estimates and explained the total, from all funding sources, contains culvert replacement carryover (unspent) funds and fund savings from Fiscal Year 2010. In summary, of the \$414,000 budgeted for engineering costs, \$136,074.55 will be funded by the assessments and the balance is funded through the reserves, as reflected in the \$277,925 reduction on Page 2. Mr. Wrathell reviewed the 5-Year CIP, on Page 10, listing a description of the work, estimated costs and funding sources, noting these items are anticipated to be funded through bonds.

Mr. Hulett referred to the culvert replacement/repair and new culverts line items on Page 10 and asked the difference and why these items are not rolled together. Mr. Donahue clarified the new culverts line item accounts for areas where a culvert does not exist and a new culvert would be necessary.

Under expenditures, on Page 1, Mr. Wrathell advised the legal expense line item was increased from \$25,000 to a more realistic amount of \$36,000. Mr. Morera noted the current year's legal fees are about 44% over. Mr. Wrathell and Mr. Hulett indicated the change in District Counsel and several legal activities and projects, during the current fiscal year, resulted in the increase in legal costs. Mr. Morera acknowledged the superior quality of District Counsel but voiced his hope for flexibility and consideration in providing services in a cost-effective

manner. Mr. Capko indicated District Counsel's desire to work towards a long-term relationship and willingness to work efficiently. Mr. Wrathell indicated District Counsel will be of great service when it comes to the financing intricacies of the CIP.

Mr. Wrathell highlighted the various expense line items. Brief discussion ensued regarding Supervisors' fees and whether they should be claimed under a 1099 or if FICA is withheld. Mr. Wrathell indicated payment can be switched to payroll, if the Board desires. It was clarified that Mr. Hulett and Mr. Morera collect Supervisors' fees and Ms. Heafy does not.

Mr. Wrathell discussed the shared human resource services line item, noting it is a discussion item later in the Agenda. Mr. Hulett indicated he feels it makes sense to bring this function in-house, fully. Ms. Heafy voiced her support. Mr. Morera voiced his concern about whether another management company would be willing to take on those responsibilities, should a change in district management take place. Mr. Wrathell indicated most of Management's competitors could take on this responsibility. Mr. Hulett indicated both parties benefit in that the District would continue to pay rent for use of the Coral Springs Improvement District's (CSID) facilities. Discussion ensued regarding whether such a change would impact the District's employees. Mr. Selchan expressed his concerns that this type of change could have an impact on the employees; however, after speaking to Mr. Hulett and Mr. Wrathell, he indicated he understood the proposed change. For the record, Mr. Selchan indicated Mr. Jan Zilmer, of CSID, has done an outstanding job in managing the District's human resources.

Mr. Wrathell confirmed, as the discussion is related to the Fiscal Year 2011 budget, the effective date of the transition would be October 1, 2010. Discussion ensued regarding modifying or amending the interlocal agreement between the District and CSID, to remove the human resources function.

Returning to the proposed budget, Mr. Hulett referred to the field operations expenses, noting the pension and health insurance expenses are roughly 38% of payroll and asked if that figure is in line with other entities. Mr. Wrathell confirmed that figure is superior considering the District pays 100% of the health insurance and a 10% pension. Mr. Hulett asked if Management is comfortable with the District continuing to pay 100% of the health care benefit. Mr. Wrathell discussed the costs related to this being a smaller group and the recently passed health care bill. Mr. Wrathell noted, as costs can vary greatly, the health insurance line item factors in a 15% increase for the next fiscal year. Mr. Hulett asked Management to request

information from the health insurance provider regarding coverage and anticipated rates. Brief discussion ensued regarding the pension contribution percentage. Mr. Hulett noted it might be prudent for the Board to review these items in the future and consider the viability of maintaining the contributions at the same level or requiring an employee contribution, at some time. Mr. Wrathell advised that insurance is generally something to shop around each year. Mr. Selchan expressed his feeling that health insurance is the most important benefit the employer can offer and voiced his concern that proposed changes in human resources and potential benefit changes could adversely impact his employees.

Mr. Wrathell reviewed the remainder of the proposed budget expenditures and explained the reasons for changes from the previous fiscal year. Mr. Wrathell noted salaries and wages, under field operations, includes hiring of two (2) additional workers. Mr. Hulett asked Mr. Selchan his position on whether two (2) additional employees will be necessary. Mr. Selchan indicated if assistance from the city and residents moves forward, it would not be necessary; he feels the work could be completed with the current staff. The feeling was to keep this item budgeted, in the event additional staff becomes necessary, as the CIP proceeds. Brief discussion ensued regarding the average percentage salary increase for employees, on a yearly basis. Mr. Selchan clarified that all employees are evaluated and, although 5% is budgeted, employees rarely receive a 5% pay increase; most increases are between 2% and 4%.

Mr. Wrathell noted the major change in proposed expenditures is a decrease in engineering from \$1,242,541 to \$414,000. Mr. Selchan explained the increase in the chemical expense line item indicating he hopes to step up the chemical treatment, during the next year, to stay ahead of growth. Discussion took place regarding the remaining line item expenditures.

Mr. Wrathell summarized the proposed budget reflects an overall drop in expenditures from approximately \$2.3 million to \$1.5 million, primarily related to the engineering line item reduction. A question was raised about there being no expenditures, year-to-date, for propane. Mr. Selchan indicated that is not correct, as the pumps have been running, so propane has been used. Mr. Selchan felt the capital outlay line item is inflated and feels the propane expenditures may have been improperly applied to capital outlay.

Mr. Wrathell reviewed the projected per unit assessments on Page 7 noting an increase from \$132.77 to \$136.12, per unit.

Mr. Wrathell explained Resolution 2010-12 is for approving the proposed budget and setting a date for the proposed public hearing and the budget can be modified through the time of the public hearing.

On MOTION by Mr. Morera and seconded by Ms. Heafy, with all in favor, Resolution 2010-12, Approving the District's Proposed Budget for Fiscal Year 2011 and Setting a Public Hearing for September 15, 2010, was adopted.

FOURTH ORDER OF BUSINESS

Discussion: Human Resource Function

This item was discussed during the Third Order of Business.

FIFTH ORDER OF BUSINESS

Discussion/Consideration: Florida Association of Special Districts Membership

Mr. Wrathell reviewed the schedule of dues to join the Florida Association of Special Districts (FASD) and indicated it is based on the organization's budget; with a budget of approximately 2.5 million, the District would pay dues in the \$1,750 - \$2,000 range. Ms. Heafy asked for an explanation of the benefit to joining. Mr. Ernest-Jones indicated the association provides good information and presentations on what is happening with special districts. Mr. Ernest-Jones indicated the association conducts coaching/training sessions for supervisors and is a networking source. The Board agreed to attend an association event to determine if it is a good fit for the District. Management will contact the association to verify the charge for the District to join.

SIXTH ORDER OF BUSINESS

Deadline for Submission of Comprehensive Plan Amendments – June 25, 2010, 5:00 PM (for informational purposes)

Mr. Wrathell indicated this is an informational item.

SEVENTH ORDER OF BUSINESS

Update: June 16, 2010 Meeting with City of Coral Springs Staff

- **Mike Levinson Letter (*for informational purposes*)**

Mr. Ernest-Jones indicated Mike Levinson, Larry Stanart, Rich Michaud, Kent Maroney and Mark Westfall were present at the meeting.

Mr. Wrathell indicated he gave an overview of the District's position in developing its CIP, the addition of funds to complete the canal bank clearing and the need for the city's support in the project, by way of code enforcement, in order to maintain the program into the future. Mr. Wrathell indicated the city was supportive, although they are currently overextended, due to the high amount of foreclosures. The city suggested creating a separate hearing process for the District's issues, apart from the normal code enforcement process, and also the possibility of the District receiving an exemption in the tree clearing process, similar to a utilities exemption.

Mr. Ernest-Jones stressed the importance of communication and education during this project. He suggested preparation of draft notification letters to residents.

Mr. Wrathell stressed the District needs the most cooperation from the city regarding the canal right-of-ways. He felt completing some work that the residents can see, while educating them and also keeping assessments low, would be most palatable to the residents.

Mr. McKune emphasized the exemption mentioned for the removal of trees and noted it is not a full exemption, unless approved by the county. Ms. Heafy asked how the county is likely to react to the District's request to remove the trees. Mr. McKune indicated Mr. Westfall said other districts attempted this and the county said no. Brief discussion ensued regarding removal of trees, fences and other items from the easements.

Mr. Selchan felt the city was supportive of working with the District and developing a policy that is comfortable to everyone.

Mr. Hulett indicated the meeting with the city was positive and he feels the city wants to cooperate and work together in a joint effort, in order for the project to be successful. He noted the city is currently overrun in the code department, due to the amount of foreclosures. He discussed the length of the process, should residents not voluntarily remove the obstructions. Mr. Hulett stressed the importance of starting the process but with an understanding that it may be controversial and take longer than the Board would like.

Mr. Wrathell wondered if the District’s GIS system was capable of allowing residents to access the system, pull up their property and view whether they are impeding on the District’s right-of-ways. Mr. Selchan indicated this can be done using the property appraiser’s website.

Mr. Ernest-Jones felt a notice should be sent to all property owners adjacent to canals and lakes at the same time. The Board discussed ways of disseminating the information to residents, such as sending CDs allowing them to access their property and District boundary information. Mr. Ernest-Jones noted the GIS software is required; therefore, it may be more beneficial to refer residents to the property appraiser’s website.

Mr. Selchan felt the letter to residents should inform them of their responsibility and what they can do to help the District.

Ms. Heafy suggested the District produce a pamphlet of information for residents.

Mr. Morera suggested the letter inform them what the District has done, is doing, will be doing and that the work might affect them, in the future. The letter could refer them to websites or contacts for further information.

Mr. Selchan indicated these letters will generate a tremendous amount of phone calls and wondered who will field those calls and will Management need additional staff.

Mr. Hulett spoke of producing a general letter to all District residents followed by a letter to residents with an encroachment issue, which provides a photo and additional, detailed information of what they need to do.

Ms. Heafy referred to a Coral Springs magazine that is sent to all residents and wondered if the District could have information included in the magazine, as a prelude to sending the letters.

Mr. Wrathell summarized the need is to send something to the residents informing them of the work completed, the work to be done, the time frame, how it will benefit the resident, show examples of potential problems and notify the resident that, in the future, the District will be asking them to remove impediments.

EIGHTH ORDER OF BUSINESS

**Consideration/Discussion of
Permits/Applications/Letters of No
Objection**

- ***Permit Application Review: SWCD Canals J and M, Proposed Culvert Extensions for Coral Springs CRA Downtown Project, Sample Road and University Drive***

Mr. McKune indicated he reviewed the plans and feels it would be a good addition to the District; he had no problems with the project.

On MOTION by Mr. Morera and seconded by Ms. Heafy, with all in favor, the Permit Application for SWCD Canals J and M, Proposed Culvert Extensions for Coral Springs CRA Downtown Project, Sample Road and University Drive, was approved.

• **PERMIT/APPLICATION LOG**

Mr. Ernest-Jones indicated there was nothing additional to report.

NINTH ORDER OF BUSINESS

**Approval of Minutes of May 12, 2010
Regular Meeting**

Mr. Hulett presented the May 12, 2010 Regular Meeting Minutes and asked for any additions, corrections or deletions.

On MOTION by Mr. Morera and seconded by Ms. Heafy, with all in favor, the May 12, 2010 Regular Meeting Minutes, as presented, were approved.

TENTH ORDER OF BUSINESS

Citizens Requests

There being no Citizens Requests, the next item followed.

ELEVENTH ORDER OF BUSINESS

Supervisors' Requests

Mr. Morera spoke of an area near city hall and the post office where it took a long time to drain and asked if it is the District's responsibility or had anything to do with water levels in the canals. Mr. Selchan indicated it is the city's responsibility and he will notify them of Mr. Morera's observation.

TWELFTH ORDER OF BUSINESS

Staff Reports

a. Attorney

Mr. Capko indicated Mr. Lewis prepared a draft of the interlocal agreement discussed and will forward it to the city for comment.

Mr. Morera thanked District Counsel for their open house invitation and complimented them on a wonderful event.

b. Engineer

i. Monthly Engineer's Report – 05/04/10 to 06/07/10

Mr. Hulett indicated he previously asked Mr. Ernest-Jones for a brief overview of the hydrologic study and for him to address hot spots and improvements the District can expect, by addressing those hot spot issues, in terms of a 100-year storm event. He wants to use this as a basis to reopen the discussion of the CIP numbers and develop a plan for moving forward.

Mr. Ernest-Jones reported Mr. Michaud brought up the East-West Basin Interconnect at today's meeting with the city. Broward County approved their portion of the grant and interlocal agreement. Mr. Michaud should receive that within two (2) weeks and will bring the interlocal agreement between the city and the District before the city commission in July.

Mr. Selchan added the city will allow the District to use the city's sites for debris disposal, if they have an interlocal agreement, which Mr. Capko indicated was drafted by Mr. Lewis.

Mr. Ernest-Jones reported culvert cleaning is scheduled to be completed in July and August. The W-6 culvert is still under consideration for advance and specific improvement in the worst areas. He indicated the model allows for prioritizing and determining how to get the biggest "bang for the buck" from the CIP. Pump Stations 1 and 2 are moving forward with the selected CM at Risk. Mr. Donahue and Mr. Selchan met with the CM at Risk and are preparing to narrow down the work and make recommendations for the pump stations; they are on their way to 100% plans.

Discussion ensued regarding the benefit of working with the city and making use of their fuel resources, through an interlocal agreement, in the event of an emergency. Mr. Selchan noted the District does not have the same capability to store that amount of fuel.

Regarding the CM at Risk, the contract is in the final legal review and should be ready for the next meeting. Mr. Ernest-Jones indicated they are still working on the general conditions portion of the contract which is the amount of supervisory staff; nearly \$500,000 of the contract is for supervisory staff.

Mr. Ernest-Jones indicated the initiative to have the swale cleared in the Corporate Park is moving forward. There is a minor issue regarding an improperly permitted project at the lower end of the swale where a water management system was built into the swale.

Mr. Donahue presented two (2) letters received after the agendas were prepared. The first is regarding a District right-of-way issue on NW 36th Place; a ficus hedge was planted in a District right-of-way, in an area of limited access. It was noted both the homeowner's fence and hedge are outside of his property line. Mr. Selchan will need the area cleared to provide boat access. Discussion ensued regarding whether the entire hedge, or only a portion, should be removed and who should do it. Mr. Morera and Ms. Heafy felt the District should remain steadfast in its commitment to keeping District right-of-ways clear and require the property owner to remove or relocate the fence and hedge. The District Engineer will prepare and send a certified letter to the resident. Mr. Selchan stressed the importance of notifying the homeowner and giving them time to remove or relocate the hedge and fence, prior to his crews taking any action.

Mr. Donahue presented the second letter regarding 9099 NW 27th Place, on the corner of NW 91st Avenue. The property owner contacted Mr. Selchan indicating that canal bank erosion was causing damage to his home and the embankment surface was unsafe. Mr. Donahue reported on the condition of the canal bank, indicating it is of a type that is not susceptible to erosion and the surface was not unsafe and was consistent with other District right-of-ways. The District Engineer will prepare a certified letter to the homeowner regarding their findings.

Mr. Donahue indicated modeling was completed to identify areas of potential high water and reviewed the findings with the Board. He noted most of the problems are in the northern tier of the District, which is the west basin. He reviewed photographic examples of the problems and explained the impact. He summarized the culvert cleaning project will be significant in alleviating these problems.

Mr. Hulett noted the term 100-year storm event has been used and asked for an explanation of how much rain it is. Mr. Ernest-Jones indicated a 100-year storm is measured over a three (3)-day period and it is 19½ inches in a 100-year timeframe. Mr. Hulett asked for an approximation of the overall efficiency of the system, once the canal cleaning and/or repairs are complete; will the District be able to move water with 80% - 85% efficiency. Mr. Hulett clarified he is not talking about the Phase 3 canal cleanout, just the culverts that are blocked and

those that need to be repaired and replaced. Mr. Ernest-Jones felt the project will improve efficiency by about 30%.

Mr. Hulett noted the highest objective is to replace the pump stations and discussed the need to determine a palatable assessment, while still accomplishing the District's most important objectives, starting with the pump stations. Mr. Hulett was comfortable with a \$50 per unit assessment for the CIP, acknowledging that, in a few years, another \$43 per unit becomes available when the SunTrust loan is paid off. Discussion ensued regarding what work could be completed, based on a \$50 per unit amount.

Mr. Wrathell indicated it is probably still another year before the bonds are issued and discussed figuring the capitalized interest period in such a way that year 1 of the bond could be \$50 and, when the \$43 loan drops off, the remaining years of debt service could be the equivalent of the \$43. Mr. Capko summarized the new financing would be structured so it meshes with the old financing, where the first few years you pay less in debt service on the bond issue. The cost to the District is that it is borrowing more money over a longer period of time, meaning the District will pay a bit more in interest, but the benefit is it will have more money up front.

In response to Mr. Hulett's question, Mr. Wrathell indicated the bond process will take a minimum of six (6) to nine (9) months, after which, the project could break ground. Mr. Ernest-Jones indicated he needs to check with the CM at Risk to determine how long they can maintain their guaranteed maximum price (GMP). Mr. Ernest-Jones felt the CM at Risk will not want to hold their price longer than 90 days; the Board needs to know what the price will be in March or April, once the bonds are issued, in order to prioritize and set the target assessment amount.

Ms. Heafy suggested setting the target assessment amount at \$60 per unit to include a cushion. Mr. Ernest-Jones confirmed the need to include a cushion.

Mr. Capko explained the bond validation process and indicated the District is not required to go through the process; it is a matter of whether the investment banker feels it is necessary in order to find an investor. Mr. Hulett asked if Mr. Capko felt the District's bonds would need to be validated. Mr. Capko indicated there could be an issue because the District has not been in the market for decades. Mr. Capko suggested working with Management to develop a time frame to include all requirements including the possibility of the bond validation process.

Mr. Wrathell noted the list of bond buyers is significantly smaller than in the past and most now want the validation process; he would be surprised if the bond buyer did not require it.

The Board agreed to target an assessment of \$60 per year per unit.

Mr. Wrathell noted the interest rate could be lowered, if the bonds are rated, which would result in additional construction proceeds or allow the assessment amount to be lowered.

c. Field Supervisor

i. Update: Meeting with City of Coral Springs Regarding Utilization of Storm Debris Collection Site for Storm Restoration (*General Counsel is Drafting Interlocal Agreement*)

This item was discussed during the Engineer's Report.

Mr. Selchan indicated there were no operational changes or problems to report.

d. Manager

i. Unaudited Financial Statements as of April 30, 2010

Mr. Wrathell presented the Unaudited Financial Statements as of April 30, 2010. He distributed a statement of the unreconciled cash. He noted the Community Bank of Broward NOW account has \$2.99 million, earning 50 basis points through June 30th and 25 basis points after that. He indicated assessment collections were at 89%, as of April 30th.

On MOTION by Ms. Heafy and seconded by Mr. Morera, with all in favor, the Unaudited Financial Statements as of April 30, 2010, were approved.

ii. NEXT MEETING DATE: July 14, 2010 at 6:30 P.M.

Mr. Wrathell indicated the next meeting will be July 14, 2010 at 6:30 p.m.

Mr. Morera asked if the District employees could attend an upcoming meeting and be introduced to the Board. Mr. Selchan was agreeable to the request.

THIRTEENTH ORDER OF BUSINESS

Adjournment

There being no additional business, the meeting adjourned at 11:25 p.m.

On MOTION by Mr. Morera and seconded by Ms. Heafy, with all in favor, the meeting adjourned at 11:25 p.m.


Secretary/Assistant Secretary


President/Vice President