

APPROVED

Minutes of Board of Directors Meeting
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
County Commission Chambers
Manatee County Administrative Center, 1112 Manatee Avenue West, Bradenton, Florida

December 5, 2007

Board Members Present:

Commissioner Shannon Staub, Sarasota County, Chair
Commissioner Adam Cummings, Charlotte County, Vice Chair
Commissioner Jane von Hahmann, Manatee County
Commissioner Jerry Hill, DeSoto County

Staff Present:

Patrick J. Lehman, Executive Director
Douglas Manson, General Counsel
Kevin Morris, Facilities Division Director
Mike Coates, Water Resource Division Director
Ray Pilon, Government/Community Affairs Director
Ed Yates, Finance/Administration Division Director
Susan Hochuli, Water Resource Planner
Linda Stewart, Executive Secretary

Others Present:

A list of others present that signed the attendance roster for this meeting is filed with the permanent records of the Authority. Chair Staub recognized the elected officials present in the audience who included Charlotte County Commissioner Dick Loftus; DeSoto County Commissioner Delma Allen; City of North Port Commissioners Barbara Gross and Jim Blucher; and Englewood Water District Board of Supervisor Taylor Meals.

Call To Order:

Chair Staub called the meeting to order at 9:30 a.m.

RESOLUTIONS/RECOGNITIONS

Item 1. Resolution 2007-09 'Resolution Commemorating the 25th Anniversary of the Peace River Manasota Regional Water Supply Authority'

Mr. Pilon read Resolution 2007-09 into the Board record commemorating the 25th anniversary of the Authority.

Motion was made by Commissioner von Hahmann, seconded by Commissioner Hill, to approve Resolution 2007-09 'Resolution Commemorating the 25th Anniversary of the Peace River Manasota Regional Water Supply Authority. Motion was approved unanimously.

Item 2. Employee Service Recognition

Three employees were recognized for their fifteen years of service with the Authority; namely, Douglas Leath, Edward Yates and Patrick Lehman.

CONSENT AGENDA

Chair Staub referred to the Board of Directors meeting schedule for 2008. She felt it important the Board meet in January to receive an update on the drought conditions and the projects that are going forward to meet the GAP. She asked for Board consensus regarding her request. There were no comments made from the Board. Mr. Lehman said staff would check the Board members' schedules to find a suitable date in January.

Chair Staub requested Item 8 be removed from the Consent Agenda for further discussion.

- Item 3. Minutes of November 7, 2007 Authority Meeting*
- Item 4. Acceptance of Check Register for Month of October 2007 for Further Audit*
- Item 5. Board of Directors 2008 Board Meeting Schedule Revision*
- Item 6. Change Order No. 2 to Barnard Construction Company for a deduct in the amount of (\$103,000)*
- Item 7. Change Order No. 3 to Encore Construction Company, Inc. in the amount of \$83,278*

Motion was made by Commissioner Cummings, seconded by Commissioner von Hahmann, to approve the consent agenda, with the exception of Item 8, for December 5, 2007. Motion was approved unanimously.

Item 8. SWFWMD 2009 Cooperative Funding Applications

Cooperative funding applications for 2009 are due to SWFWMD on December 7, 2007 by 2:00 p.m. The submittals are to include a priority ranking by the submitting agency. Listed below is the ranked order of preference for the Authority's projects. Staff proposed requesting increased funding for the Reservoir Expansion and the Peace River Facility Expansion projects.

1. Peace River Reservoir Expansion
2. Peace River Facility Expansion
3. Regional Loop System Phase 1A Interconnect (*Kings Highway/Shell Creek*)
4. Regional Resource Development
5. Regional Loop System Phase 3 Interconnect (*Carlton/Preymore*)
6. Regional Loop System Phase 2 Interconnect (*Peace River Facility/North Port*)

Chair Staub asked Mr. Lehman what the status was on a financial plan for the interconnect projects. Mr. Lehman said the consultants are in the feasibility phase and will be reporting in the February/March 2008 timeframe. At that time, it will be established who wants to participate and to what allocation. In accordance with the existing pipeline policy, the Authority would then proceed to enter into agreements with those who want to participate in each phase. At the same time, staff is developing a new pipeline policy. It is anticipated a proposed policy will be presented to the Board in the summer timeframe which will coincide with when the feasibility studies on the new sources are being finalized.

Referencing the Regional Resource Development project, Commissioner von Hahmann asked if the total project funding of \$257,000,000 is for all three phases of the project. Mr. Coates responded yes. He said it is necessary, however, to apply for funding every year so projects can be re-prioritized and funding adjusted accordingly.

Chair Staub asked what the status was on a twenty-year financial plan. Mr. Lehman said Burton and Associates was retained for rate consulting services. They are nearing completion of a financial analysis

model for the Authority. It is anticipated the first of a series of meetings will be scheduled with the financial staffs early in 2008 to start working with the model scenarios to develop a long-term financial plan.

Chair Staub requested a presentation on where the Authority is financially headed and the impact to the rate payers be placed on an agenda in the near future. In response, Mr. Lehman proposed a financial workshop be incorporated with the March 7 meeting because it would be preliminary budget time and Burton and Associates would be prepared, having met with the staffs, to make a presentation to the Board.

Motion was made by Commissioner von Hahmann, seconded by Commissioner Hill, to approve proposed ranking of SWFWMD 2009 Cooperative Funding Initiative applications for Authority projects and authorize submittal of cooperative funding applications to SWFWMD. Motion was approved unanimously.

REGULAR AGENDA:

**Item 9. *Hydrobiological Monitoring Program Scientific Review Panel
Presented by Sam Stone, Environmental Affairs Coordinator***

Mr. Stone said the Scientific Review Panel was established as part of the Authority's Water Use Permit renewal in 1996. The Panel is charged with reviewing the progress and findings of the Hydrobiological Monitoring Program (HBMP) and to provide technical input to the SWFWMD staff and the Authority staff. Over the last ten years, the Panel has provided suggestions that has refined the HBMP and made the program more effective. The Panel was currently having a two-day meeting and the Panel members were present in the audience. Mr. Stone introduced the Panel members and provided the Board with some background information on each. The WUP requires five members be selected to serve on the panel—two by the District, two by the Authority and one by the Department of Environmental Protection. Charlotte County was allowed to add a sixth member.

**Item 10. *Phosphate Mining Compact
Presented by Douglas Manson, General Counsel
Patrick Lehman, Executive Director***

Mr. Manson said following the discussion at the Charlotte County Commission meeting on November 20, two changes were made to the compact as previously presented. He said Mosaic has conceded to allow the agreement to be recorded upon receiving permits. In addition, there was a clarification to the agreement that states local governments are allowed to pursue an area-wide EIS. The Charlotte County Commission voted to approve the agreement at their meeting on November 20. That version (which is the November 26 version of the agreement) has been circulated to all of the Board members and is the current working version of the compact. A presentation was made to the City of North Port Commission and their comments have been communicated to the team members. On November 27 a presentation was made to the Sarasota County Commission. Mr. Manson said a number of changes were discussed at that meeting relating to legal issues, corporate entity issues, and recordation process issues and opening up the comment provision to allow written comments during the permit application process. Ultimately, the Sarasota County Commission decided not to take a vote and to further the compact negotiations.

Commissioner von Hahmann said the Manatee County Commission had several issues and she did not have a vote to carry forward at this time. One of their concerns is that the Lake Manatee watershed not be considered for a reservoir site. Mr. Manson said he has discussed Manatee's concerns with Sarah Schenk, Manatee's legal counsel. He noted the Lake Manatee watershed is included but there is a requirement that Manatee must approve of the location. He said Ms. Schenk is in the process of evaluating the various issues to determine if

the terms of the compact may be satisfactory for Manatee.

Commissioner von Hahmann said another concern of Manatee is why the agreement allows for a twenty-year assignment of a reservoir as opposed to within the fifteen-year term of the agreement especially when Manatee requested the siting be done within the first seven years and that was not accepted. She wanted a better understanding as to why that change happened. Mr. Lehman said the reservoir location more than likely would be in the Manatee/DeSoto county area where the Pine Level mine is being located. Until the mine is permitted and planned, there is no way of determining where the best location would be for a reservoir. In addition, it could be a number of years before it is possible for the Authority to identify their best new source along with the storage element and tie the reservoir in with what the Authority is considering for future sources. The latest draft changed the agreement to a fifteen-year term so in order to keep the twenty-year window, that language was added. Mr. Manson noted the agreement has a fifteen-year term with a fifteen-year renewal, so in actuality the agreement could be a thirty-year agreement. But should the agreement not be renewed, the provision provides for the twentieth year for the reservoir.

Commissioner von Hahmann requested Mr. Manson send a letter to the Manatee Chair explaining why it is not possible to get the reservoir property dedicated early in the agreement.

Chair Staub asked if it was not discussed to have something conceptual within a short timeframe. Mr. Manson said it was proposed, but Mosaic did not agree.

Commissioner von Hahmann asked what benefit is gained by allowing local governments to continue to move forward and participate in an EIS in as much as they are not allowed to give a response.

Chair Staub responded that particular language refers to comment on permits. Mr. Manson noted comments on changes to the rules or statutes are allowed.

Chair Staub added that if there is an area-wide EIS, it is going to take two to three years and by that time the permits may already be pulled. She said Sarasota County prepared an informational sheet which sets out what is gained in the agreement, what is required currently (which is less) and what potential litigation could or could not gain. She asked Mr. Lehman to distribute that information. She requested Mr. Manson re-visit the seven year dedication of the reservoir site with Mosaic as that was a big concern of Manatee. She noted the phosphate agreement will be discussed again at the February meeting.

***Item 11. Water Supply & Water Quality Management Plan
Presented by Mike Coates, Water Resources Division Director
Susan Hochuli, Water Resource Planner***

a. Hydrologic and Water Supply Conditions

Drought conditions have persisted through the traditional wet season. La Nina conditions (dry) developed and are expected to intensify. Mr. Coates said the rainfall conditions appear to be getting better in the Tampa Bay area however not in this area. Rainfall in the Peace River basin for November was only 0.13 inches. The twelve-month rainfall deficit now stands at nearly 18.2 inches. River flow, as measured at the Arcadia gauge station, has been 84% below average for the past twelve months. Finished water demand in November averaged 14.2 mgd which was buffered by the fact water is being received from the Carlton Facility and conservation efforts. Total water in storage at the end of November was 1.06 billion gallons. This is 1.3 billion gallons less than stored reserves in November 2006. Mr. Coates noted most of the stored water is in the ASR system and the ASR system is currently in operation. Mr. Coates pointed out in the 2000/2001 drought timeframe, there was a similar storage condition but the demand was only about 10 mgd whereas now the

demand is approximately 14.5 mgd. Mr. Coates said the water quality remains very good. It is anticipated the water quality will change, however, over the next month as the TDS and sulfate concentrations go up.

Chair Staub asked Mr. Coates if he had a graph that would forecast where the demand may be over the next six months and estimate the depletion point on reserves. Mr. Coates said he could generate such a graph and would email it to the Board. Commissioner von Hahmann suggested Mr. Coates add the graph to his monthly report.

b. Update on Water Supply & Water Quality Management Plan Recommendations

As required in the Authority's April 4, 2007 Water Shortage Emergency Declaration, a Water Supply and Water Quality Management Plan was developed. The focus of the plan is identification and evaluation of supply and treatment opportunities that have a potential to be quickly implemented, bolster regional supplies and improve dry-season finished water quality for the next two to three years while the Regional Expansion Program is being completed. The Plan recommends seven projects. Ms. Hochuli provided an update on the progress for those seven projects as summarized below.

1. Continue "GAP" water production from the Carlton Facilities and expedite construction of two new wells to increase GAP water available to the region. **Status:** This currently provides up to 2 mgd of additional supply to the region. The County is pursuing construction of two new production wells at the Carlton Wellfield which will increase GAP water availability by 1 to 2 mgd by spring 2008.
2. Re-rating of treatment capacity at the PRF. This opportunity could increase treatment capacity at the PRF by 1 to 3 mgd using existing infrastructure. **Status:** The Authority is working with FDEP on approval of a re-rating test plan. Additional information requested by the FDEP to support test plan approval was submitted in November.

Chair Staub asked if the water is not available why the extra treatment capacity is needed. Mr. Lehman said when water does become available, this will allow the Authority to treat and store water in the ASR system above what is possible now.

3. Activate existing interconnects including those between North Port and Charlotte County. This would lessen reliance on the PRF and improve water storage opportunities. **Status:** Work is ongoing. On November 7, the Authority Board approved staff recommendations of pursuing the five most favorable water interconnection opportunities listed below. These five and their current status, based upon staff level discussions and correspondence, are listed below. Meetings and discussions with members, customers and other local utilities will continue to further define potential supply quantities, time and duration, and associated costs both for infrastructure and for purchase of water. Ms. Hochuli responded to the Board's questions regarding the various interconnects, and said more detailed information will be available for the January meeting.
 - i. Manatee/Sarasota County Interconnections
 - ii. Sarasota County/ North Port.
 - iii. Englewood Water District
 - iv. City of Venice
 - v. City of North Port

Commissioner Cummings said with the various contracts the Authority now has in effect wanted to know if there is going to be an additional cost to the customers beyond what is planned for now. Mr. Lehman said staff will keep the Board up-to-date financially as to what is happening along with the availability of water supply.

He noted the Authority has talked about regional conjunctive use of supplies and for the first time it is happening.

Chair Staub requested a projection on costs be provided at the January meeting.

Commissioner von Hahmann asked when the costs would be available to do the improvements to provide for the various interconnects. Ms. Hochuli said part of the direction the Board gave was making sure staff provided the Board with the quantities as well as the financial costs to make sure the money is being put where it is appropriate. Ms. Hochuli said that information will be available next month.

Commissioner von Hahmann said it is unfortunate it took an emergency situation for the Authority to visit these particular opportunities but is a good thing it has happened because as the Authority moves forward to increase the reliability through resource and pipeline, it adds to the reliability of the system.

Chair Staub asked what the outlook was for the Myakkahatchee Creek and North Port's supply over the next six months. Cindi Mick responded that generally North Port is totally reliant on the Authority at this time of the year however they are currently producing some water. Ms. Mick took this opportunity to inform the Board of a project North Port is exploring which is river bank filtration. Mr. Mick said this is a way for North Port to increase the reliability of the Myakkahatchee Creek and in addition shave off their peaks and allow them to produce more water for the region in coming years.

4. Request a temporary modification of the PRF withdrawal schedule to allow river withdrawals consistent with proposed SWFWMD minimum flow and level (MFL) for the lower Peace River. **Status:** The Authority is currently operating under the second amendment of SWFWMD Emergency Order 07-045 which authorizes withdrawals from the river consistent with minimum flow recommendations.
5. Modify two ASR wells which are conveying poor quality water from deep in the aquifer into the storage zone. This will improve recovered water quality from the ASR system. **Status:** This work is complete. The results will be evaluated as the Authority moves into the recovery operation of stored water from ASR Wellfield No. 2.
6. Evaluate supply opportunities using a decommissioned well in DeSoto County known as the Project Prairie Well. **Status:** Results of recent geophysical logging at this well show minimal potential for well modifications that would improve water quality. Staff is now evaluating the potential costs, timeframe and regulatory requirements for restoring operations at the reverse osmosis facility that formerly served this well.
7. Evaluate development of an emergency fresh groundwater supply in the Intermediate Aquifer on the RV Griffin Reserve. **Status:** On November 7, the Board approved the staged development of an emergency fresh groundwater supply. The initial 3-mgd wellfield is underway and has a fast-tracked water delivery date of late March early April 2008.

Mr. Lehman said one of the questions he often receives is how this drought compares to the 2001 drought. He said it is nearing the same proportion. The difference is now the Authority is interconnected with Sarasota County which opens up new opportunities.

*Item 12. Source Water Feasibility Study
Presented by Mike Coates, Water Resources Division Director*

*Pete Putman, PBS&J*a. *Report on Major Opportunities*

Mr. Coates said PBS&J has completed drafts of their first two deliverables under Work Order No. 1. The first is an inventory of information of data that exists for the three source areas and the second is the major water supply opportunities in those three source areas. The three watersheds being looked at are Dona Bay, upper Myakka River/Flatford Swamp and Shell/Prairie Creeks. The purpose of the feasibility study is to identify, evaluate and then compare the alternatives for water sources in the three watersheds. Mr. Putman with PBS&J gave a brief update of their work to-date and responded to the Board's questions. Mr. Putman said they will be coordinating very closely with the District regarding their on going efforts in these source areas, minimum flows and levels, and regulatory requirements.

Referring to Dona Bay, Chair Staub said her understanding was that the Albritton site would be evaluated in Phase 1 just as the Venice Minerals site for a reservoir location however Mr. Putman did not indicate that. Ms. Connor clarified that when Sarasota considered the implementation of the Dona Bay watershed it was planned in three phases. In Phase One they considered conveying water to the Albritton site but not developing it into a reservoir until Phase Two which was based on the County's water needs. Conceptually the County saw the Venice Minerals site as producing 5 mgd and the Albritton site as producing 10 mgd. If the region would need more water sooner, Ms. Connor said development of the Albritton property into a reservoir site could be accelerated. Chair Staub requested PBS&J evaluate the Albritton site for Phase One implementation and present that information in January.

Commissioner Cummings said although he views Dona Bay differently because that impact occurred a long time ago, it should be taken into consideration as a pre-existing impact to the Myakka River and should be part of the cumulative assessment. As a general comment, he said to keep in mind reservoirs are storage facilities and it is necessary to pay attention to how they cumulatively are going to affect the Charlotte Harbor estuary.

Chair Staub suggested Ms. Connor make a presentation to the Board on Sarasota County's study on Dona Bay so the Board has an understanding regarding what Sarasota has already done.

Commissioner Hill said it needs to be determined where the Authority is going with the ownership issue and if it is going to be feasible not just on Dona Bay but the other projects as well. Commissioner Hill said we need to get it on the table so we can see where we are at.

Regarding ownership, Chair Staub referred to the District's proposed language in their Cooperative Funding Initiative Policy, which was discussed in more detail later in the meeting, noting the District has added the verbiage 'perpetually contracted' so the Authority does not have to own it. If the cost is right to the Authority, it is foolish in her opinion that if Sarasota has already purchased and done 'xyz' then why would the Authority spend that money again just to own it, whereas a perpetual contract may be more financially feasible.

Mr. Manson pointed out ownership can be a perpetual contract. Ownership and cost are calculated in long term leases as well as fee ownership. There will be a cost one way or the other through a perpetual contract or through a purchase and they are virtually the same. The Authority is not limited under the current policy of the District. His understanding is the Authority can do a perpetual long-term contract or lease and that would be sufficient for ownership and control.

Chair Staub said you don't necessarily have to have ownership. If you do a perpetual lease, for example Dona Bay, and use what Sarasota has already bought and Sarasota does not recover that cost but the new facility is bought and paid for by the Authority and the District and then the treatment and the operation is contracted and

you have an agreement for 'x' number of years automatically renewable. She said the financial is important but if it comes to being fast and not quite as cheap, she is looking at fast. The Authority has not acted as if they are alarmed but she said the public is scared there is not going to be water in 'x' number of years. Her feeling is the Authority needs to move fast and that is why she is looking at early 2008 for things to happen. She feels the public is very concerned and it is not just this drought. It is the future.

Commissioner Cummings asked Chair Staub if she felt like the Authority is responding well to the drought; that we are accessing the various sources of the region in as effective means as can be expected.

Chair Staub said I think we are on the drought if we can get the public on board.

Commissioner Cummings said then it would seem to him there is value in creating various water supplies in the region regardless of whether they are owned by the Authority. The Authority has a history of success through voluntary cooperation and if we produce the most reliable product for the least amount of money, as is what we are maintaining regionalism does, then people will flock to the product. The direction we are pushing things, and are being pushed by the District depending on the perspective, is a mistake and we are going to end up losing opportunities instead of creating them. Chair Staub agreed.

Chair Staub said when you bring back the possible land acquisitions that might be needed for reservoir sites, will you have an idea if there are any willing sellers. Mr. Coates said we know there are willing sellers already. Mr. Coates noted there are many constraints to developing a reservoir and we will go through those with the Board over the next couple months.

Commissioner Hill said he was aware some work was done on the Prairie/Shell Creek system and yet the cost is considerably different and asked why? Mr. Coates said Johnson Engineering has done a study on the Tippen Bay area. The study was very preliminary and has not been taken to the extent as the study on Dona Bay.

b. ***Work Order No. 2 to PBS&J***

Mr. Coates said Work Order No. 2 includes updating work and cost estimates from the Dona Bay Watershed Management Plan conducted by Sarasota County. This is needed to facilitate comparison with projection options at Flatford and Shell-Prairie Creek systems. The Flatford and Shell-Prairie Creek evaluation will focus on reservoir siting, hydrology, yield and conjunctive use opportunities and associated costs. Work Order No. 2 is scheduled for completion in April 2008. Funds are included in the Authority's FY 08 Budget.

Chair Staub said her understanding was \$2M was budgeted for this project and the board packet says \$2.5M. Mr. Coates responded that \$500,000 was allocated in the 2007 fiscal year and \$2M is allocated in the 2008 fiscal year for a total of \$2.5M.

Chair Staub said she felt \$23,000 was high for making revisions to the reliability model. In addition, a workshop with TAC and stakeholders was listed as part of that work effort and she felt that has already been done. She also noted part of the work effort was to deliver a scope of work which generally you do not pay for.

Mr. Putman responded he would discuss Chair Staub's concerns with HDR, the sub-consultant for this work effort.

Chair Staub requested an accounting of the costs to-date for this project. Mr. Lehman said he would email the information.

On the Dona Bay project, Chair Staub said she wanted to make sure the Authority is not duplicating what has already been done by Sarasota. Mr. Coates noted the cost estimates by Sarasota are two years old and need to be updated and the work would not be duplicative.

Chair Staub asked if EarthBalance would be doing the environmental evaluation, because that was one of the reasons she wanted this team because EarthBalance has done so much work in the Myakka area. Mr. Coates responded that EarthBalance will be doing that work.

Commissioner Cummings said \$1.5M is a lot of money and he is hearing concerns at a staff level that some of the work being done on Dona Bay is redundant. He suggested the administrator's review this work order before the Board commits \$1.5M.

Mr. Lehman noted the work order has been reviewed by the technical staff from each of the members and North Port.

Commissioner von Hahmann asked if these dollars are budgeted. Mr. Lehman responded 'yes'.

Motion was made by Commissioner Hill, seconded by Commissioner von Hahmann, to approve and authorize Executive Director to sign Work Order No. 2 to Agreement for Professional and Technical Consultant Services between the Authority and PBS&J for an amount not-to-exceed \$1,485,000 and authorize Executive Director to approve additional work on behalf of the Authority, as may be needed, up to \$50,000. Motion was approved 3 to 1 with Commissioner Cummings casting the dissenting vote.

c. *Source Water Feasibility Study Status Report*

Mr. Coates' written status report was provided in the Board Book.

**Item 13. *Regional Reservoir Expansion (Project Consultant: MWH Americas, Inc.)
Presented by Kevin Morris, Facilities Division Director***

a. *R. V. Griffin Easements*

Mr. Morris said the majority of the new reservoir is being constructed on District-owned property. The District's Governing Board approved permanent exclusive easements and permanent nonexclusive easements for the Authority at their meeting on November 26, 2007. The new easements will supersede and replace prior agreements.

Motion was made by Commissioner von Hahmann, seconded by Commissioner Hill, to authorize the Executive Director to execute the Reservoir Easement Agreement between the District and the Authority, SWF Parcel No. 20-223-130X. Motion was approved unanimously.

b. *Memorandum of Agreement between DEP and Authority*

Mr. Morris said as a requirement of the Environmental Resource Permit, the Authority must enter into a Memorandum of Agreement (MOA) with the Florida Department of Environmental Protection to provide for an independent third party geotechnical consultant which meets the approval of FDEP for the course of the construction and beyond once the reservoir enters its operational phase. The cost will be borne by the Authority. The MOA defines the parameters of the scope of services including

the consultant's involvement, annual cost limits and applicable billing rates. Funds are available for this cost in bond proceeds and a short-term note. It is anticipated this cost will become a budgeted operational expense after construction is concluded. The cost is not-to-exceed \$40,000 annually.

Mr. Manson noted there had been a change to the agreement included in the board packet. The agreement that is in the packet says \$40,000 for the first five years and \$20,000 for the second five years. That language has been revised to read \$40,000 for all ten years.

Motion was made by Commissioner von Hahmann, seconded by Commissioner Cummings, to authorize the Executive Director to execute the Memorandum of Agreement with the Florida Department of Environmental Protection with regard to the independent third party geotechnical consultants. Motion was approved unanimously.

c. Financial Summary

A financial summary was included in the board package.

d. Status Report

Mr. Morris said notice to proceed was given to the contractor this morning and work on the reservoir will start on Saturday. Mr. Morris showed some aerial photographs of the construction site.

*Item 14. Peace River Facility Expansion (Project Consultant – Boyle Engineering Corporation)
Presented by Kevin Morris, Facilities Division Director*

Mr. Morris said Encore Construction Company continues to make better than anticipated progress due to the unseasonably dry conditions. Aerial photographs of the construction progress were included in the board book.

*Item 15. Governmental Affairs Staff Report
Presented by Patrick Lehman, Executive Director*

a. Draft SWFWMD Cooperative Funding Initiative Policy

Mr. Pilon said the Governing Board met on November 26. As a result of the numerous comments received regarding the proposed revisions to the Cooperative Funding Initiative Policy, there was much discussion among the Board members. They will discuss the revised draft language again at their meeting on December 18.

Mr. Pilon noted the new language 'perpetually controlled' was an attempt to make sure that whatever agreement, or whoever it is, meets the basic definition including public private partnerships.

Chair Staub asked Mr. Pilon what he meant by public private. Mr. Pilon said if you look at the Tampa Bay Water desalination plant, for example, its failure was due to contract issues and other issues. If the language had not allowed the flexibility, for example the Authority being creative in

other funding, it would preclude us doing a public private partnership. In other words if the Authority has to completely own and control new water source facilities, how are they going to pay for it. The District felt that restricts us, and not only us, but also other authorities that are being formed. Under their covenants they may not then be able to go forth and seek anything other than normal public financing. So the change is toward the non-member which would include the City of North Port. If they are going to pursue a new water source, the Authority has to opine on it to make a decision as to whether it is consistent or inconsistent with our plans.

Chair Staub asked if the District notifies the governments of the timing for funding applications. Mr. Lehman said the rules have been made available. In addition, the District conducted meetings on how to submit applications. He noted the policy applies to water supply projects and not reuse. At this time, North Port is the only entity that has submitted a project. Staff will be contacting all the municipalities. Mr. Lehman suggested the administrators meet to review the applications in addition to the overall policy picture regarding the funding.

Mr. Pilon said to keep in mind the current policy is in affect and depending on what happens at the December 18 Governing Board meeting will determine the action the Authority must take and members and non-members must take. Mr. Pilon asked the Board if there was any direction they wished staff to present to the Governing Board at their meeting.

Commissioner Cummings said he would reinforce what was his impression of the direction of the Board has been, i.e. that we try to encourage a greater level of flexibility in funding projects and we encourage staff to continue to emphasize that as they participate in these meetings and that the public benefit, therefore how these dollars should be allocated, is determined by the merits of the project not by ownership. He said we need to keep repeating that and making sure the position of the Board is perfectly clear.

Referring to the 'perpetually controlled' language Chair Staub said she sent an email to Mr. Dabney using the scenario of building a new plant near the Carlton plant and sharing the operations so that future cost can be reduced because Sarasota already owns the land. The Authority does not have to buy the land; just build the plant and contract with Sarasota to operate both. Mr. Dabney's opinion was he did not think the Governing Board would approve something like that. She said she does not understand if it saves everybody money and the region is getting the water and getting the water to the people why they would not approve it. However, she said 'perpetually controlled' is an improvement from 'owned, operated and controlled'.

Commissioner Cummings agreed it is an improvement, however does not think it goes far enough. He said statistically if you increase options, you increase reliability. If enough opportunities are created that is the greatest level of reliability that can be produced. He disagrees with the assumption it has to be controlled by the Authority. It comes back to the public benefit if a project is determined by the merits of the project not by the ownership. The Authority has a history of doing what needs to be done to create those solutions and to impose those restrictions he feels ends up limiting opportunities instead of creating them. The Authority has a history of showing a willingness to cooperate voluntarily. That is what the Authority needs to continue to strive toward. That is where the Authority will create the most opportunities and in doing so will create the greatest reliability.

Chair Staub said she had some language she wished presented to the Governing Board. In the highest priority clause she would suggest adding the word capacity so it would read “alternative water supply projects or capacity owned, operated or perpetually controlled pursuant to a proposed water supply contract or agreement with the RWSA.” It is not just a project but also the capacity.

Mr. Manson said the words ‘perpetually controlled’ have no definitive meaning. In his opinion adding the word capacity would not make a difference. He felt the way the language was written was board enough and capacity was implied.

Mr. Pilon said to keep in mind, the District is dealing with sixteen counties and they are trying to balance everybody’s need.

Chair Staub requested the language be presented to the Governing Board and asked for Board consensus. The Board had no further comment.

b. SWFWMD State Funding Initiative (WRAP)

Mr. Pilon said District staff and Authority staff continue work on advancing this project to the Governor’s budget. This is a large regional benefit and therefore they are cautiously optimistic that they are making great progress with the Governor’s office. They have contacted all of the member chambers of commerce. They have been involved with the environmental communities, both local and state-wide, and the agriculture communities and the economic development communities. All have been favorable in supporting this effort.

ROUTINE STATUS REPORTS:

- Item 16. Hydrologic/Water Supply Conditions***
- Item 17. Horse Creek Stewardship Program***
- Item 18. Peace River Basin Management Plan***
- Item 19. Integrated Regional Water Supply Master Plan***
- Item 20. Regional Integrated Loop System – Phase 1 Interconnect
(Project Prairie/Shell Creek Loop)***
- Item 21. Regional Integrated Loop System – Phase 1A Interconnect
(Kings Hwy/Shell Creek Loop)***
- Item 22. Regional Integrated Loop System – Phase 2 Interconnect
(PRF/North Port Loop)***
- Item 23. Regional Integrated Loop System – Phase 3A Interconnect
(Carlton/Preymore Loop)***

These reports are presented for the Board’s information.

Item 24. General Counsel’s Report

Mr. Manson had nothing further to report.

Item 25. Executive Director's Report

Mr. Lehman had nothing further to report and wished everyone happy holidays.

Mr. Yates advised the Board that last week Bloomberg Report started a withdraw frenzy by some of the State Board of Administration (SBA) major investors that depleted approximately 50% of the SBA funds. This action led to a freezing of the remaining assets until steps can be taken to stabilize the fund. An advisory committee has been appointed and they hired a financial group to analyze the remaining investments and develop a recommended solution. The recommendation was to split the remaining assets into two funds--Fund A and Fund B. Fund A investments are high quality secured investments which about 86% is in that fund. Fund B investment is subject to substantial risk. The Authority has sufficient operating funds with reserve and construction funds totaling approximately \$25M in the SBA account. Of the \$25M, 86% is in Fund A and is secure. Fund B contains about \$3.5M and is subject to loss. He said there were some positive tones among the school board members, who are big investors, about staying put and possibly getting those who bailed out early to come back into Fund A to help stabilize that situation. That being said, Mr. Yates felt the Authority is going to be contacted to see if they will stay in that fund rather than withdraw. Mr. Yates asked the Board for their direction as to whether they would want to stay in the fund or when the opportunity presents itself withdraw.

Commissioner Cummings said although he realizes ultimately this is a policy decision, he would look to Mr. Yates and his expertise, or whoever he deemed, to give the Board expert counsel regarding a recommendation.

Commissioner von Hahmann felt similar to Commissioner Cummings. Commissioner von Hahmann said if a decision is made to act in some way to please notice the Board.

Mr. Manson said this fund was supposed to be fully transparent--a safe fund. He said it would behoove the Authority to follow up legally to see if there are any proceedings that are going to come out of this however this is not his area of law.

Mr. Lehman said staff will keep in close contact with the financial staffs of the member counties.

Chair Staub requested an update at the January meeting and then if a decision needs to be made, the Board can decide at that time.

MEMBER COMMENTS

None.

PUBLIC COMMENTS

Randee LaSalle spoke on behalf of the Greater Charlotte Harbor Group of the Sierra Club and expressed the Club's concerns toward the phosphate compact.

Chair Staub said there is a lot of misinformation and asked Ms. LaSalle for an email address so she

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could email her some accurate information that may be helpful.

ANNOUNCEMENTS

Next Authority Board Meeting

To be determined in January.

Authority Board Meeting

9:30 a.m., Wednesday, February 6, 2008
County Commission Chambers
Sarasota County Administration Center
1660 Ringling Boulevard, Sarasota, Florida

Adjournment

There being no further business to come before the Board, the meeting adjourned at 12:56 p.m.

The Honorable Shannon Staub, Chair