

WATER & SEWER EXPANSION AUTHORITY  
BOARD MEETING MINUTES

DATE: November 10, 2004  
TIME: 2:30 p.m.  
LOCATION: City Hall, Committee Room A

Members Attending:  
Jeanell Wilson, Chair  
John Craddock, Vice Chair  
Lawrence Jones  
Susan Rudd  
Al Sinclair

Chair Jeanell Wilson called the meeting to order. The Board approved the minutes from the October 13, 2004 meeting, and stated the minutes from the November 3, 2004 Board Workshop Meeting would be reviewed for approval during the next scheduled Board meeting. Chair Wilson then asked Al Sinclair, Chair of the newly formed Finance Committee that met directly before this meeting, to proceed with a general overview of the meeting content.

Mr. Sinclair provided an overview of five critical issues the Finance Committee discussed, determined and voted in favor of presenting to the Board for approval. The five critical issues included:

1. Holdouts -
  - a. Definition – Owners of benefiting properties that have decided not to connect to the water/sewer lines upon notification of the potential of availability of such water/sewer lines. Clarification: must participate or must submit deferment agreement (which specifies a holdout).
  - b. Costs – upon connection to the water/sewer infrastructure, holdouts will pay 1/X of the total cost of the project, with X being the total number of possible connections provided by the project.
  - c. Policy – Holdouts will not be allowed to finance the capital costs of the construction of the water/sewer infrastructure and will not receive the WSEA cost participation.  
Note: rationale is to incentivise the program.
2. The minimum participation of homeowners in order to proceed with a neighborhood project is 50 percent, unless otherwise directed by the Board.
3. The standard cost participation amount percent for WSEA –
  - a. Residential – 30 percent for the first 500 customers, and then contingent on funding availability.
  - b. Business / Non-Residential – 0 percent participation.
4. The policy for the terms of the Agreement – length and applicable interest rate -
  - a. Residential

- Unless otherwise determined by the Board, risk will not be assessed before financing is agreed to.
- Fixed interest rate for duration of agreement – Average of last 12 months of the state and local 20-year bond index – The Bond Buyer – 1.5% for admin costs.
- Term of agreement will be based on the cost of projects:
  - Above \$10,000 = up to 30-year term
  - \$10,000 - \$5,000 = up to 25 year term
  - Below \$5,000 = up to 20 year term

**b. Business**

- The WSEA will require a title search and/or title insurance. The business owner will be required to pay the costs of the title work prior to commencing construction and such costs will not be financed.
- Fixed interest rate for duration of agreement – Average of last 12 months of the state and local 20-year bond index – The Bond Buyer – 2% for admin costs.
- Term note and mortgage will be a maximum of 15 years.

5. Each homeowner's participation will be secured with a letter of intent.

Discussion of the above five issues included:

- Currently, the policy is to have a fixed interest rate throughout the life of the loan; however, the Board has the right to change such a policy if deemed appropriate at a later date.
- The terms of Agreement, 30 percent assistance and other provisions, will apply only to the first 500 participants in the program.
- The program began with a voluntary perspective; however, if the interest in a neighborhood just meets the 50 percent participation level, the other 50 percent of uninterested parties would be of a forced perspective. Discussion points:
  - If the homeowner does not sell the property or if their existing system does not fail, the homeowner will have the deferment option.
  - Movement of the program is desired; therefore, gaining the first 500 participants is crucial. Requiring 50 percent of a neighborhood vs. the majority of a neighborhood should prove to gain greater participation. However, the Board has the ability to modify such requirement on a case-by-case scenario such as the Clifton case (one interested party willing to pay the entire payment of the neighborhood project).
  - The incentives of 30 percent payment assistance and a low, fixed interest rate provide interest.

**Motion to adopt and approve the above five issues was given by Chair Wilson, second by Vice-Chair Craddock, and voted in favor of all Board Members present.**

Christian Blalock presented the Administrative Resolution to the Board to approve granting the WSEA Executive Director the authority to handle administrative details, a copy of which is attached as Exhibit A hereto and incorporated herein by this reference. Discussion topics included:

- Provides an avenue for movement of minor issues/details versus all of such coming before the Board for approval.

- Appropriate action and is in alignment with other Boards.
- The Resolution would be in place to clear up inside administrative issue, such as discussions with JEA billing, etc. Not intended to include important/executive decisions, which will indeed be presented to the Board for approval.

**Motion to approve was given by Mr. Sinclair, second by Ms. Rudd, and voted in favor of all Board Members present.**

### General Items

- Mr. Craddock stated he would like to meet with Fred Odom regarding the formation of the Recruitment Committee; however, the formality of the Committee will begin in early 2005.
- Fred Odom stated that the Board has made great strides to date and the time has come for additional focus to be placed on funding planning. Mr. Odom met with Walt Bussells, former JEA Managing Director/CEO, who has agreed to assist in funding planning. Low interest rates and other ways to secure funding will be discussed, which will include best practices to engage customers in payment assistance. First focus will be securing interest of participation, which will require marketing tools. Thereafter, the program will move forward. The Finance Committee made decisions at today's meeting that relate to an exciting start of action.

### Status of Current Projects

- Triangle Estates – close to breaking ground. Approval to begin construction in January 2005 will be presented at the next Board Meeting.
- YMCA – construction to begin in January 2005.
- Drury Lane – estimated at \$30,000
- Clark Road – estimated at \$25,000

### New Project

Sherry Hall reported La Villa Sportsman Club is in desperate need of a sewer system. Design work is complete and has recently been reviewed by JEA. The contractor is in need of funding for the project, which is estimated to cost \$50,000 for sewer installation to be paid over 15 years at specified interest rate. Discussion included:

- WSEA's current policy – no subsidy for businesses. It is unsure at this time if other residential/business properties would be affected in the future; there are none known at this time; however, there is not a lot of opportunity for other residents to connect due to line going under their perspective properties.
- A private lift station is in place, there is water in the area, but no sewer service. It is known that there would be no constructive damage to other residents in the area.
- Sherry noted she had obtained a copy of their purchase of agreement with the prior owner, which would entail WSEA securing collateral for repayment of the project. There is concern involved if the current property owner does not hold a clear title of the property.

- Christian Blalock stated that protection of WSEA's interest would be secured before any agreements and/or signed documents were made. In addition, the first mortgage owner must give consent, as well as other parameters being put in place for protection purposes.
- Consensus is the program needs customers; however, protection is a true concern.
- WSEA's current policy is to not subsidize businesses; however, consideration should be made to any interested party that would be assisting in reduction of the number of septic tanks in our city.

**Motion to proceed with the investigation of La Villa Sportsman Club was given by Chair Wilson, second by Mr. Jones, and voted in favor of all Board Members present.**

#### Outreach/Communication Update

- The new Web site address is [www.wsea.org](http://www.wsea.org) Sherry Hall encouraged all to visit the site and supply her with any comments and/or suggestions.
- The following introductory meetings are scheduled:
  - Clifton – November 18, 2004 (during the Homeowners Association Meeting)
  - Lincoln Villa – December 8, 2004
  - Ribault Hills – December 21, 2004
- Outreach meetings will become more proactive beginning January 2005.

#### Other Discussion Points

- Budget for Triangle Estates is approximately \$450,000; YMCA is approximately \$200,000.
- Reminder to reconsider the JEA 'bill stuffer' return postcard that asks for interest in the program.
- As previous protocol, the Board requests direction on its seventh member. Perhaps Chair Wilson can send a letter to Mayor Peyton requesting movement.
- Per Christian Blalock, the Mayor approves the removal of a Board Member and then moves to City Council for approval. Chair Wilson noted that as in other Boards, a policy could be in place to remove a member after 3 consecutive absences. Per Christian, even though this can be made policy, a member cannot be removed from the Board without Mayor approval.
  - **Action Item:** Vice Chair Craddock will contact the Mayor's Office for official protocol.

Fred Odom remarked that today, November 10, 2004, is a red-letter day for WSEA, thanks to all the Board Members, to the available JEA staff, and to Christian who are all so always so helpful and available with needed expertise.

**Meeting motioned, second and favored by all to adjourn.**

Next Board Meeting is scheduled for Wednesday, December 8, 2004, 2 p.m. in Committee Room B at City Hall.

/nc