

**WATER AND SEWER EXPANSION AUTHORITY
BOARD MEETING MINUTES**

Date: August 12, 2009
Time: 2:00 P.M.
Location: City Hall, Don Davis Room

Attendees:

Jeanell Wilson, Chair
John Craddock, Vice Chair
Susan Rudd
Al Sinclair

Chair Wilson called the meeting to order / quorum determined. The Board approved the minutes from the July 8, 2009 Board Meeting.

General Update

1. Oakwood Villas BJP: Service Area 2&3- Construction is 85 percent complete. Service Area 1-Construction is substantially complete.
2. Zona Avenue-Construction is completed and homeowners are connecting to line.
3. Lincoln Villa Pilot Project- Project has been awarded and bids came in under estimate. This allows WSEA to work on Phase II. Groundbreaking Ceremony for Phase I to take place on Friday, August 21st. Construction to start on August 17th.
4. Phase III/Data Management-The Contract Management Company is continuing to work on database. The presentation is being postponed to the September board meeting.
5. Grants-STAG grant requires matching. WSEA is able to use projects in past for matching. Receiving WRDA funding is challenging as the "New Start" policy is becoming an issue-If the project did not start in 2006, WSEA cannot receive funding. WSEA is working with legislators regarding this issue. WSEA is also presenting a resolution today to move forward with CIBR monies as well as working on a Facility Plan to receive earmarked money and concentrate on four project areas. The federal government requires a Facilities Plan to access those monies. Mr. Odom confirmed to Mrs. Wilson that with the STAG grant, past projects can be used for matching as long as the procurement follows their guidelines.

Other Items for Discussion

Lucy Cortese, the Executive Director at Tree Hill Nature Center presented a payment request to the board. Mrs. Cortese provided the board members with an overview of Tree Hill and explained that it serves as an environmental conservation as well as the major focus on education for Duval County. Tree Hill preserves 40 acres in Arlington, 12 acres in Mandarin and 160 acres on the west side of Duval County. They acquired 10 additional acres next to their Arlington preserve. With that, they secured funding for an amphitheater, expanding programs and activities. Towards the end of the amphitheater

project which provides restrooms, Tree Hill learned that the sewer hookup was farther than what they expected. What was originally a \$30,000 project turned into a \$138,000 project, thus bringing Tree Hill to WSEA for a loan. It is a 20 year loan with a current payoff amount of \$129,622. The monthly payment is approximately \$900. Mrs. Cortese added that they have never missed a payment for over 3 years. Tree Hill is in a budget crisis and cannot continue making WSEA loan payments. COJ management funding has been cut. DCSB service contract has been cut in half. The Duval County School Board Service Project budget has been cut in half. Their JEA contribution has been cut. Their grant for Family Programs through Comcast has been cut. Grants and donations are down locally and nationally.

Mrs. Cortese stated ways in which Tree Hill has made efforts for fundraising, which included revised branding, new promotional efforts, using the amphitheater for rentals and special events, fee-based programming, membership and corporate campaigns, Champion Zone Grant for capacity building, and support of private donors. She also shared their attempts to reduce expenses including staff layoffs, part-time maintenance, eliminating free weekend programs, using more volunteers, and non-essential spending eliminated. She added that Tree Hill is now down to 3 full-time staff members.

Tree Hill is experiencing several financial issues which include an AC unit replacement, WSEA loan, committed funding, and a budget of \$178,000 allows for six months of operations at \$30,000 per month. They must cut budget expenses in half for next fiscal year.

Mrs. Cortese requested from WSEA the following:

- Option 1: Defer monthly payments for next fiscal year (\$992.45/month).
- Option 2: Defer interest only for next fiscal year (\$682.09/month).
- Add payments/interest to the end of loan period.
- Report to board in six months to re-examine Tree Hill's finances.
- Re-negotiate option to continue

Mr. Odom added that Tree Hill's budget has been cut severely and they have taken steps to address the issue. He hopes the board will consider their requests. Tree Hill has never missed a payment. Juliana Rowland with the Office of General Counsel asked whether the intent was to extend the loan term to make up for the deferred payments, or to re-amortize the loan for the same term after the deferment period is over. Ms. Rowland noted that the WSEA charter limits loan terms to no more than 30 years. Jeanell Wilson stated that if no payments are made, there is no guarantee of receiving money in the future, considering the economy and the uncertainty of it. Mrs. Wilson would like to see some payments from Tree Hill for obligation to the loan. Al Sinclair suggested that Tree Hill pay \$500 per month, approximately half of what they are currently paying. The board members discussed the options and noted that the amortization table of the loan would change. Mr. Sinclair noted that Tree Hill paying \$500 per month would only be \$200 more than if they were to pay principal only (option 2). Mrs. Cortese stated that she will need to meet with her board regarding the WSEA board's revised request. The concern is how the money will be applied to the loan. Jeanell Wilson stated she would like to see a revised amortization table and how it will work.

Mr. Sinclair motioned to modify loan to accept payments of \$500 per month, applying to monthly interest due. At the end of the year, the loan payment for the remainder of the term will be calculated by re-amortizing the loan based on the amount still owed and number of years remaining in the loan term. Motion was seconded by John Craddock and approved by all other members present.

John Craddock questioned the Tree Hill sewer project starting at \$30,000 and ending at \$138,000. Mrs. Cortese explained that there was a 3 year road project on Loan Star Road. The sewer connection was originally thought to be closer than it actually is hence the difference in the \$30,000 versus \$138,000 to connect to the line. The distance of the connection from the site was not discovered until the end of project. Mrs. Cortese added that she isn't putting blame on anyone but that Tree Hill was given incorrect information. Mr. Craddock stated that professional engineers should know where the connection point is and that someone should be accountable for the mistake when it comes to development, road projects, etc. Mrs. Cortese added that if you talk to anyone who had anything to do with the Long Star Road Project, they know that there was a lot of finger pointing. Mrs. Cortese also thanked the WSEA board for working with Tree Hill during their current financial situation.

An online article was passed out to the board written by an online blogger, Mr. Abel Harding. The article discussed the WSEA and questioned why it is necessary for it to be a separate authority.

Mr. Odom also made the board aware of a budget revision regarding salary increase. The budget that was approved in June included a percentage for increases that the board agreed on. After much thought, Mr. Odom decided not to include that budget item and opt out on increases. Mr. Craddock stated that the money that is not spent on salaries isn't taken away, but will go towards contractors, etc. He questioned why it couldn't go towards employees? Given the issue of the city budget, Mr. Odom didn't think it will go over well if the salary increase percentage is included in the WSEA budget. It's not a lot of money, but Mr. Odom expressed that WSEA is trying to do their part. Juliana Rowland added that it is up to JEA if they want to give the same amount of money towards the WSEA budget for each fiscal year. **Jeanell Wilson motioned to approve revised budget. Motion was seconded by John Craddock and voted in favor by all members present.**

A resolution was presented addressing new funding requirements handling grants. A handout was provided by Mike Corning of The Contract Management Company. He explained that WSEA has \$14 million on contract to complete Oakwood Villas and Lincoln Villa, service area 1 project. Bids for Lincoln Villa, service area 1 came in under original estimate, allowing WSEA to fund additional work on Lincoln Villa, service area 2. WSEA has \$459,000 from STAG, and an additional \$300,000 from CIBR, and \$300,000 from STAG. The resolution increases the amount of work to be done in Lincoln Villa and fund service area 2 in the Lincoln Villa project. Also, prior to using the STAG federal funding, there are environmental information documents (EID) required by EPA which must be drafted and submitted to EPA. The anticipated cost of the EID is \$20,000. Once the process is completed, EPA will then be authorized to reimburse WSEA with STAG funds. WSEA cannot apply for federal funds unless WSEA has a facilities plan in place. The anticipated cost of the facility plan, signed and sealed by an approved engineering firm is \$70,000.

John Craddock motioned to approve resolution amending Lincoln Villa Phase 2 funding, the issuance and management of the environmental information documents, the issuance and management of a Facilities Plan, as well as application to the project of existing STAG and CIBR grants. Motion was seconded by Al Sinclair and voted in favor by all members present.

Susan Rudd requested all information be sent to board members prior to board meeting, preferably the Monday before. Mr. Odom agreed to provide information to board members before the board meeting.

Jeanell Wilson created a nominating committee to put thought into upcoming officer elections. Mrs. Wilson requested Al Sinclair, Susan Rudd, and John Craddock to nominate board officers for next month's board meeting. There will be a notice meeting at 1:30pm before the September board meeting at 2:00pm.

Request for Public Comment

None.

Items for Next Meeting

- Propose settlement authority for delinquent customers and pattern after JEA.
- Election of officers

Next board meeting will be held on September 9, 2009 at 2 p.m. in City Hall/Don Davis Room.

Meeting adjourned