

MINUTES OF MEETING ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Enterprise Community Development District was held Wednesday, February 20, 2008, at 3:00 p.m. at 851 Celebration Avenue, Celebration, FL 34747.

Present and constituting a quorum were:

Don Hempel	Supervisor
Russell Stokes	Supervisor
Pat Wasson	Supervisor

Also present were:

Gary Moyer	Manager: Moyer Management Group
Cheryl Stuart	Attorney: Hopping Green & Sams
Jim Parker	Walt Disney Imagineering
Brian Smith	Severn Trent Services
Brenda Wright	Moyer Management Group
Residents and members of the public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Stokes called the meeting to order at 3:00 p.m.

Mr. Moyer called the roll and stated a quorum was present for the meeting.

SECOND ORDER OF BUSINESS

Pledge of Allegiance

Mr. Stokes led the *Pledge of Allegiance*.

THIRD ORDER OF BUSINESS

Public Comment Period

Mr. Dan Tomsick stated there was a discussion at your November meeting as to the effectiveness of our water conservation efforts in terms of the incentive provided by our reuse metering. Did that have any payoff or did they continue with their same behavior as before the reuse water was metered? If that is the case, are we prepared to look at doing something else? I think we all have a responsibility to make sure we use our water wisely. My impression in talking with people I know, I do not think there is a sufficient consciousness level regarding the use of water because reuse is treated as a bonus. Even if it is an extra \$6 or \$10 a month, that is not considered a factor compared to other utility bills such as cable or electricity. I am concerned that we have not accomplished our objectives and wondered if there might be an alternative. For example, we might inflict more pain with higher costs by having higher rates. There is a painless thing that I think

has been missed that I mentioned several years ago in rain sensing devices. There may be five or six rain sensing devices in the community that still work. If they did, that is a tremendous asset in terms of controlling the use of water. It is a shame to see irrigation systems operating when it is raining. I think we should look seriously at doing something that will have a real payback as far as conserving water in our community.

Mr. Moyer stated when we did our budget, we did it based on what we expected consumption to be for water, wastewater, and irrigation based on normal consumption. The financial statements through January 31, 2008, show that we are very close in terms of budget. For water revenue on the prorated amount, we anticipated \$332,000 and we have collected \$327,000 for potable water. For sewer revenue, we anticipated \$822,000 and we collected \$827,000 and you are not going to get any better than that in terms of budgeting. To answer Mr. Tomsick's question directly, we budgeted \$221,000 in irrigation revenue and we collected \$151,000, which will indicate that, in fact, people are trying to conserve on the irrigation side. That does not mean it is perfect or that people are not breaking the rules and watering when it rains and not having water sensors, but as a community-wide issue, we are going in the right direction.

Mr. Stokes asked as far as additional measures that could be adopted down the road, such as the rain sensing devices, is that something staff will take into consideration and research?

Mr. Smith stated the mini clicks on people's homes, they usually do not work. We offered the opportunity for the community to have one of our employees review their whole irrigation system to make sure it is operating properly. We have had people take advantage of that service. We can offer that opportunity again for home owners, but even with our system, we use rain cans which are much larger. We calculated that for common areas but that does work the same way for home owners. They have a mini click, which is a sponge that fills up with water. Just because they get a heavy downpour does not mean it is going to save their landscape. It is a good tool and it is very hard for us to go to every home and make sure they are working. We can put information on the Front Porch and our website to make sure the mini clicks are working. We can put some information together for your next meeting to show if there is any real reduction on the reuse side. Many times people are away and management companies manage the property but for

those who are here all the time and are concerned about this situation, I believe they really are conserving.

Mr. Hempel asked did the zoning go a long way toward promoting that conservation, too? Are you familiar with the zoning with the reuse system?

Mr. Tomsick stated I assume it works since I irrigate twice a week. I do not know about availability on other days.

Mr. Smith stated we are turning the zones on and off on the appropriate days. I agree that the rain sensors are not working.

Mr. Tomsick stated it is a very painless thing and it does not require anyone to do anything. There may be some costs in terms of maintaining its operability, but in terms of having to pay more for a service, a rain sensor is a wise use of a resource. I think we are missing that as a community. My experience is that most of them do not work. I wish we could have an incentive for people to make them work.

Mr. Smith stated we provided a free service for people who are very knowledgeable in the irrigation system to review each home's system and advise what they need to do. We did not get many people interested in using our irrigation testing resources. There is one group that is really interested in it, but the rest simply are not. We will provide an update for your next meeting.

FOURTH ORDER OF BUSINESS

Consent Agenda

- A. Approval of the November 28, 2007 Meeting Minutes**
- B. Approval of check register/invoices**

Mr. Stokes reviewed the items on the Consent Agenda and requested any additions, deletions or corrections to the minutes.

On MOTION by Ms. Wasson, seconded by Mr. Hempel, with all in favor, approval was given to the consent agenda.

FIFTH ORDER OF BUSINESS

District Manager's Report

- A. Financial Statements**

Mr. Moyer reviewed the financial statements, included in the agenda packet and available for public review in the District Office during normal business hours.

- B. Consideration of investment proposals**

Mr. Moyer stated since we met in November, many things have happened that have made us smarter in terms of the investment of the District's cash resources. Most governments in the State of Florida invested their surplus funds with State Board of

Administration (SBA), which is administered by the Governor and Cabinet and it is a wonderful program. It came to light in late November and early December that SBA had invested a portion of those local-government funds in mortgage-backed securities. Those securities businesses are in terrible shape and that resulted in a run by some local governments in the SBA and they started pulling money out. The SBA froze that account until they figured out what to do with it. They identified the monies that they had invested that were really safe investments, and they segregated that from the more risky mortgage-backed securities. It ended up that 86% was safe, which was put into Fund A, and 14% was questionable that they put into Fund B. We withdrew our funds from Fund A, the 86%, and put it with SunTrust in an investment account. We thought those investments at the bank were collateralized. What we found as we started to research this is that even if you have funds and you put them in a bank that is a qualified public depository, the investments may not be fully collateralized.

There are two types of funds that are held by banks—deposit accounts and investment accounts. Investment accounts do not get the benefit of being collateralized by the bank but deposit accounts do. Recognizing that, all the District's monies are now fully collateralized by SunTrust in what is called a MUNI-now account earning 3.9%. Much of the investment information that we see coming from the trustees showing where they are investing, commercial paper or money market accounts, are in the 3.9% - 4.2% range and are not collateralized. We should have realized there is a risk factor to investments, which means it is not fully collateralized. I pulled together some information for the Celebration CDD that I shared with this Board and other Districts, some proposals from US Bank, Wells Fargo and Raymond James to give you an idea of what is available if the Board wants to invest these funds. Ms. Stuart has been an integral part on this with me. Because so much of this is in flux, we think we should leave our money at least on an interim basis in an account that is fully collateralized. Your fiduciary responsibility is to make sure we do not lose the public's money and secondly, that it be liquid so we can access it if we need it. Until we get more information on where this is going in terms of these investment accounts and what is available to us, we will monitor it going forward and we will keep you informed. We may come back and say the best place to put your money is back in the SBA but we need to let some of this play out before we do that.

Ms. Stuart stated I agree with what Mr. Moyer said. The SBA has been around for 30 years or more and had provided all local governments, small governments in particular, the ability to pool their money and earn a reasonable return. They had chief financial officers throughout the State who made that decision and it worked wonderfully well. It is not clear that the State had any more or any less invested in mortgage-back securities than some other big funds. That remains to be seen as well, if their relative position in the mortgage-backed market was disproportionate. On its face initially, this 14% in Fund B does not seem to be out of line with what other big funds had invested in and their percentages in securities. In reality there was a crisis of confidence because other governments much larger than we are were having trouble getting information from the SBA as to what was happening. The head of the SBA resigned and the former comptroller for the SBA is now in charge. They are seeking to get a very large investment advisor to help them with these things. They are liquidating the money in the B pool in an orderly fashion and that money is being released as those funds mature. Let me clear up the notion of "excess funds." Our bond funds and debt service funds are separate. Excess funds are in the general fund. Our assessments are received in the beginning of the fiscal year and we spend that money throughout the year, so the excess is the assessments we receive and keep on hand for use throughout the year. We also have other reserves. We will monitor this situation on the investment side. Districts are making different decisions as they move forward. I think Mr. Moyer is right on taking the conservative approach.

C. Acceptance of audited financial statements for fiscal year ended September 30, 2007

Mr. Moyer stated the lead auditor wanted to be here to present the audit today but unfortunately she had a conflict. If you want her to come to a future meeting, she is willing to do that. I will highlight some things for the public record. The independent auditor's report states on page 3 "in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Enterprise Community Development District, Florida, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America." That is traditionally

referred to as a clean audit opinion. That means that the records that we provided to the auditors, in fact, fairly represented our position as of that date. The auditor is also required to opine on several other things, starting on page 45 dealing with their analysis of our internal controls over financial reporting. They state that "we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses." They go on to test for compliance and other matters. They look at whether we complied with laws, rules, contracts, covenants, and here they state that "the results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards." The final report is the management letter in which the Auditor General requires them to look at certain matters to make sure we did not violate anything in the various sections of Chapter 10, Florida Statutes, and there was nothing in there that they pointed out that indicates that we in any way violated any of those conditions. The rest of the report is the financials. We are asking the Board to accept this audit and authorize staff to file with the appropriate State agencies and the dissemination agent.

On MOTION by Ms. Wasson, seconded by Mr. Hempel, with all in favor, approval was given to accept the audited financial statements for fiscal year ended September 30, 2007, and to file with the appropriate agencies.

D. Toho Water Authority true-up invoice

Mr. Moyer stated we distributed a handout, which is the Toho Water Authority true-up invoice that we routinely get every year; this is in the amount of \$65,717.36. It has been reviewed by staff and we feel it is in order. Toho Water Authority increases their rates from time to time and we considered that when we did our budget for this fiscal year. This is a true-up for last fiscal year. We recommend that the Board approve this invoice. I would like the Board to authorize me to contact Tony Hairston at Public Resource Management Group, who performed the rate study and have him take a quick look at the assumptions that were used for our rate structure to make sure these rate increases are covered in our current rate structure. If they are not, they can recommend that we go through a process to adjust our rates so that they are appropriate given the Toho Water Authority rate increases.

On MOTION by Mr. Hempel, seconded by Ms. Wasson, approval was given to pay the Toho Water Authority true-up invoice and to authorize Mr. Moyer to contact Public Resource Management Group to analyze the current rate structure.

D. Field Operations – Requests for Authorization

Mr. Smith stated reviewed item 1.1 requesting authorization for Severn Trent Services, Operations Division to provide labor and materials for the ten-year potable water meter change out for residential utility customers in the amount of \$85,650.

Mr. Smith stated we have approximately 300 meters to change out in Celebration Village along with changing out the backflows. We will use Severn Trent Services Operations Division to perform the work. The only real cost is the labor per meter set. The rest is the cost for meters, meter boxes, the backflows, fittings and other items. I discussed these prices with Steve Cantrello at Toho Water Authority, and he was comfortable with the prices based on the work we are doing. We will remove the whole assembly, the meter and backflow, and change out the box. We are going from a dual check, which is untestable, to a double check backflow that is testable. I have already purchased the meters and had them in stock for about six months.

Mr. Moyer stated this is a normal part of the business that we are in but we are required to have testable backflows. Periodically we have to change out these meters and it is to our benefit. When people get high water bills, people say the meter is running fast, but meters do not run fast. Utilities routinely setup a replacement program to capture and bill for the water that goes through the meter.

Mr. Smith stated generally it is 10-15 year change out and we are 11 years into the utility. Every year we will come back to you with a different number that we will be changing out. We are going to use the exiting boxes and will try to recycle them. We will send the existing meters to Invensys to have them refitted and rehabbed, and we will keep them on site to use next year to change out future meters. We did go through the reuse meter change out that we went out for bid. That was for 3,600 meters. What we found was that once the contractor got on site, he wanted to bill us for every little extra thing. With the contractor we are going to use, this is a turnkey process. If fittings need to be cut or turned back in, I will only pay for the fittings that we use and not for any additional labor.

On MOTION by Ms. Wasson, seconded by Mr. Hempel, with all in favor, approval was given to authorize Severn Trent Services, Operations Division to provide labor and materials for the ten-year potable water meter change out for residential utility customers in the amount of \$85,650, as described in item 1.1.

Mr. Smith stated reviewed item 1.2 requesting authorization for Severn Trent Services, Operations Division to provide labor and materials to replace double-check valve assemblies at the master pump station in the amount of \$47,976.47.

Mr. Smith stated this valve assembly is on U.S. 192 where we have two large backflows that are inoperable and untestable. We need to replace those. I think we installed them in 1995 or 1996 so they are aged. Normally you can shut the valve on either side of it and pull it out, but the valves are also not holding either, so we are going to do a bypass on the system. We will put an 8-inch saddle on the line coming in, and we will run a line from there past the backflows and tap back into the system. Then we can shut all these down. We have valves inside each of those taps so we can isolate each backflow assembly, pull them out, put the new ones in, and disconnect it. We will leave that in place, if at any point we have to change these out again. We do have pressure reducing valves on there that we may have to change out at some point. The work will be performed at night when we have the least amount of flow.

Mr. Stokes asked was the \$39,740 listed under the unit bid column actually bid?

Mr. Smith stated we requested proposals and we received two proposals.

Mr. Roger Mitchell stated I have two subcontractors that I use. One is Severn Trent special operations in South Florida but Mr. Raj Singh requested that we put in a bypass. That was too much work for them to do at the time so they dropped out. We received a proposal from Hymax Plumbing which has proposals with the bypass and without the bypass.

Mr. Stokes asked did we have a budgeted estimate of what it should cost to compare this to?

Mr. Smith stated we looked at dollar amounts for this work. We also had conversations with Mr. Singh and he was comfortable with the proposal. We did not produce a budget prior to requesting proposals. I can go back out and solicit more proposals if you would like me to do that.

Mr. Stuart stated Mr. Raj Singh is our utility engineer with PBS&J. We do depend on the engineer to review these kinds of things.

Mr. Hempel asked is this a specialized task?

Mr. Smith stated no, not necessarily.

Mr. Mitchell stated the backflows are very big—10 inches. We need to bring in a crane and it will be night work. They can put the bypass in at anytime because it is just a wet tap on either side, but to change the backflows, it has to be done at night.

Mr. Hempel asked what is the cost for the backflow?

Mr. Mitchell stated it is about \$10,000 per backflow and there are two.

Mr. Smith stated we can provide more information if you would like as well as something from Mr. Singh. This is somewhat time sensitive because they have required us to test these backflows and I need to get these changed out.

Ms. Stuart stated keep in mind that you do not meet on a monthly basis.

Mr. Stokes stated it sounds like this work needs to start before we meet again.

Ms. Wasson stated I am comfortable with the proposal.

Mr. Smith stated I will bring something to you at the next meeting to verify the costs for the file.

On MOTION by Ms. Wasson, seconded by Mr. Hempel, with all in favor, approval was given to authorize Severn Trent Services, Operations Division to provide labor and materials to replace double-check valve assemblies at the master pump station in the amount of \$47,976.47

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Stuart stated kudos to the District Manager's office and the auditor for having the audit completed early this year. We need them prior to the end of March and sometimes they have not been prepared on time, but everyone worked hard to get them in early this year.

Ms. Wasson stated congratulations on a clean report.

Ms. Stuart stated we are working with all the Districts on revisions to our procedural rules based on changes in the Statutes that have happened over time. This is not for the utility procedural rules. We will bring that to you for the next meeting.

B. District Representative

Mr. Parker reviewed item 1.1 requesting approval to close-out Jr. Davis Construction Company's contract for the wastewater system expansion on Celebration Boulevard. It is a no-cost change out.

Ms. Stuart stated the reason it comes to you is we are releasing retainage and closing out the contract.

On MOTION by Mr. Hempel, seconded by Ms. Wasson, with all in favor, approval was given to close-out Jr. Davis Construction Company's contract for the Celebration Boulevard wastewater system expansion and to release all remaining withheld retainage.

SEVENTH ORDER OF BUSINESS

Other Business

There not being any, the next item followed.

EIGHTH ORDER OF BUSINESS

Supervisor Requests

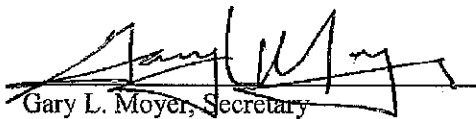
There not being any, the next item followed.

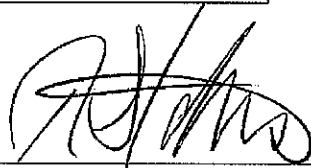
NINTH ORDER OF BUSINESS

Adjournment

There being no further business,

On MOTION by Mr. Hempel, seconded by Ms. Wasson, with all in favor, the meeting adjourned at 3:20 p.m.


Gary L. Moyer, Secretary


Russell Stokes, Acting Chairman