

# MINUTES OF MEETING

## ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Enterprise Community Development District was held Friday, June 24, 2011, at 4:00 p.m. at the Celebration Community Center, 851 Celebration Avenue, Celebration, FL 34747.

Present and constituting a quorum were:

Jim Durham	Chairman
Russell Stokes	Vice Chairman
Kimberly Locher	Supervisor

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Cheryl Stuart	Attorney: Hopping Green & Sams
Roger Mitchell	Severn Trent Services, Operations Division
Jim Parker	The Celebration Company
Brian Smith	Severn Trent Services, Management Division
Residents and members of the public	

### FIRST ORDER OF BUSINESS

#### Roll Call

Mr. Moyer called the meeting to order at 4:15 p.m.

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

### SECOND ORDER OF BUSINESS

#### Pledge of Allegiance

Mr. Durham led the *Pledge of Allegiance*.

### THIRD ORDER OF BUSINESS

#### Public Comment Period

There being none, the next order of business followed.

### FOURTH ORDER OF BUSINESS

#### Administrative Matters

##### A. Appointment of Supervisor for Seat 1

Mr. Moyer stated there exists a vacancy on the Board, and pursuant to Chapter 190, Florida Statutes, the existing members of the Board shall appoint a successor to fill the unexpired term of office.

Mr. Durham stated I would like to nominate Erin Youngs, who could not be here today.

Ms. Stuart asked is she a citizen of the United States and a resident of the State of Florida?

Mr. Durham stated yes.

On MOTION by Mr. Durham, seconded by Mr. Stokes, with all in favor, unanimous approval was given to appoint Ms. Erin Youngs to fill the unexpired term of office for Seat 1.

**B. Oath of Office for Newly Appointed Supervisor**

Mr. Moyer stated I will administer the oath of office to Ms. Youngs at the next meeting if she is able to attend.

**FIFTH ORDER OF BUSINESS**

**Consent Agenda**

**A. Approval of the Minutes of the May 18, 2011, Regular Meeting**

**B. Approval of check register and invoices**

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

On MOTION by Mr. Stokes, seconded by Mr. Durham, with all in favor, unanimous approval was given to the Consent Agenda.

**SIXTH ORDER OF BUSINESS**

**Audit Committee Report**

Mr. Moyer stated the audit committee met prior to this meeting to review the evaluation criteria. At the end of their discussion, they approved the criteria and authorized staff to solicit RFPs from auditing firms that desire to provide that service to the District. We will proceed in that fashion.

**SEVENTH ORDER OF BUSINESS**

**Staff Reports**

**A. District Manager**

**i. Financial Statements**

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

Mr. Moyer stated for all practical purposes, we received all of our non-ad valorem assessments that are levied on the real estate tax bill. On the assessments that are CDD collected, which is for two parcels, the Mona Lisa parcel is 100% collected. The Overture parcel is owned by the bank and pays according to a schedule, and we expect that payment to be received in full by the end of the fiscal year. They are on schedule with their payments. All our expenses in the general fund and water/sewer fund are right where we need to be at this time of year. The variances are very minor. The connection fees are well ahead of what we anticipated. The normal operating revenues are showing a slight positive variance because of the strong irrigation usage that we have experienced.

**ii. Comments and Questions on the Proposed Budgets for Fiscal Year 2012**

Mr. Moyer stated the budget was sent to PRMG, who is our rate consultant, and they submitted a schedule and a letter indicating their findings. When they reviewed the expenditures of the District for this current fiscal year compared to the projections going forward into fiscal year 2012, they found that we do, in fact, meet our coverage ratios. If our expenditures for fiscal year 2011 continue as projected, the coverage ratio will be approximately 149% of the debt service. The requirement is 110%, so we are well above that. On a budget basis going into fiscal year 2012, it ends up being 134%. We usually bring our budgets in a little under budget on the expenditures, so if anything, that 134% will be a minimum and we expect that it will result in a higher percentage at the end of the fiscal year.

Ms. Stuart stated when we discussed the reclassification of CROA as a large user, we asked them to look at that impact on a perfunctory basis, taking last year's data and projecting forward. That analysis did not square with what we were seeing as actuals. Now we have more actual data for this fiscal year, and they reexamined how the expenses will impact the budget. They clarified that CROA's reclassification will not cause us to have a problem with our coverage ratio. They also looked at our fiscal year 2012 budget if it comes in as projected, how that will affect coverage ratios. What happened was we had some capital expenses, including a pump station and a bypass line, that were extraordinary and not recurring expenses, which threw the numbers off in terms of how you calculate the coverage ratio. Now everything is fine when you take the current expenses into account.

Mr. Moyer stated on page 9 through the next several pages, it is interesting information. When we prepare the budget, we rely on the rate study, which is nearing the end of their five-year study. We make adjustments to the budget based on operating history. The reason we include this information is to give you a feel for how these budgets are prepared. It is somewhat surprising that the projections that the consultants forecast are very close to what actually occurred. I encourage you all to review that information. We will proceed to have our public hearing in August for the adoption of this budget.

**iii. Number of Registered Voters – 0**

Mr. Moyer stated there is a provision in Chapter 190, Florida Statutes, that requires us to obtain information from the Supervisor of Elections on how many registered voters are

in the district. The reason we do that is there are thresholds, so that when we reach six years and 250 registered voters, there is a conversion process on how Supervisors are elected. It transitions from land ownership, where you get one vote per acre or fraction of an acre, to qualified elector and registered voter system. We are not at the 250 registered voter limit, so we have not triggered that threshold. There are zero registered voters, which is what we would expect in a commercial CDD.

**B. Field Operations**

**i. Field Highlight Report**

Mr. Smith reviewed the field highlight report, included in the agenda package, which is available for public review in the District Office during normal business hours.

**ii. Utility Report**

Mr. Smith reviewed the utility report, included in the agenda package, which is available for public review in the District Office during normal business hours.

**iii. Miscellaneous**

Mr. Smith stated we did secure the utility block on the Celebration-opoly board.

Mr. Durham stated I appreciate Mr. Smith providing me a tour this week, giving me more insight into this District. I appreciate that service.

Mr. Stokes asked are there any irrigation concerns? How is the coverage, flow and pressure?

Mr. Smith stated we are doing better this year than we have in the past. It is not perfect, but we are doing better. We have some issues with reuse water that we are investigating. We found some trash in the reuse meters, so we are putting together some information for Toho Water Authority to see if there is a possibility that it is coming from their system.

Ms. Locher asked how did the sidewalk repairs go in front of the hospital?

Mr. Smith stated they are doing very well.

Ms. Locher stated I drive that route and I did not even notice it was being done, that is how seamless it seemed to me.

Mr. Smith stated overall, for the amount of construction and the size of that project, the impact it had on us was very minimal. Anything that did have an impact, they had fixed or guaranteed, and they are doing a great job.

Ms. Locher stated I did not care about the signs, however. I did see them, but I also received a lot of complaints about them. I understand the purpose and I also understand it

is a temporary solution and you need to notify people. Sometimes people just do not get it, so then you end up with more complaints on the other side. You have to balance that.

Mr. Moyer stated the original purpose for purchasing those signs was in the event there is a waterline break with Toho Water Authority and a boil water order. There is no way to communicate that to the residents quickly. The signs might not be pretty, but I think they will be effective.

Ms. Locher stated you can definitely see them at night.

Mr. Smith stated we will use them at the entrances if there is an emergency and we need to communicate information.

Ms. Locher stated it is a means to an end, not something that will be there for long periods of time. It is efficient and effective for what the uses are. No one can say they did not see the signs. People are going to complain about it either way, but I would rather have people complain that the signs are ugly instead of they did not know.

### **C. Attorney**

#### **i. Discussion Regarding Revisions of the District's Potable Water, Domestic Wastewater and Reuse Water Operating Policies and Procedures**

Ms. Stuart stated we provided a draft in underline-strike of some initial changes in looking at the various aspects of these policies, which have not been updated comprehensively in a very long time. When you read through them, you realize a lot of things were done with these policies and parts of it were for the emerging utility starting from scratch, which you do not deal with as much with a mature District. Nonetheless, there were a number of areas that we felt needed to be updated. This was a first attempt by staff at bringing those sections of the policies more current and more consistent with industry practices. Times have changed and our system has changed. We attempted to address a variety of issues that have come up. In particular, the draft addresses what we do with deposits: how we collect deposits, how much deposits should be, when we apply deposits to delinquent bills. All of those have impacts on our operations administratively as well as financially. That was one of the most interesting things I found when I looked at what other utilities do. Over the years, it was not the case but it is now where many utilities, for example, when you apply for service, they pull a credit report. They may calculate your deposit based on your credit score. There are other utilities that start with a certain amount of points and if you fall below that because you have paid bills late or had insufficient funds or any other reason, you might have an increased deposit. There are a

variety of systems available. We opted to suggest that we do something simpler and not go through the time and expense of pulling credit reports. We simply changed the way we suggest calculating the deposit, which is three times the average monthly charge for water, wastewater and reuse for that address. When we formulated these rules, we had no experience and every house was new. Now we are collecting deposits from new customers at existing locations where we know what the consumption has been. We are suggesting looking at an average bill over a 12-month period where there was service, and make the deposit three times that average amount. Where there is no service history, we suggest taking the average monthly bill of a similar product type and address. There are utilities that do exactly that. You can discuss whether it should be two times, 1.5 times, or 2.5 times the average bill. This is not inconsistent with the industry. We are trying to be clear and clarify how that happens. We addressed how we apply deposits and how we collect delinquencies, when we collect delinquencies, what happens when service is terminated. We have seen issues arise in particular the last two or three years, more so than at any other time in the history of foreclosures with services being discontinued and reinstated. It is hard to come up with things that address every factual issue we face, but we are trying to wrestle with those issues. The question has been what to do with delinquencies and charges that accrue after service is terminated, which are the monthly base facility charges, with new owners buying the property and being responsible for those amounts because they are subject to liens by operation of the agreements and laws that we operate under. It has been a difficult thing for us to administer and it has caused confusion on the public side. Our suggestion is to revise that policy, indicating a lien will arise and will be for no longer than a year. It is a contractual lien. If the customer getting ready to purchase that property and makes an inquiry and has a title search performed and no lien is evident, then when they try to get service, we tell them there is a lien, then they are not responsible for that bill because there was no evidence of the lien at the time they ran their search. It will cause a shift in the way we do business and in the way we collect things, but we think that is clearer, easier and more identifiable. It is easily demonstrated. I would urge anyone who is applying for service to contact us because that is how you find out what is due, what the connection fees are, and whatever else is necessary. This should make it clearer. We changed some of the timeframes. Those are the major changes. We are still thinking through some issues. We

are talking with Mr. Smith about new issues he has faced in the operations for installations and expansion of facilities, as opposed to brand new facilities, and if we should address that issue in these policies. We are not changing things like point of delivery—the customer side of the meter versus the utility side of the meter. All that remains the same. This is a comprehensive list of policies and there will be some changes for us. We will need to take a long look at how this will affect our administrative activity going forward and any financial impact it may or may not have on us. We will not ask you to approve these policies until the August 9, 2011, meeting.

Mr. Durham stated it makes sense to update these policies since times are different, the economy is different, so therefore, we need to consider that. There is more clarity than has been there before, so I think this first draft was done well. There are a few more items that I will submit to Ms. Stuart that I think will provide more clarity and foster consideration. In section 33 under liens, I think that will be very good from a clarity standpoint. Perhaps also think about the action if a lien is made known and what that entails as far as delinquent accounts. What happens if a property has a delinquency but a lien has not been filed on that property and what are those procedures? This should assist new customers in their expectations when they are coming in to setup a new account. In section 16 for user fees, it says if there is no service, then no fee is accrued, but yet there are base facility charges and so forth. We need clarity whether or not that continues. I will look to staff to be sure these are consistent with Florida Statutes.

Ms. Stuart stated we will continue to work on these over the next several months. There are two pieces to this, which is a little different than what you are used to. These will not address the rate schedule. The rate schedule is adopted pursuant to Chapter 120, Florida Statutes, rulemaking provisions, as well as Chapter 190, Florida Statutes. A small portion of what is in these policies is being changed with respect to security deposits. Those portions of the policies that are included in the rate schedule will be amended under rulemaking. For the rest of these policies that are administrative, I will ask the Board to simply hold a hearing coincident with the rulemaking hearing, which I will ask you to adopt by Resolution. There will be some overlap, which there is today, but that involves some slightly different advertising requirements. If the Board is comfortable with the changes noted, we can proceed to get these in a position for you to hold your

hearing and adopt them in August, or if you will meet in July, we can bring further revisions in July and hold the hearing in September.

Mr. Durham asked if we do not meet in July, is there adequate time for staff to bring in further information relative to experiences occurring in the recent past with residents and other customers?

Ms. Stuart stated yes.

Ms. Locher stated I am fine with having the hearing in August.

Mr. Smith stated we should be able to review these changes by then. I would like to talk about some issues further with Ms. Stuart, but we can target the August meeting for the hearing. I would like to get this done as quickly as possible.

Ms. Stuart stated I am trying to update all the sections pursuant to Statute and DEP because those have changed, too. We tried to update some of those recitations to address some of that, but it may not take care of everything you are facing in the field.

Mr. Stokes asked are there any procedures for noticing the meeting as a public hearing?

Ms. Stuart stated yes, it is a published notice in the newspaper. If we cannot get the hearing advertised, then I will take the liberty to schedule the hearing for the September meeting.

Mr. Durham asked is it better to plan this hearing for September so we do not confuse the public with a hearing and then a cancellation?

Mr. Moyer stated you will have a public hearing on August 9, 2011, for the budgets. It will be a busy meeting if we do both of them in August.

Ms. Stuart stated we can wait until September, but we will bring these revisions to you for discussion at the August meeting.

Mr. Durham stated that way we will not have too much at one meeting.

Mr. Smith stated it also gives you the opportunity to discuss it again at the next meeting with anything the Board wants to change.

Mr. Durham stated I would prefer doing it that way.

Ms. Stuart stated since we are meeting earlier in August, I agree to hold the rulemaking hearing in September. I am hearing that there does not need to be many changes and that we are headed in the right direction generally.

Mr. Durham stated I think this is heading in the right direction.

Ms. Stuart stated I would like to request that the rate consultant review the revised policies to see what, if any, rate impact there might be from any of those changes. There will not be a rate impact, but I want him to see if there will be any financial impact on the delinquency changes and timing. There will be some expense incurred in asking him to respond to our questions.

Ms. Locher stated that is a smart idea.

Mr. Durham stated I agree, it is certainly advisable.

Ms. Stuart stated they are already under contract so it will be on an hourly basis to review it.

Ms. Locher stated I would rather have them do it now than find out later something changed.

Ms. Stuart stated these are not rates and this is not a rate study, but there will be a financial impact to the way we do business.

On MOTION by Mr. Durham, seconded by Ms. Locher, with all in favor, unanimous approval was given to direct the rate consultant, PRMG, to review the draft policies for any financial impact they may have.
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**ii. Administrative Rules of Procedure**

Ms. Stuart stated we also need to update our administrative rules of procedure, which I will provide to you at the August meeting for adoption in September. They have not been updated since at least before 2000, and Statutes have changed. These rules govern our meetings, advertising, and other administrative procedures. I will send a summary along with the underline-strikethrough draft. At the August meeting, I will ask the Board to authorize a public hearing be scheduled for September for rulemaking.

**iii. Legislative Update**

Ms. Stuart stated we are waiting until the Governor takes all the actions to approve or veto legislation, because he is doing both pretty aggressively. There are some changes with respect to budgeting and with respect to audits, which are the big things that will affect you directly. I will provide a summary of what those changes are after we know what is really law and what is not.

**D. Engineer**

There being nothing to report, the next item followed.

**E. District Representative**

**i. PUD Amendment**

Mr. Parker stated as a communication to the entire community, we approached the Celebration CDD, CROA and also the Enterprise CDD to let you know we are proceeding with a proposed PUD amendment that we are going to do on Tract 7, which is on Celebration Boulevard. It is a commercial parcel in our DRI. The purpose of the amendment is a request from one of the owners on Celebration Boulevard to expand the use of his building. They want to bring a religious organization into a building. That particular tract did not allow that type of a use. The use was identified in almost every other tract within Celebration, so the County took a position that since it was noted in all these other tracts, that must mean it was withheld from this one on purpose. We need to amend the PUD in order to allow that purpose. Some other building owners were expanding their uses to include child care, post-secondary education, and things that you are finding in these kinds of office spaces at this point in time, so we are expanding the uses to include those in the PUD. There are also some clerical cleanup changes we wanted to make since we are going through this amendment process. This is merely information and there is no action required by the CDD.

**ii. Bus Shelters**

Mr. Parker stated PBS&J is preparing the full legal descriptions we need, which they are doing at no cost because it was decided that we can do these as a simple legal description, which is a minor work activity but it is just a matter of them finding the time to do it. Once we have those full legal descriptions, I have the license agreement and I will drop it off at Lynx downtown for execution. Then it can be executed by the Enterprise CDD. It is my understanding that the shelters are already constructed. They will need to be painted the Celebration green.

**EIGHTH ORDER OF BUSINESS**

**Other Business and Supervisor Requests**

Mr. Durham asked since we have a meeting scheduled in August, can we set a time for a September meeting?

Mr. Moyer stated there is no regular meeting scheduled for September.

Ms. Stuart stated considering we have a new Supervisor who is not here, staff can poll the Board for a date in September.

Mr. Durham stated that is a good idea.

**NINTH ORDER OF BUSINESS**

**Adjournment**

The next meeting is scheduled for Tuesday, August 9, 2011, at 4:00 p.m.

On MOTION by Ms. Locher, seconded by Mr. Stokes, with all in favor, the meeting adjourned at 4:55 p.m.

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Gary L. Moyer, Secretary

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Jim Durham, Chairman