

MINUTES OF MEETING ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Enterprise Community Development District was held Wednesday, November 28, 2007, at 3:00 p.m. at 851 Celebration Avenue, Celebration, FL 34747.

Present and constituting a quorum were:

Shannon Sakaske	Vice Chairman
Don Hempel	Supervisor
Russell Stokes	Supervisor
Pat Wasson	Supervisor

Also present were:

Gary Moyer	Manager: Moyer Management Group
Roy Van Wyk (<i>by phone</i>)	Attorney: Hopping Green & Sams
Matthew Forbes	Walt Disney Imagineering
Jim Parker	Walt Disney Imagineering
Brian Smith	Severn Trent Services
Rick Woodville	Severn Trent Services
Brenda Wright	Moyer Management Group

FIRST ORDER OF BUSINESS

Roll Call

Mr. Sakaske 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. Sakaske 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

Consent Agenda

A. Approval of the September 19, 2007 Meeting Minutes

B. Invoices/check register

Mr. Sakaske 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. Stokes, 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 Resolution 2008-01 amending the water/sewer budget for fiscal year 2007

Mr. Moyer stated last year we spent substantial money from fund balance for capital projects for the expansion of Celebration Boulevard utilities. As part of our feasibility study, we anticipated doing that work, which is why we generated a fair amount of surplus from past meter fees and connection fees, in anticipation of extending the utility system. The budget amendment will true up the budget to represent those expenditures for capital improvements. The water/sewer fund is an enterprise fund, which is different from a general fund, which is a government account. One thing we do not budget for that is shown in the budget amendment is depreciation because it is a non-cash expenditure. The amendment does show the payment of principal and interest, but not an expenditure for the principal payment.

Mr. Woodville stated we show it budgeted, but in a proprietary fund, we reduce the liability on the balance sheet. The enterprise fund exists from user fees, which is different from a governmental fund. We budget it but we reclassify it as a liability on the balance sheet.

Mr. Moyer stated when we prepare the budgets in June or July, from a management perspective, we budget for it because we need to know that what we generate in revenues will generate sufficient money to pay not just the interest but the principal reduction. From an accounting standpoint, we show it as a reduction of a liability rather than as an expense. Under construction in progress, we did not budget anything but we spent almost \$3.2 million, and we have amended the budget to reflect that expenditure. The other thing we need to look at going forward is we exceeded purchased water, wastewater and irrigation. When we do our budgets, we do not have an indication from Toho Water Authority what their adjustments to their utility rates will be. We are usually in a lag situation, which is not critical because we carry good fund balances. But we now need to look at the rates that this Board set are, in fact, sufficient so that we do not continually run these negative expense variances. I will do that in the next couple months and we may need to have a rate increase. It is noteworthy because the difference in the irrigation

usage was 66% and we are using a large amount of reuse, so we cannot run at that kind of expense deficit.

Mr. Hempel asked will zoning the irrigation help reduce the amount of water we use?

Mr. Moyer stated we believe it will. I have asked the accounting and the utility billing contractor to look at the penalty structure in our tiered categories, to see who falls in each category to be sure we are making revenue from that penalty pricing system. That will be part of the analysis that I will bring to you in January

Ms. Wasson asked people who overuse water are paying at a higher rate?

Mr. Moyer stated yes.

Ms. Wasson asked has that made anyone actually cut back on their water use?

Mr. Moyer stated that is what we need to find out.

Ms. Wasson stated people just do not comply and they can still water seven days a week.

Mr. Smith stated we shut the valves off. There is water in the system because of construction on Sunday but the pumps are not on. There are people who will run their irrigation but there is no pressure and that is because there are maintenance issues and some watering being done. For example, we fill watering trucks on Sundays for these tree replacements, so there is some water in the line. We will turn the pumps on because we need the water but the valves will be shut off on the appropriate days every afternoon.

Ms. Wasson stated our day to water is Tuesday and Friday. How do people get water when I see sprinklers going on Wednesday and Saturday?

Mr. Smith stated we shut it off only once per day so it depends when they are watering. On Tuesday at 4:00 p.m., we will shut off the valve to zone 1. You are only supposed to water from 4:00 p.m. to 10:00 a.m. the next day but we leave that water on until 4:00 p.m. until we shut off the valves from one zone to the other. During the day between 10:00 a.m. and 4:00 p.m., you may still see those people watering, although they are supposed to stop at 10:00 a.m. We do not shut the valve off at 10:00 a.m. and then turn it back on at 4:00 p.m. because there are some maintenance issues. We shut off the valves daily at 4:00 p.m.

Mr. Moyer stated the rate we budgeted for irrigation was \$.35 per thousand gallons and we are being charged \$.48, which is a 37% increase. Usage went up 66% so it indicates people are not paying much attention.

Ms. Wasson stated if they do not care about the water, they probably do not care about their bill either. There is a tremendous amount of water abuse. The number-one thing that I hear people complaining about is that we said the reason we are doing this is to reduce the water abuse, but the new system has not worked because people still water excessively.

Mr. Moyer stated we can increase the rates even more until it does result in a decrease in usage.

Mr. Smith stated we are looking at that increase. At the end of 2005, the City of Kissimmee's meter was down for four to six months, and they were estimating usage during that period of time. This year their meter has worked all but one month. We think that last year we may have used a little more but they did not estimate it properly. We will pull our records from last year and get with the City of Kissimmee and go through that true up process for reuse as well as potable and sanitary. They know about our reuse concerns. It looks like we increased 300 million gallons. There is some more development but not enough to absorb 1 million gallons per day.

Mr. Sakaske asked do you think the 2006 number could be wrong?

Mr. Smith stated I do not believe 2005 and 2006 numbers are as accurate as they should be because of the meter problems they had. In 2005 we notified them dozens of times that their meter was not working but they did not come back out and do the replacement work so they just estimated it.

Ms. Wasson stated I still believe we did the right thing. A lot of people really watch their use and try to monitor and curb excess usage. To a certain percent of the population, this did work.

Mr. Smith stated we got control of it more than we had in the past. We do see a lot of people who are concerned about their bills because our call volume increased, but some people just pay their bills without taking control of their usage.

Ms. Wasson asked is there a way we could have an additional fining structure? With CROA, I can fine people for covenant violations, and that gets people's attention.

Mr. Moyer stated the only thing we have is to increase the penalty structure on our rates. That is basically how we fine them.

On MOTION by Mr. Stokes, seconded by Mr. Hempel, with all in favor, approval was given to Resolution 2008-01 amending the water/sewer budget for fiscal year 2007.

C. Field Operations

Mr. Smith stated in January, we will put together proposals for the potable meter change out that we hope to begin in February. That will be primarily for Celebration Village, West Village and Lake Evalyn. We will be changing out potable meters and backflows. We are going with a more testable backflow that we will put in an underground box. The boxes will be larger and in some cases, we will have to double up on boxes. We will also be doing a telemetry system upgrade, which is the notification system from the lift station. We are going to get a more automated system rather than the pager system when the alarm goes off. Our technician can be at home and actually see the problem on his computer. Then he will know who to send out. We have a situation at the master pump station. We are having trouble testing the main backflows so we will do a bypass and take them out one at a time, take them apart, put new valves in and replace them. They are 13 years old so we think it is a good time. We will do that the first of the year. We have to create a bypass because the valves on either side are not holding. They are closing but they are still leaking through. In order for us to change that backflow, we want to change those meters, as well. We will shut down the system, pull out the valves and backflow and do a whole replacement. We may replace the backflows or rebuild them.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being no report, the next item followed.

B. District Representative

Mr. Forbes reviewed item 1.1 requesting approval to amend Jr. Davis Construction Company's contract to provide modifications to the wastewater system for Celebration Boulevard. The work is complete. Total request is \$14,278, all of which is funded through the water/sewer fund.

On MOTION by Mr. Stokes, seconded by Mr. Hempel, with all in favor, approval was given to amend Jr. Davis Construction Company's contract in the amount of \$14,278, as discussed in item 1.1.

SEVENTH ORDER OF BUSINESS

Other Business

There being no other business, the next order of business followed.

EIGHTH ORDER OF BUSINESS

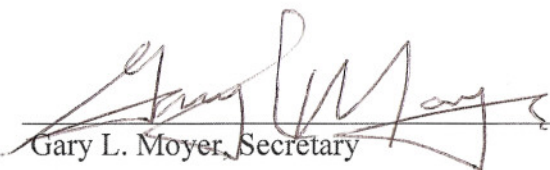
Supervisor Requests

Ms. Wasson stated on behalf of Spring Park Terraces, I want to thank Brian Smith and Roger Mitchell for coming to their rescue for their water line break. Without your assistance, they never would have had a contractor come out to make that repair at 7:00 a.m. It was through Mr. Smith's connections that they got a contractor out there. They really appreciate that.


NINTH ORDER OF BUSINESS

Adjournment

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



Gary L. Moyer, Secretary



Shannon Sakaske, Vice Chairman