

**MINUTES OF MEETING  
PORT OF THE ISLANDS  
COMMUNITY IMPROVEMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Port of the Islands Community Improvement District was held Friday, January 21, 2011 at 10:00 a.m. at the Orchid Cove Clubhouse; 25005 Peacock Lane; Naples, Florida.

Present and constituting a quorum were:

Richard Ziko	Chairman
Norine Dillon	Vice Chairperson
Dale Lambert	Assistant Secretary
Theodore Bissell	Assistant Secretary
Charles Custer	Assistant Secretary

Also present were:

Calvin Teague	District Manager
Daniel Cox	District Attorney
Ronald Benson	District Engineer
Bert Underwood	Project Manager
Frank Branch	Severn Trent Services
Robert Migdal	Severn Trent Services
Numerous Residents	

*The following is a summary of the discussions and actions taken at the January 21, 2011 Port of the Islands Community Improvement District's Board of Supervisors Meeting.*

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Ziko called the meeting to order and Mr. Teague called the roll.

**SECOND ORDER OF BUSINESS**

**Approval of Minutes of the  
December 17, 2010 Meeting**

Mr. Teague stated each Board member received a copy of the Minutes of the December 17, 2010 Meeting and requested any additions, corrections or deletions.

There not being any,

On MOTION by Mr. Lambert seconded by Mr. Bissell with all in favor, the Minutes of the December 17, 2010 Meeting were approved.

### **THIRD ORDER OF BUSINESS**

#### **Audience Comments**

Ms. Kungle met with the county regarding the PILT fund.

- They are going to get the \$300,000 necessary for the fire station to be built.
- Chief McLaughlin is aware of this.
- It is possible the County Fire District may not have to increase the levy if this works out.

### **FOURTH ORDER OF BUSINESS**

#### **Old Business**

#### **A. Update on Hotel Payment Portion for its Share of Monument Improvements**

Mr. Teague reported the hotel paid its portion in the amount of \$3,471.25.

- This amount should be reflected in next month's Financial Statements.
- Mr. Benson approached the Principal, as it was not a high priority for the General Manager.

#### **B. Discussion of Repairs on Orchid Cove Backflow Preventers**

Approval of Work Authorization No. 41364 was deferred at the December meeting since there were many questions. Mr. Frank Branch, the head of the department which installs them summarized the Board.

- The check valves on the backflow preventers failed and need to be changed out with a specific kit.
- The price given on the proposal for the kit was \$78.
- There is a \$40 rubber kit which may be used if all of the other components are in good shape.
- These had to be repaired with the \$78 kit since the pressure was not holding up to industry standards.
  - Mr. Lambert wants to know if there is a way to seal the side which is to be left open to prevent the wrong one from being closed.
    - o It can be tagged.
  - Mrs. Dillon inquired about a warranty on the kits.
    - o There is no warranty and they can fail at any time.

- o Line pressure can result from build-up of residue inside the piping and stick to the inside.
- Removal of the handle was suggested.
  - o This has been done in the past, but Mr. Branch is not certain whether or not there is an industry regulation prohibiting this.
  - o The homeowner can remove it.
  - o Mr. Underwood is in favor of this.
- Mr. Cox suggested staff wait until service is requested on a property prior to replacing the valves.
- The valve can be zip-tied in the open position.
- The backflow preventers are tested every year.

Mr. Lambert MOVED to approve Work Authorization No. 41364 authorizing Severn Trent Environmental Services to furnish and install 43 repair kits for the backflow preventers in the amount of \$2,995.40; and Mr. Bissell seconded the motion.

- There is likely to be an annual cost since the backflow preventers need to be inspected annually.
  - The backflow preventers were not inspected for many years.
  - The cost is likely to be minimal since these inspections will now be done on a regular basis.

There being no further discussion,

On VOICE vote with all in favor, the prior motion was approved.

**SIXTH ORDER OF BUSINESS**

**District Manager's Report**

**B. Discussion of 2011 Backflow Preventer Installation Schedule**

- Mr. Lambert suggested installations should commence in the spring as residents are leaving for the season, since the water has to be turned off for the testing.
- Mr. Branch discussed pvc versus brass piping.
  - Collier County specifications call for brass or pvc.

- The Board was not happy with pvc in the past because it is not as stable as brass.
- Brass is more expensive.
- Mr. Branch recommends going with brass.
- Brass is easier to work with than copper.
- The Board was in consensus to proceed with installation as of May 1, 2011.
- Prices on backflow preventers have not fluctuated much over the last year.
- There will be more of a price reduction if all of the backflow preventers are ordered at the same time.
  - Any backflow preventers which are purchased must be sold within one year since they are inspected.
  - Mr. Branch assured the Board that any backflow preventers which are purchased will be installed as soon as possible.
  - Mr. Underwood and his staff will get a quote for consideration at the next meeting.
  - Mrs. Dillon asked staff to include the price for an annual inspection in the quote.

**FIFTH ORDER OF BUSINESS**

**New Business**

- A. Consideration of Landscape Maintenance Contract with Soto's Lawn Service, Inc.**
- Mr. Lambert commented that the most recent check register indicated the company which services the irrigation system was paid to set timers along with one other item.
    - This should be part of Soto's new contract.
    - Mr. Teague reminded Mr. Lambert this was always separate.
    - The irrigation contract is actually part of Soto.
    - The new contract will include checking the irrigation timers and wet checks.
  - A separate contract for trimming of trees over 12 feet will require Board approval, to be done through a Work Authorization.

- Mr. Cox indicated this height requires the contractor to carry additional Workers' Compensation insurance.
- Very few landscaping companies trim trees over 12 feet.
- Mr. Custer indicated the contract does not specify depth and type of mulch to be applied and should be considered.
  - Mr. Custer suggested a depth of two to three inches or more be specified in the contract.
  - Mr. Cox indicated that mulch is usually applied in conjunction with the industry standard when it is not specified.
    - Mr. Teague will ask Mr. Soto to modify the contract in this regard in writing.
- Mr. Teague indicated Soto will continue to work according to the specifications of their current contract until such time as the new one is approved and signed.
  - A couple of items were added to the maintenance worksheet.
    - The maintenance worksheet can be changed throughout the year.
- Mr. Bissell discussed the stipulation for Mr. Soto to go to POI on a weekly basis to check on the property.
  - Mr. Bissell wants Mr. Soto to report to Mr. Underwood on a weekly basis.
  - Mr. Teague indicated it may be difficult to maintain these weekly visits.
  - Mr. Custer indicated he is satisfied with Mr. Soto doing a walk-through of the community with Mr. Underwood once per month.
  - Mr. Soto will prepare and submit a report on a weekly basis.

There being no further discussion,

On MOTION by Mr. Lambert seconded by Mrs. Dillon with all in favor, the Chairman was authorized to execute the Landscape Maintenance Contract with Soto's Lawn Service, Inc. for District landscape maintenance services in the amount of \$79,439.52 with the modifications in the weekly checklist to include clock and wet checking of irrigation meters; and Mr. Teague was authorized to send a letter to Mr. Soto to modify the contract to include mulching in accordance with industry standards and turf watering.

**B. Review and Distribution of ERCs Assigned to the South Hotel**

Mr. Benson discussed this item.

- There was discussion as to whether or not the South Hotel was paying the assessments on all of their uses within the building.
- Mr. Teague and Mr. Benson met with Ms. Karen Ellis regarding this.
- All properties are charged a general O&M and utility assessment.
- Calculations indicate the owners of the hotel property are all paying as much as they always should have paid.
- The number of units will change when more are built.
- The appropriate amount of money was paid, but not allocated properly, consistent with an agreement from five to six years ago.

**C. Discussion of Landscaping Plans for Newport Drive**

- Mr. Custer made some initial contact with individuals who may be able to assist with design, but has not heard back from any of them.
  - He contacted the Collier County Department of Agriculture and is waiting to hear back.
  - The SFWMD indicated they have a grant program.
  - He is waiting to hear back from someone at the Naples Botanical Garden.
- There may be disruption at the Newport entrance if the hotel is built.
- Mrs. Dillon indicated that something needs to be done on U.S. 41 since many plants died as a result of the cold weather.
- Mr. Custer is concerned with the sod in the community, which is practically gone.
- Mr. Custer knows of a resident who may be willing to participate in this effort.
- Mr. Custer asked that this item remain on future agendas as he will continue to follow up.

**D. Discussion of Big Cypress Lodge Development Agreement**

Mr. Benson gave a brief background.

- A drawing was done for Ten Thousand Islands Development back in the Year 2000 for Collier County Site Development Plan purposes which shows the existing hotel buildings, pool, marina, channel and proposed buildings.
- The property changed hands by 2006 and the new owner acquired the Site Development Plan, which he modified and submitted to Collier County.

- They decided on doing two buildings with the same number of units.
- They will start construction on the first building within the year and are going back to Collier County for another modification.
- They converted some of the hotel rooms to multi-family units.
- The second building will have fewer floors.
- The building out front will be 10 stories and was approved by the county 10 years ago.
- Their proposed buildings include 60 hotel rooms with 10 multi-family units.
- The building in the northeast corner has 30 multi-family units.
- The building in the southeast corner has 10 multi-family units.
- Hole Montes gave the following suggestions for utilities:
  - The CID water line should be relocated off of their property at their cost.
  - They should install master meters for the potable water for their entire complex.
  - They should upgrade their fire protection, but nothing else should be connected to the pipe.
- Mr. Benson recalls the Board asking Mr. Cox to come up with a legal document.
  - Mr. Ziko does not believe there ever was an agreement; to which Mr. Cox responded.
  - There was a proposed agreement around 2009, but Mr. Vogel backed off and never reviewed the agreement.
  - Mr. Cox presented a Maintenance Agreement and Grant of Easement for the Board's review and approval; a copy of which is attached hereto and made part of the public record.
- Mr. Ziko indicated there are approximately 25 ERCs sitting in limbo for which the CID receives no money; approximating to \$38,000 in unpaid taxes.
  - Mr. Ziko suggested that if any ERCs are going to be transferred to the South Hotel, those 25 ERCs should be taken care of first.
- Mr. Benson indicated the county will not give a Certificate of Occupancy until all appropriate ERCs are acquired.

- The county requires that any potential developer show they can provide standard fire protection and is based on the following factors:
  - Type of construction;
  - Number of stories;
  - Number of square feet;
  - A fire flow test which is able to show the fire protection is sufficient for the structure.
- The FDEP prohibits reuse or non-potable water going into the systems.
- Mr. Ziko expressed concern as to whether or not the CID's sprinkler system has enough capacity for those three buildings; to which Mr. Benson responded.
  - This is their responsibility.
- Mr. Benson indicated the Board will have to authorize a price for the ERCs.
  - Mr. Ziko suggested the CID can sell the ERCs at a lower price than what Mr. Holecek will charge.
  - Mr. Lambert suggested they be sold for the book value.
  - The rule restricts the CID from selling ERCs for more than the book value.
- Mr. Teague indicated that Mr. Cox will prepare an agreement which they will both negotiate with the other party if the Board is willing to decrease the price of the ERCs.
- Mr. Benson indicated that Mr. Holecek has more ERCs than he actually needs.
- The Board authorized Mr. Teague and Mr. Cox to revise the agreement in order to be able to sell the excess ERCs.
- Mr. Benson will probably have to write a letter at some point stating that the engineering aspects of the underground pipes are in good working order.
- Mr. Benson will add the fire protection aspect to the proposed agreement.
- Mr. Lambert wants to make sure the CID does not spend a lot of money in the future for something which should have been taken care of immediately.
- Mr. Teague heard the 29 cents on the dollar issue involved a lawsuit which was discussed in a legal Closed Session.

- Those minutes become sealed and can only be released publicly after conclusion of litigation.
- Mr. Cox indicated he can get those minutes, but commented that the issue was for the bond debt and the bondholders took it to compromise their debt, as opposed to the CID.

**SIXTH ORDER OF BUSINESS**

**District Manager's Report (Continued)**

**A. Update of Tiered Irrigation Rates**

- The tiered irrigation rates were implemented.
  - All irrigation usage is computed on a daily basis if the billing cycle exceeds 30 days.
  - Mr. Teague wants to know if the Board wants to adjust the billing cycle to 30 days in a month with 28 days.
    - o Mr. Lambert suggested dictating this by the actual days within the cycle.
    - o The Board agreed to continue adjusting the cycle to 30 days for months with 31 days and keeping the cycle for the 28-day month to 30 as well.
- Mr. Lambert indicated the Stella Maris Master Association owes the CID \$1,400 for their water bill for this month.
  - This same situation occurred last year and the CID had to have a special agreement with them for payment.
  - Mr. Teague will look further into this situation and stay on top of it.

**SEVENTH ORDER OF BUSINESS**

**Field Manager's Report**

Mr. Underwood presented the January 2011 Operations Report for discussion; a copy of which is attached hereto and made part of the public record.

- The Collier County Pollution Control Inspection of the wastewater plant indicated no violations.
- Several contractors have been on site regarding the new water plant.
- There were three irrigation system leaks as opposed to the two stated in the report.
- Mr. Bissell wants to know what the agreement is for turning water off for extended leave times and whether or not the meter itself is shut off.

- Meters without backflow preventers do shut off to avoid any potential damage in the home.
  - Once all backflow preventers are installed, the homeowners must be educated to do this properly.
- A. Discussion of Website Article for Turning Water Off During Extended Leave Times**
- The Board commented that the procedure listed on the website was clear and concise.
    - Mr. Custer suggested the procedure be sent to residents via mail since many are not aware there is a website or have computer access.
      - o Mr. Underwood will include the procedure on the water bill.
  - Mr. Underwood discussed the waiver for CCR distribution.
    - Environmental Compliance indicated it is cheaper to print and mail them out with the water bill than using the waiver.
    - This is a normal budget item and does not require direction from the Board.
  - Mrs. Dillon wants to know the status of the new light fixtures.
    - The contractor should have taken care of this on Monday or Tuesday.
    - A Resident commented the lights appear to be working since Mr. Underwood is not at the CID in the evening.
  - Mrs. Dillon asked for the status of the MBR circulation pump.
    - They are ready to go, but the crane has not been scheduled yet.

**EIGHTH ORDER OF BUSINESS****Attorney's Report**

- A. Update on North Hotel Bankruptcy Proceedings**
- A motion to dismiss was filed and everything was put on hold.
  - Mr. Cox will argue the motion to dismiss on Tuesday morning.
  - He should receive an order right before or right after the next meeting.
  - Mr. Cox discussed the arguments raised.
    - One would be prejudicial to them re-filing the complaint.

- The second was a suggestion that the bankruptcy court decline to hear this in favor of it going to a state court jurisdiction which would bring it back to Collier County Circuit Court.
  - This judge is more familiar with non ad valorem assessments and associated revenue bonds.
- Lastly, the net effect on the community is significant and adverse; and requires them to be joined as indispensable parties.
  - The judge may likely grant this one based on a prior proceeding.
- Mr. Cox will try to seek reimbursement for attorneys' fees.

**B. Update on Orchid Cove Agreement for Acceptance of Utilities**

- Mr. Cox did a walk-through of the area today and determined which facilities the CID should accept.
    - The area up to the backflow preventers for potable water facilities should be accepted.
    - The pavement and roadways were certified as built to Collier County standards with regards to compaction of the sub-base.
      - The asphalt was not tested, but looks good visually.
      - The Board needs to determine if the CID should accept the roads in their present condition which will have to be maintained to county standards.
      - The Board was in consensus to accept the roads without having them tested.
    - Mr. Lambert prefers the CID not get involved with acceptance of the irrigation systems past the meter.
  - All of the facilities need to be better defined.
- C. Update on Century Link Blanket Easement Waiver**
- There has been no response and installation has not commenced.
  - Mr. Cox does not recommend continuing to put much effort into this issue until such time as the line has been installed.
  - No other work has been held up as a result.

*The record reflects the Board recessed for approximately 10 minutes.*

**NINTH ORDER OF BUSINESS****Engineer's Report****A. Update on New Water Treatment Plant**

- The Hydro Geologist's report indicates there is no salt water intrusion, as long as the system is operated as originally designed with regards to the wells.
- The county well field protection ordinance protects the wells and the state owns all of the land, thereby alleviating any potential for contamination.

**B. Update on Relocation of Fiber Optic Line**

- Placement of the cables will commence by the end of this week or beginning of next week.
- The project is being fast-tracked.
- Estimate for total completion is two weeks after placement is complete, near the end of February.
- Once this is done, the blanket easement may be released.
- They cannot be forced to do this.

**A. Update on New Water Treatment Plant (Continued)**

- Cardinal Contractors is currently under contract to commence work on the new water treatment plant as of January 12, 2011.
  - They were provided a notice to proceed commencement date of January 17, 2011.
  - Project completion is estimated to be January 12, 2012.
    - o There is a penalty if they are late in completion other than weather-related issues.
  - They will drop off a job trailer once they get approval from Collier County.
  - Mr. Cox reminded Mr. Benson the Performance Bond needs to be recorded as soon as possible.
  - Mrs. Dillon indicated Cardinal staff will attend CID Board meetings to give an update.
  - Mr. Lambert, who is acting as Liaison for the project with Cardinal, received notification they were going to hold a Pre-Construction Meeting on February 2, 2011.
    - o Mr. Lambert will attend this meeting.

- o They may bring their construction schedule to the meeting.
- Mr. Teague discussed a spreadsheet of projected costs from Mr. Benson; a copy of which is attached hereto and made part of the public record.
  - Mr. Teague suggested Mr. Benson put together an agreement for the Board's consideration at the next meeting, as opposed to having an outside Project Manager who may not be familiar with the process.
  - Mr. Benson's proposal is less than 10% of the cost of construction.
  - Mr. Benson proceeded to discuss the contract.
  - Mr. Teague emphasized the importance of having a contractor who knows what they are doing.
  - Everything built will be certified to the state.
  - Mr. Benson will oversee all electrical and plumbing inspections.
  - Mr. Benson will submit a written report to the Board on a monthly basis.
  - O&M manuals will be supplied for all products and equipment.
  - Mr. Benson is going to bill the CID for the \$8,000 bidding fee.
  - Hole Montes Montes honors the rates established by Collier County for engineering services.
  - There is an architect involved who works for Hole Montes.

There being no further discussion,

On MOTION by Mrs. Dillon seconded by Mr. Bissell with all in favor, the Chairman was authorized to execute a proposal from Hole Montes to provide all engineering services for the new water treatment plant.

**C. Update on Road Conditions in Orchid Cove**

It is not necessary to discuss this item.

**D. Discussion of Increase in Sludge Disposal Costs**

- Mr. Benson will discuss this item at the next meeting.
- Mr. Migdal is still awaiting information from ITT in order to come up with pricing and design for the SCADA at the new water plant.
  - Mr. Benson will follow up on this.

**TENTH ORDER OF BUSINESS**

**Supervisors' Requests**

- The sidewalks on Cays Drive have many segments in need of repair or replacement.
  - Mr. Benson suggested an aerial photograph be taken and submitted identifying the locations and having contractors submit bids for replacement of sidewalks in the CID right-of-way.
  - Mr. Lambert volunteered to provide the lineal feet of bad sidewalk.
  - This item will be discussed at the next meeting if proposals are received in time.
- The CID versus CDD issue is still pending.

**ELEVENTH ORDER OF BUSINESS**

**Audience Comments**

- Ms. Kungle discussed placement of real estate signs.
  - They should be placed 15 feet from the sidewalk.
  - *Open House* signs should be removed as soon as the event is over.
- Mr. Davis thanked the CID for having their Board meeting at the Clubhouse.

**TWELFTH ORDER OF BUSINESS**

**Approval of December 31, 2010 Financial Statements and Check Register**

Mr. Teague presented the December 31, 2010 Financial Statements and Check Register for the Board's review and approval; copies of which are attached hereto and made part of the public record.

There being no comments or questions,

On MOTION by Mr. Lambert seconded by Mr. Bissell with all in favor, the December 31, 2010 Financial Statements and Check Register were approved.
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January 21, 2011

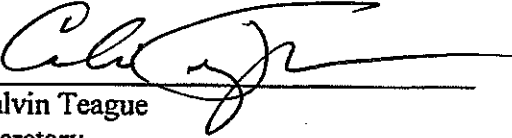
Port of the Islands C.I.D.

**THIRTEENTH ORDER OF BUSINESS**

**Adjournment**

There being no further business,

On MOTION by Mrs. Dillon seconded by Mr. Bissell with all in favor, the meeting was adjourned at 2:00 p.m.

  
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Calvin Teague  
Secretary

  
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Richard Ziko  
Chairman