

**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, August 19, 2011 at 10:00 a.m. at the Orchid Cove Clubhouse; 25005 Peacock Lane; Naples, Florida.

Present and constituting a quorum were:

Norine Dillon
Dale Lambert
Charles Custer

Vice Chairperson
Assistant Secretary
Assistant Secretary

Also present were:

Calvin Teague
Daniel Cox
Ronald Benson
Robert Dick
Robert Casey
Joseph Greely
Jean Kungle
Anthony Davis
Dan Kelly
Tom Mack
Kevin Walsh

District Manager
District Attorney
District Engineer
Severn Trent Services
Field Manager
Severn Trent Services
POI Realty
Orchid Cove HOA
Resident
Resident
Resident

The following is a summary of the discussions and actions taken at the August 19, 2011 Port of the Islands Community Improvement District's Board of Supervisors Meeting.

FIRST ORDER OF BUSINESS

Roll Call

Mrs. Dillon called the meeting to order and Mr. Teague called the roll.

SECOND ORDER OF BUSINESS

**Approval of the Minutes of the
July 15, 2011 Meeting**

Mrs. Dillon stated each Board member received a copy of the Minutes of the July 15, 2011 Meeting; requesting any additions, corrections or deletions.

- On Page 6, Line 174 should be deleted.
- On Page 10, Line 318, *will* should be inserted after *Mr. Dick*; and *discuss* should replace *discussed*.
- On Page 10, Line 312, *Villages of* should be inserted before *Stella*.
 - This should also be corrected on the agenda.

There being no further additions, corrections or deletions,

On MOTION by Mr. Lambert seconded by Mr. Custer with all in favor, the Minutes of the July 15, 2011 Meeting were approved as amended.

THIRD ORDER OF BUSINESS

Audience Comments

Hearing no comments from audience members, the next item followed.

FOURTH ORDER OF BUSINESS

Public Hearing to Adopt the Budget for Fiscal Year 2012

Mr. Teague introduced the budget.

- It is a solid financial plan.
- There are no assessment increases.
- The revenue is sufficient to meet projected expenses within the budget.
- The General Fund budget includes \$73,000 for capital improvements which are not associated with utility improvements.
 - Nothing was specified with the possible exception of road resurfacing.
- The fund balance will remain at the projected amount of \$1,175,000.

There being no further comments,

On MOTION by Mr. Lambert seconded by Mr. Custer with all in favor, the Public Hearing to consider adoption of the Fiscal Year 2012 Budget was opened at 10:09 a.m.

Hearing no comments or questions from the public,

On MOTION by Mr. Lambert seconded by Mr. Custer with all in favor, the Public Hearing to consider adoption of the Fiscal Year 2012 Budget was closed.

A. Consideration of Resolution 2011-4 Levying the Assessments for Fiscal Year 2012

Mr. Teague presented Resolution 2011-4 for the Board's review and adoption; a copy of which will be entered into the official record.

- Mr. Teague read the Resolution title into the record.

There being no comments or questions,

On MOTION by Mr. Custer seconded by Mr. Lambert with all in favor, Resolution 2011-4 Relating to the Annual Appropriations of the District and Adopting the Budget for the Fiscal Year Beginning October 1, 2011, and Ending September 30, 2012; and Referencing the Maintenance and Benefit Special Assessments to be Levied by the District for said Fiscal Year was adopted.

B. Consideration of Resolution 2011-5 Levying the Assessments for Fiscal Year 2012

Mr. Teague presented Resolution 2011-5 for the Board's review and adoption; a copy of which will be entered into the official record.

- Mr. Teague read the Resolution title into the record.
- This resolution authorizes the county to commence assessment collections.

There being no comments or questions,

On MOTION by Mr. Lambert seconded by Mr. Custer with all in favor, Resolution 2011-5 Levying and Imposing a Non-Ad Valorem Maintenance Special Assessment for the District for Fiscal Year 2012 was adopted.

- Mrs. Dillon announced for the benefit of the public, there will be no change in the CID's assessments for next year.
- Mr. Lambert asked Mr. Teague to ensure a copy of the adopted budget as well as the Fiscal Year 2012 Meeting Schedule are posted on the CID's website.

FIFTH ORDER OF BUSINESS

Old Business

A. Review of Landscape Maintenance Performance

Mrs. Dillon discussed her walk-through with Mr. Soto this past week and distributed a report to the Board; a copy of which will be entered into the official record.

- Mr. Soto did not get word the CID approved removal of the dead Oak Tree on Newport Drive, but it will be taken care of shortly.
- Mrs. Dillon reminded Mr. Soto they need to grind the stumps on the exotic trees which were removed.
- The CID's Gumbo Limbo Tree on Newport Drive is overhanging and needs to be trimmed, as it is impeding traffic.
- The dead Hibiscus on two medians at Newport Drive needs to be removed.
 - Mr. Soto submitted an estimate to replace them with 24 Arboricola plants in the amount of \$288.
 - These plants are hearty and easy to keep trimmed.
 - The estimate includes removal of the dead Hibiscus.
 - Mrs. Dillon is in favor of this work.

There being no further discussion,

On MOTION by Mr. Custer seconded by Mr. Lambert with all in favor, the estimate from Soto's Lawn Service, Inc. in the amount of \$288 to remove dead Hibiscus on two medians at Newport Drive and replace them with 24 Arboricola plants was approved.

- Soto is going to fertilize the medians because the trees are turning yellow.
- Mrs. Dillon assured Mr. Custer the newly-planted Oleanders are both drought and water resistant.
- Mrs. Dillon is not in favor of cutting the Ixora at the Cays Drive entrance beyond the sign, as long as the one closest to the sign is trimmed down.
- Mr. Soto is in agreement with dividing the cost of the sprinkler heads with the CID.
 - Mrs. Dillon will ask Mr. Soto to prepare a written statement agreeing to this.
 - It only applies to CID property.
- Mr. Lambert wants the landscapers to be more careful when mowing around the landscape lighting.

- Mr. Custer volunteered to do the next walk-through if Mr. Bissell has not returned.

B. Discussion of 2011 Backflow Preventer Installations

Mr. Frank Branch was to be available at this meeting to respond to any questions or concerns, but Mr. Casey is aware of these concerns and proceeded to discuss what has been done to correct them.

- A supervisor of the installation crew looked at each specific assembly.
 - The elevation differences were modified.
 - Levels were put onto every assembly.
 - An inspection spreadsheet verifies each assembly was inspected and level.
 - There will be no additional labor cost.
- The service lines which the backflow preventers are tying into are at different depths, with some being shorter or longer.
 - The pre-fabricated backflow preventers were not effective due to the challenges regarding the service line depths.
 - The backflow preventers are going to be fabricated in the field going forward to ensure they are specific to each location.
- Mr. Casey is confident the backflow preventers are now acceptable.
- Notification of water shut-off to do these installations will be posted on each affected resident's door along with contact information.
- Mr. Lambert recommended planning ahead for the backflow preventers being installed at Stella Maris Drive South because of the way in which the boxes were placed.
 - Mr. Casey reminded Mr. Lambert they have to be installed above ground.
- **C. Presentation and Discussion Regarding Mosquito Spraying**
- Staff switched from a bio-mist to Anvil which increases loading rates on the number of applications which can be done during a given time period.
 - This product is being used in Everglades City and Marco Island and does not contain stringently-regulated chemicals.

- Severn Trent gave operator discretion to the technician who applies the spray based on environmental conditions to angle the nozzle depending on wind direction.
- The chemical sprays approximately 300 feet, which covers beyond the CID boundaries even though they are just going straight up the road.
- Mr. Casey discussed areas of application.
 - Areas which are outside of the CID's right-of-ways are being sprayed:
 - o The marina area;
 - o The hotel area;
 - o The internal area of Sunset Cay.
 - There is no additional cost to the CID.
- The area in which the new water plant is being built is also being sprayed to the point at which the road turns east.
- The Board commented the mosquito situation improved.
- Mr. Casey was told the mosquito sprayer was driving too fast.
 - Mr. Casey found a GPS which will regulate the flow from the sprayer based on the speed at which it is being pulled.
 - The unit costs \$650.
 - The Board does not believe this is necessary.

SIXTH ORDER OF BUSINESS

New Business

There being no new business, the next item followed.

SEVENTH ORDER OF BUSINESS

District Manager's Report

A. Meeting Schedule for Fiscal Year 2012

Mr. Teague presented the proposed Fiscal Year 2012 Meeting Schedule for the Board's review and approval; a copy of which will be entered into the official record.

- The meeting schedule is based on last year's schedule.

There being no comments or questions,

On MOTION by Mr. Lambert seconded by Mr. Custer with all in favor, the Fiscal Year 2012 Meeting Schedule was approved.
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- The schedule will be posted on the CID's website and will be appropriately advertised.
- B. Update on Warranty Repairs for Sign**
- Mr. Teague was told the sign has a solid backing and an additional board will cause it to pop out.
- The screws on the sign have not been painted yet.
- Mrs. Dillon noticed the sign appears to be bulging out in a couple of places.

Miscellaneous issues were addressed.

- Mrs. Dillon asked for a status of the flood insurance and FEMA.
 - Mr. Teague commented the CID does not have flood insurance, but it can be included.
 - It is costly since all of the buildings within the CID will need to have elevations established.
 - CDDs typically do not have flood insurance because there is little benefit.
 - There would have to be a national disaster in order for the CDDs to qualify.
 - Mr. Teague assured Mrs. Dillon the CID's insurance policy covers flooding depending on the cause.
 - FEMA basically covers residential properties.

EIGHTH ORDER OF BUSINESS

Field Manager's Report

B. Update on Asset Management Issues

- Mr. Teague, Mr. Casey and Mr. Benson are in the process of updating the CID's list of insured items.
 - The appropriate coverage can be determined and submitted to risk management staff once this is done.
- Mr. Casey broke the items down to individual tabs specific to each CID-owned component associated with the water and wastewater treatment plant.
 - Mr. Casey wants to hold off on submitting this for the public record; until such time as the project is complete.

A. Discussion of Potential Insurance Claim for Loss of Pumps

- The cause of the damage to the pump at the Villages of Stella Maris was reasonably identified as a lightning strike.
- Staff is going to compile a Work Order which is going to show all costs associated with the repairs.
- Any pumps or components with lightning damage will have burn odors inside.
- Any damage considered *An Act of God* will not be covered by a warranty.

Mr. Casey distributed the July 2011 Operations Report for discussion; a copy of which will be entered into the official record.

- There were no unusual events.
- All parameters of the permits were met.
- The MBR blower was ordered.
 - The wastewater plant has two running blowers in the event something should happen before one arrives.
- Workers have not been able to find a shutoff valve for the galvanized pipe at the end of Union Road.
 - There is no meter.
 - They should be able to do something about this the next time the plant is shut down for service.
 - Mr. Casey is having one of his staff do a drawing of this area and submit a report on his findings.
 - A couple of bollards can be put up in the meantime.
 - Mr. Benson can provide Mr. Casey with record drawings for the water line replacement, if he does not have them.
- Staff replaced the broken hydroguard at Newport Cay.
- High service pump #3 failed.
 - Mr. Casey prepared a Work Authorization to have this repaired and re-installed.
- Well #2 failed.
 - This was not a lightning-related issue.
 - The pump ceased which started to trip the breaker.

- Mr. Benson indicated this was one of the new pumps.
 - Sand may be coming in, which will affect the pump.
 - A video camera can go down into the well to determine whether or not there are any well remediation issues prior to putting the pump back.
 - The break in the pump probably had something to do with the well, which is 40 years old.
- Mr. Benson asked for the Board's authorization to contact a hydrogeologist to do this work for a nominal fee of approximately \$2,000.

Mr. Lambert MOVED to authorize the District Engineer to engage the services of a hydrogeologist in an amount not to exceed \$2,000 to determine whether or not a problem with well #2 caused the pump to fail; and Mr. Custer seconded the motion.

- Mr. Benson will ask the hydrogeologist to prepare and submit a report of the findings before deciding on the repair.
- Mr. Benson will e-mail the hydrogeologist's findings to Mr. Teague.

There being no further discussion,

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

- The hydroguard for the Orchid Cove installation is on site.
 - There were some challenges associated with discharge of the water.
 - They thought there was lime running through the side area which ultimately went into a storm drain, which was not the case.
 - They are currently considering an issue with the sanitary system.
 - They will proceed with the installation once these logistics are worked out.
- The water loss report was discussed.

Mr. Casey presented Work Authorization No. 2011-5 to remove, repair and re-install the 15 HP high service pump and motor in the amount of \$5,472.61; and Work Authorization No. 2011-6 to remove, repair and re-install Well #2 pump and motor in the amount of \$5,253.12 for the Board's review and approval; copies of which will be entered into the official record.

- The repair associated with Work Authorization No. 2011-6 may have to be delayed until the hydrogeologist completes the report.

There being no further discussion,

On MOTION by Mr. Lambert seconded by Mr. Custer with all in favor, Work Authorization No. 5 authorizing Severn Trent Services to remove, repair and re-install the 15 HP high service pump and motor in the amount of \$5,427.61; and Work Authorization No. 6 authorizing Severn Trent Services to remove, repair and re-install Well #2 pump and motor in the amount of \$5,253.12 was approved.

- Labeling of the lift stations was discussed.
 - They are all numbered internally.
 - Each lift station will be identified with a sticker or placard and have emergency contact information.
- The control panel at the irrigation pump station is deteriorating.
 - Mr. Migdal submitted a proposal, which was expensive.
 - Mr. Casey would like to be able to do away with the VFDs and run motor starters on the canal pump stations in order to minimize the cost.
 - Mr. Benson and Mr. Casey will discuss this further via teleconference and bring recommendations back to the Board next month.

Mrs. Dillon asked for a status of selling the old meters.

- The meters have not been sold, but staff wants to delay this until they receive an accumulation of them in order to make it worthwhile.
- Two Hundred meters were replaced over the last two years, but Mr. Casey did a tally and it appears approximately 100 of the 200 meters are missing.
- Mr. Dick and Mr. Casey had a discussion this morning and decided they will compensate for the missing meters at the going rate.

Mr. Lambert addressed a possible security issue around the water plant.

- Mr. Carter mentioned someone was seen sitting in a chair close to the water plant; and empty beer cans and shell casings were found in the area.

- Mr. Carter spoke to the Sheriff, but there has not been much effort to find the person.
- Mr. Lambert asked Mr. Casey to speak to Mr. Carter regarding a requirement in which these events should be reported to the state.
- There are Homeland Security issues associated with water plants.

Mr. Casey addressed an issue in which the contractors for the new water plant are making unreasonable demands of his staff.

- Mr. Casey and Mr. Dick are going to meet with the contractor to set limitations on their requests and expectations from both sides.

NINTH ORDER OF BUSINESS

Attorney's Report

A. Update on North Hotel Bankruptcy Proceedings

- Mr. Benson gave his deposition, which Mr. Cox believes to be favorable for the CID.
- Mr. Cox sent a letter to Mr. Motwani's attorney indicating there is no basis for the complaint.
- Mr. Cox will have an updated status at the next meeting.
- The attorney has the option to dismiss or amend the complaint.
- There are no depositions scheduled at this time for any of the CID Board members.
 - Mr. Cox requested the depositions to be scheduled on the Thursday before the next CID Board meeting.
- Mr. Cox is 75% certain this will get dismissed.
- Mrs. Dillon asked Mr. Cox to discuss next steps if the case gets dismissed.
 - They will have to submit a reorganization plan for the property.
 - The CID will support any plan they submit which does not require ERCs.
- Mr. Lambert asked Mr. Cox for a timeline on this case.
 - If he does not amend the complaint, Mr. Cox will draft a Motion for Summary Judgment which will take approximately one week.
 - It may be able to be set for hearing in October as long as the Motion for Summary Judgment is filed in September.

- Any remaining issues will probably require an Evidentiary Hearing around the beginning of January.
- The entire process should be complete within approximately six months.
- The CID will be involved financially for approximately one year.

B. Update on Drainage Swale Agreement on Lot 45

- Mr. Benson has been experiencing difficulty in coordinating execution of the agreement with the owner.
- Mr. Cox will probably send the agreement along with a letter requesting they sign and send it back.

C. Update on Villages of Stella Maris Utility Ownership

- Mr. Cox sent a letter to the HOA Manager indicating this was reviewed and to get back if he needed anything else, but has not heard back.
- Mr. Cox does not believe the amendments to the statute will put staff in a better position to get this done.
- He must determine how to get someone to sign over the property.

The Severn Trent Services Operating Agreement was discussed.

- Mr. Cox sent a letter to Severn Trent Services requesting a Memorandum of Understanding for a monthly contract until such time as the contract has been renegotiated, but has not received any feedback.
- Mr. Teague also sent a letter.
- Mr. Casey does not foresee any problems with proceeding this way.

Procurement of piping materials for the new water plant was discussed.

- Hole Montes contacted Mr. Cox and told him there was a substantial escalation in PVC prices from the time the contract was bid until the materials could be procured.
- The total cost is estimated at close to \$35,000 as opposed to the original estimate of \$27,000.
- The contractor views this as an unforeseen circumstance.
- The Board is not in favor of agreeing to this price increase.
- Mr. Cox will respond to Hole Montes; and Hole Montes will respond to the contractor.

TENTH ORDER OF BUSINESS

Engineer's Report

Mr. Benson briefly discussed his deposition regarding the North Hotel bankruptcy.

- The purpose of Mr. Benson's deposition was to provide them with historical documents.
- Mr. Benson reviewed documents going back to 1997; copies of which he provided to Mr. Cox and the other attorneys.
- Mr. Benson is going to bill the CID for this effort.
 - He spent an equivalent of three days preparing these documents.

A. Update on New Water Treatment Plant

Mr. Benson distributed the Monthly Progress Report for discussion; a copy of which will be entered into the official record.

- Mr. Benson described the new plant as it currently stands.
 - There will be a lot of indoor storage which will be secure and protected from the elements.
 - There will be a workshop facility.
 - The piping and foundation was installed.
 - The cement block for the walls was started.
 - Most of the equipment from ITT is in; and some items need to be repaired.
 - o Although staff from ITT assured the contractor they will take care of these items, nothing has been done.
 - o Hole Montes is going to escalate their position with ITT.
 - o If necessary, they will ask Mr. Cox to send them a letter reminding them of their obligations.
 - o There are provisions in ITT's contract in which they will ask for payment once they start putting the skids together.
- Mr. Benson assured Mrs. Dillon they are still within budget on the project.
 - The contract with Cardinal allows for miscellaneous required items.
 - Mr. Benson does not foresee any problems in this regard, but will let the Board know if this changes.

ELEVENTH ORDER OF BUSINESS

Supervisors' Requests

- Mrs. Dillon asked for a status of Mr. Shucart's request for funds to dredge sediment at the marina base.
 - Mr. Teague sent him a letter requesting cost figures, but has not heard back.
 - Mr. Lambert believes they should be financially responsible for doing this.

TWELFTH ORDER OF BUSINESS

Audience Comments

Hearing no comments from audience members, the next item followed.

THIRTEENTH ORDER OF BUSINESS

Approval of July 31, 2011 Financial Statements and Check Register

Mr. Teague presented the July 31, 2011 Financial Statements and Check Register for the Board's review and approval; copies of which will be entered into the official record.

There being no comments or questions,

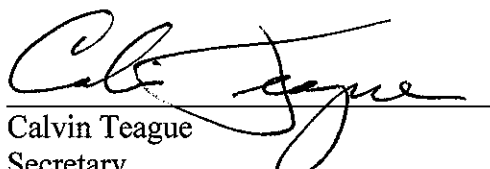
On MOTION by Mr. Lambert seconded by Mr. Custer with all in favor, the July 31, 2011 Financial Statements and Check Register were approved.

FOURTEENTH ORDER OF BUSINESS

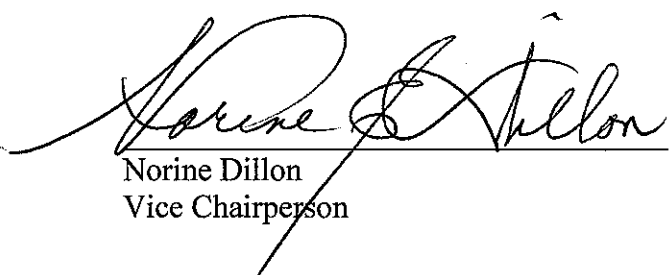
Adjournment

There being no further business,

On MOTION by Mr. Custer seconded by Mr. Lambert with all in favor, the meeting was adjourned at 11:55 a.m.



Calvin Teague
Secretary



Norine Dillon
Vice Chairperson