

Captiva Erosion Prevention District
Special Briefing Meeting Minutes
June 11th, 2020
Location: Zoom

Prior to the Call to Order the following conversation between Treasurer Richard Pyle and Administrator Joe Wagenti was recorded:

- Treasurer Pyle asked Administrator Wagenti about a third checking account which was noted in the monthly report. He requested clarification from Administrator Wagenti, who confirmed that it was a bookkeeping entry and that the cash is actually in the general account.
- Treasurer Pyle suggested that a third, separate account is opened. Treasurer Pyle stated that the standard operating procedure (SOP) and budget finance rules for operations call for the use of three accounts – a general account, a bond fund (capital account), and a project reserve fund (where parking lot funds would likely go).
- Administrator Wagenti asked for clarification about which monies would be placed in the new account and why it was necessary. Treasurer Pyle restated that a separate project reserve fund is needed. He referred to page 21 of the May financial report, which indicated that the reserves which were transferred in were parking revenue and operating reserves. He indicated that the report is showing increases and decreases, but that going forward it's preferable to indicate net parking revenues. Administrator Wagenti stated that he and Jason Smith (CPA) are confused about how the numbers are being tallied.
- Treasurer Pyle clarified that the project reserve fund is intended to set up the funding for the start up costs of the next project. He referred to the SOP, stating “the CEPD board shall take into consideration the annual flow of funds from the debt service reserve; if excess funds accrues in the reserve fund these funds can be used to offset non ad valorem expenses.” Treasurer Pyle clarified that the documents indicate that there is over \$2M in the reserve fund, but it's actually co-mingled with the capital fund. Administrator Wagenti confirmed.
- Administrator Wagenti stated that the reserve accumulation is an accounting method used by the previous CP and that he doesn't understand the purpose of page 21. Treasurer Pyle confirmed that both he and Chairman Mullins had same question; that it seemed to be simply a monthly accounting entry taking money out and placing it into reserve but that this \$2M is only a portion of the capital fund. Administrator Wagenti confirmed and stated that the page had not been updated correctly.
- Treasurer Pyle brought to attention the verbiage in the SOP in regards to setting up a project reserve fund (“shall” as opposed to “may”). Administrator Wagenti stated that his understanding is that this was the capital fund / capital account. Treasurer Pyle explained that the cash is in that capital account but “shall” have both a project reserve fund and a bond fund. Treasurer Pyle read: “Administrator will review the debt service fund requirements annually at budget time and transfer all excess funds; those funds above 10 percent hold back to the project reserve fund.” He explained that the project reserve fund is similar to a capital fund but that the SOP specifically notes that there should be a separate bond fund to fund debt service needs, moving excess cash into the bond fund. Administrator Wagenti said he thought that is what they were doing. Treasurer Pyle explained that the bond fund and project reserve fund have been combined into one and he thinks there's a need to leave the capital fund as it is, treating it as a project reserve fund but taking out the amount of money needed for debt service, and that there should be a bond fund separate from the project reserve fund and capital fund. He gave the example of \$700K which should have been in a separate bond fund, not in the capital

fund. Administrator Wagenti agreed.

- Treasurer Pyle suggested that Administrator Wagenti and Jason Smith figure out what the debt service will be for the next year, and that this amount will be put into the bond fund. Administrator Wagenti stated that there are no debt service requirements for the next year, and there will not be until next project; the final payment was made in May. Treasurer Pyle suggested setting up the checking account in advance so that when there are debt service requirements the money can be transferred from the capital fund into the bond fund. Treasurer Pyle again referred to the verbiage “shall have a project reserve fund”, “will have a bond fund to cover debt service”, and “it would transfer excess funds beyond hold-back to the project reserve fund/capital fund”.
- Chairman Michael Mullins entered the call and the discussion. He stated that Treasurer Pyle's concerns do address some of his own concerns mentioned in a previous meeting. He proposed creating a subsidiary ledger in the ledger that tracks the accumulated reserves for project use but stated that he thinks it should specify what comes from parking and left over ad valorem monies from when project account starts to receive assessment money. He asked Treasurer Pyle for clarification, if the suggestion is to place the incoming assessment money in the bond fund. Treasurer Pyle responded that we determine annually the amount of debt service for the next year and set that amount into the bond fund. He suggested that any other money from the sale of bonds could go to the project reserve fund (if bonds are issued the money would go into the bond fund initially but they would later go into the project reserve fund).
- Chairman Mullins stated a need for a separate conversation on the issue. He explained that the organization doesn't usually sell bonds. He explained the variance of cash flow: if a loan is authorized for referendum it is decided if the funds are received all at once or periodically on a cash flow basis. There is then payback against the loan through the assessment against properties, and as these monies come in they aren't necessarily consistent with debt service. In other cases, there may be a portion of the funds received up front and the balance received over time. As such, there is some confusion about tracking methods.
- Chairman Mullins stated that he wants to keep the assessment money (aka bond revenues) separate from the annual reserves which accumulate from parking and separate from the excess ad valorem monies that accumulate over time as a reserve, not to be spent on a project but to be rolled forward for lean times. He stated that it's an involved conversation, and it would be best to have Jason Smith involved and to obtain an attorney's perspective.
- Chairman Mullins stated that separate from the existing process being used to track the source and use of funds on projects is the topic of excess ad valorem money and annual parking money (aka reserve money), that could go into a source of funds for capital expenditures or could go into reserves as rainy day funds. Treasurer Pyle stated that alternatively they could be used to fund the debt service for the next 12 months. Chairman Mullins confirmed that this was an option if needed.
- Treasurer Pyle stated that lenders would want to know that there are funds in reserve for at least one year of debt service which is not located in the capital fund or in the general fund. Chairman Mullins agreed but expressed concerns about the legality regarding the use of ad valorem money to pay off debt service. He expressed that there is a need to further research the laws and to consult an accountant regarding the appropriate use of excess ad valorem money due to the strict laws about its use. No decisions were made.

I. Call To Order

- Chairman Michael Mullins called to order the special briefing meeting of the Captiva

Erosion Prevention District (CEPD) at 1:10pm on Thursday June 11, 2020 in a virtual meeting via Zoom.

II. Roll Call

The following persons were in attendance:

- Commissioners:
 - Seat 3, Michael Mullins, Chairman
 - Seat 5, Richard Pyle, Treasurer
- CEPD Staff: Administrator Joe Wagenti

III. Discussion Items

a) CEPD Planning

- Chairman Mullins expressed concerns about the planning process and the lack of progress being demonstrated by the administrators in specific areas such as accuracy, relevancy, detail, timeliness, and communication. He stated that some of his concerns were also expressed by the Board in December 2019.
- Chairman Mullins described the efforts made by the organization to improve the project planning process, including retaining the services of consultant Mr. Robert (Bob) Gray, with the goal of rehabilitating the process and creating a unified team. He outlined the progress made in the months of January and February, summarizing briefly the outcomes of those meetings. Chairman Mullins stated that the current administrator is no longer operating under the framework that was agreed upon and that Chairman Mullins has lost confidence in the Administrator Wagenti's ability to manage the project through the execution of the project.
- Chairman Mullins addressed the lack of follow through and accuracy of the work recently being produced by Administrator Wagenti. He refers to items that that should have been included and were not, as well as items that were inaccurately reported. He specifically mentioned the Tentative Apportionment Letter of August 2018, which was inaccurately reported but had not yet been accepted and published. He discussed his concerns about Administrator Wagenti's failure to establish a plan for the upcoming project and outlined the information currently available in order to begin doing so.
- Chairman Mullins explained that they had agreed upon identifying roles when documenting responsibilities related to the project rather than listing the names of specific individuals.
- Chairman Mullins noted that four of the last four weekly status update meetings scheduled with Mr. Gray had been canceled by Administrator Wagenti to review the plan for updates and corrections. As a result, Chairman Mullins communicated directly with Mr. Gray and was informed that Administrator Wagenti advised Mr. Gray to no longer contact him by phone and to communicate only via email moving forward.
- Administrator Wagenti stated that the planning progress is pending due to a lack of information from other parties, both within and outside of the organization. He stated that he is continuing to work with Mr. Gray and that he is not in agreement about the methods being used, specifically in regards to the program being used (Microsoft Projects). He stated that the phone conversations with Mr. Gray "were not going anywhere and was not accomplishing anything". Chairman Mullins stated that when

he'd inquired about these phone conversations he was told that Administrator Wagenti was overwhelmed and didn't have time to take the calls. Chairman Mullins expressed his concern about audit items missing from meeting agendas in the March and April time frame. He stated that Administrator Wagenti said that it wasn't necessary for the board to review and approve the audit. Chairman Mullins stated that he had corrected this misunderstanding. He recounted that Administrator Wagenti had asked how it was possible to know this, and that Chairman Mullins had referred to the SOP and prior years' meeting agendas where the information was listed.

- Administrator Wagenti stated that he is new to the position and has not completed reviewing the previous SOPs. Chairman Mullins noted that Administrator Wagenti is not new to the position. He encouraged Administrator Wagenti to review all SOPs relevant to his position. Administrator Wagenti stated that the SOPs are out of date and that he's in the process of going through all of them.
- Chairman Mullins expressed his concerns that Administrator Wagenti is not meeting expectations regarding project planning, and did not submit any of Mr. Gray's work, which was more complete and accurate than the work of Administrator Wagenti.
- Chairman Mullins noted his concerns with the existing Human Resources (HR) manual and voiced his intent to speak with the Board in regards to the HR plan, stating that this process should be assessed and streamlined in a manner which appropriately reflects the needs of the organization and takes into account the fiduciary responsibility to taxpayers.
- Chairman Mullins stated that he is especially concerned about the lack of planning. He stated that potential projects are not moving forward because elements being discussed are not then being placed into writing by Administrator Wagenti. Administrator Wagenti stated that the plan is pending review from outside parties. Chairman Mullins stated that in the meantime Administrator Wagenti should be continuing with the other elements of the planning process.
- No votes regarding planning were taken.

b) Beach Monitoring

- Chairman Mullins referenced communications regarding the necessary monitoring of erosion on an emergency basis due to unexpected weather conditions, such as tropical storms. He referred specifically to an email requesting that photos of current storm damage be available at the upcoming meeting. Chairman Mullins stated that, after being notified by a constituent, he personally visited the site. Administrator Wagenti stated he has been too busy to attend to this need. Chairman Mullins noted that, per the SOP's, this is the responsibility of the administrator's office, and discussed the importance of prompt documentation of storm erosion and voiced that there is an expectation that administrators have contingency plans and procedures are in place for emergencies and crisis events.

c) CEPD Project Schedules

- Chairman Mullins requested an updated target date for the mobile restroom project. Administrator Wagenti stated March 20, 2021 is the target completion date. Chairman Mullins asked if there are interim dates in place. Administrator Wagenti stated that no interim milestone target dates are currently in place. Chairman Mullins asked how Administrator Wagenti was able to determine the target completion date without interim milestone target dates. Administrator Wagenti stated that the target date is based on his feeling of how long it may take. Chairman Mullins expressed his lack of confidence in

this process.

- Chairman Mullins explained the expectations regarding the layout and development of planning documents, and referred to the Emergency Planning document, previously prepared by Steve Kheen, which he had provided to Administrator Wagenti to use as a model of the planning process for non-emergency purposes. Chairman Mullins requested more detailed planning documents from the administrators (e.g., Gantt charts and critical path charting) and encouraged Administrator Wagenti to utilize the Emergency Planning document in guiding his process as intended as they reflect the expectations. Administrator Wagenti stated that he's unable to locate the information and as a result they have needed to create these documents from scratch. Administrator Wagenti stated that Mr. Gray "has been very instrumental in helping" with that and that he has no problem working with Mr. Gray.
- Chairman Mullins stated that Mr. Gray provided him with updates, and that Chairman Mullins was informed that there was to be weekly calls with Administrator Wagenti to update the information for Microsoft Projects. Mr. Gray had informed Chairman Mullins that Administrator Wagenti had canceled 4 out of 4 consecutive meetings and requested that they communicate only via email. As a result, Administrator Wagenti did not understand that the Emergency Planning document was intended to be used simply as a model of how create this type of document. Chairman Mullins explained that Mr. Gray's organization wrote a lot of the SOPs, he has important experience in this regard, and for this reason he was brought in to assist with the process. Administrator Wagenti stated again that the phone conversations were "going nowhere" and were not connected to the project. Administrator Wagenti stated that there was no reason for him to schedule the time with Mr. Gray and that if Mr. Gray had a question he could call or email Administrator Wagenti. He stated that he never received any emails from Mr. Gray.
- Chairman Mullins suggested that the conversation be put on hold until Mr. Gray could be present.
- Chairman Mullins noted that his name had been inaccurately listed as the person responsible for funding. He stated they had explored the possibility of getting help from a lobbyist in securing additional funding. Chairman Mullins asked Administrator Wagenti if he had followed up on any of the provided names. Administrator Wagenti stated that they had decided together that it would be a long process and that it wouldn't be a smart decision. Chairman Mullins clarified that he'd stated that they should wait to hire a lobbyist until the moment was right. Chairman Mullins clarified for Administrator Wagenti that funding is not Chairman Mullins's responsibility; the responsibility for funding lies with the district, which includes the administration and help from the board.
- Chairman Mullins referred to conversation which occurred in March 2019 in which Chairman Mullins and Administrator Wagenti had a dispute about the responsibility of funding during a planning conversation. Administrator Wagenti stated this conversation was on the first day of his job. Chairman Mullins stated it was not and gave additional details about the day to refresh Administrator Wagenti's memory. Chairman Mullins stated that during that disagreement they had discussed the milestones that need to be included in the plan and where the responsibility of funding lies. Chairman Mullins stated that he continued to reinforce this messaging to Administrator Wagenti, and thus is surprised that the document doesn't accurately reflect this information. Administrator Wagenti stated that he would make the change immediately. Chairman Mullins gave additional examples of corrections that need to be made.
- Chairman Mullins clarified that there is no expectation that Administrator Wagenti

present a perfect plan, but there is an expectation that Administrator Wagenti has read the elements which he has included. Chairman Mullins explained that in the case of some items, it's absurd that they're included because they were never done. Chairman Mullins provided the example of the Tentative Apportionment, which had not yet been released. Chairman Mullins stated that Administrator Wagenti was clearly aware that this document had not been released and provided examples of specific instances in which it had been discussed with Administrator Wagenti or in his presence. Administrator Wagenti stated that he was confused. Chairman Mullins stated that if there is confusion, he can ask questions.

- Chairman Mullins noted that initially the collaboration between Mr. Gray, Administrator Wagenti, and Chairman Mullins in rebuilding the administration was effective, and that there was a marked change in the level of involvement from Administrator Wagenti after the work became distance-based. Chairman Mullins stated that Administrator Wagenti is no longer responsive to emails and phone calls from Chairman Mullins, nor does he initiate contact.
- Treasurer Pyle stated that he is concerned about how projects will get done when such little progress has been made 12 months prior to the start date. Chairman Mullins confirmed that this is his concern as well. He explained that in January 2019 he wrote to Hans Wilson, the administrator consultant at the time. He communicated to Mr. Wilson that the plans were lacking, incomplete, and inaccurate and that a planning process is needed. Hans replied "Understood." In March 2019 he noted that the documents weren't being updated and he called Hans again. He scheduled a briefing meeting with Carolyn and Administrator Wagenti, which they canceled due to a lack of AC. Chairman Mullins insisted they find another location and when he arrived, Administrator Wagenti wasn't present. In December it was recommended that Administrator Wagenti become the administrator, and Chairman Mullins then brought in Mr. Gray. At this point positive and constructive decisions were made. Chairman Mullins stated that Mr. Gray has produced a significant amount of documentation and Gantt charts. Chairman Mullins stated that he was unhappy to hear that Administrator Wagenti was no longer collaborating with Mr. Gray.
- Chairman Mullins stated that the plan is extremely important and that it's not too late, there's time to lay out a plan. He stated that Administrator Wagenti needs to understand who he reports to and who he should take direction from. He expressed that he is trying to get Administrator Wagenti back on track. Chairman Mullins says he'd like to present some of the work Mr. Gray has completed to the Board and asked Administrator Wagenti to participate in whatever way he feels he can. He stated that the plan needs to be very clear. Chairman Mullins stated that expects that Administrator Wagenti begin take responsibility for the work.
- Administrator Wagenti stated that the dates are unclear, and Chairman Mullins explained that it's been clear that the project could start as early as May of next year and run continuously until it's finished, but it will also give freedom to the dredging company as is appropriate. Chairman Mullins stated that Administrator Wagenti has been present for these conversations. Administrator Wagenti said he would get that done.
- Chairman Mullins outlined the planning process of weekly milestones and weekly status reports.
- Treasurer Pyle stated that he wants to see that everything is written down in a way that makes the outcome clear. Chairman Mullins agreed that there is a significant difference between an activity and an outcome. He expressed that the planning process needs to

be outcome focused, not activity focused. Administrator Wagenti stated that this is the exact reason that he canceled Mr. Gray's phone calls. Administrator Wagenti stated that he asked Mr. Gray to work on the plan and then email the document so he could have a deliverable in hand. Chairman Mullins said that one week ago he'd asked Administrator Wagenti if he had received documents from Mr. Gray and he said "not yet". Chairman Mullins stated that he had then contacted Mr. Gray, who forwarded the email with approximately 20 pages of Microsoft Project plans. Administrator Wagenti confirmed he has this document. Chairman Mullins asked why they weren't submitted. Administrator Wagenti stated that it's difficult to understand them when they are put into a PDF or a printed format.

- There was disagreement as to who requested that Mr. Gray prepare the newsletter. Chairman Mullins stated that Administrator Wagenti made this decision, and Administrator Wagenti stated that it was at the direction of Chairman Mullins.
- Treasurer Pyle expressed that to start May 2021 during turtle season could be a concern as there would be the necessity to pay to relocate all 150-200 turtle nests for the project completion. Chairman Mullins agreed that it would be necessary to obtain a bid for this cost prior to making decisions. Treasurer Pyle stated he would prefer to pay more to avoid performing the work during turtle season. Chairman Mullins stated that the cost difference may amount to millions and that it would be a decision for the Board to vote on.
- Chairman Mullins and Treasurer Pyle agreed that there is a responsibility to the community to perform the project in a conscientious manner.
- There was additional discussion of balancing the pros and cons of potential bids with the reputational risk, season, and cost. Chairman Mullins stated that the parameters would be given to potential bidders and that it would be preferable that the work not occur during turtle season.
- Chairman Mullins asked Treasurer Pyle if he is on the Board of Sanibel Captiva Conservation Foundation (SCCF) and Treasurer Pyle confirmed. Both Chairman Mullins and Treasurer Pyle stated that they have spoken with Ryan of SCCF. Treasurer Pyle spoke with him specifically about the potential costs of SCCF performing the monitoring.
- Chairman Mullins stated that the mobilization of the equipment is \$7M and that by coordinating the timing of the project well the organization may be able to save a significant amount of money. This was tabled for discussion with the Board.
- Chairman Mullins outlined some of the steps needed before having a schedule in writing (e.g. meetings with SCCF, RFP processes for SCCF and the dredgers, funding meetings with government entities, running formulas). He spoke about his past experiences with lobbyists. Chairman Mullins said that the organization may be able to lobby with the county themselves; they have a fixed formula but it is flexible.
- Chairman Mullins stated that if additional funding is not identified, the scope of the project would need to be scaled back; it's a 10 year project, which is in line with long term sea level rise concerns.
- Sand deadlines were described as: one this summer, one before the start of the project, and another before dredging starts. Mobilization costs are to be paid but sand costs could be reduced. It was noted that this is a larger project than the previous one (approximately 900k cubic yards) and therefore could be scaled back to save money, based on the bids and the season. It was determined that additional work sessions would be needed to go into further detail.

IV. Public Comments

- No members of the public were present.

V. Adjournment

- Treasurer Pyle moved to adjourn the meeting. Chairman Mullins seconded. Meeting was adjourned.