

Minutes

Briefing Meeting of the Captiva Erosion Prevention District

11513 Andy Rosse Lane, Unit 4, Captiva, Florida 33924

May 2, 2013 @ 1:00 P.M.

Commissioners Present: Jim Boyle (Chair); Doris Holzheimer (Vice Chair); Dave Jensen (Treasurer); Harry Kaiser (Secretary); Mike Mullins (Commissioner) – arrived at 1:08.

Staff Present: Kathleen Rooker, CEPD Administrator (via telephone); JoAnn Paul-Young, Accountant; John Bralove, CEPD Assistant to the Administrator

Other Participants: Mark Raymond, Bond Counsel; Steve Keehn, Engineer, CP&E.

Member of the Public: Rene Miville

1. Call to Order

Chairman Boyle called the meeting to order at 1:00 P.M.

2. Roll Call

The roll was called and the results are outlined above.

3. Report to the Board by Mark Raymond, Bond Counsel

a) Selection of a financial institution to purchase the Project Debt

Chairman Boyle asked if any of the Commissioners had questions about the proposals submitted by four banks that were contained in the Agenda Materials. Mr. Kaiser said he thought the proposed rates were excellent. Ms. Holzheimer mentioned that her past experience with Fifth Third made her worry about banking relationships when there was bank staff turnover. Mr. Raymond said he understood her concern but did not think there would be a problem. He had worked with Jim Mitchell, the Fifth Third' local representative, and found him very reliable. In addition, the loan was a straight-forward loan and he didn't see much need or reason for back and forth. Mr. Jensen said there was one variable he worried about – what if the cost of the project is higher than estimated? Mr. Boyle pointed out he was recommending a loan of \$8.8 million and called attention to Page 1, Comparison of Project Design Costs, of the additional materials that had just been handed out. He also pointed out that the total cost of the project had come down since the ACOE had reduced the amount of sand they would approve for the project

Ms. Holzheimer asked whether the reduced amount of sand would result in a narrower beach. Both Mr. Boyle and Mr. Keehn explained how less sand would be placed in the areas that were more stable and had less erosion but that all areas would get some sand in accordance with the policy established around 2002. Mr. Keehn explained and showed graphics of how this could be accomplished. Mr. Mullins asked whether the apportionment would be redone in the areas that received less sand. Mr. Boyle responded that he thought so. Both Mr. Mullins and Mr. Boyle agreed that the policy of everyone receiving some sand was a separate issue than what was being discussed now but certainly should be considered at another meeting. Mr. Raymond

pointed out that another apportionment at the end of the project would have to be done anyway as part of the legal requirements.

Mr. Mullins said that at a meeting last year it had been agreed an earlier renourishment and a design to take into consideration sea level rise would be discussed. Mr. Keehn reminded Commissioners that he was tasked to bring a proposal to the next meeting for a new permit which would include addressing issues like this.

b) Terms of financing and negotiation of terms on behalf of the District

Mr. Boyle then turned the Commissioners' attention to the first page of the handout showing project costs (\$19.6 million including Sanibel), estimated funding amounts from the ACOE (\$5.8 million), the Florida DEP (\$3.1 million), and Lee County (\$4.9 million), and the estimated cost for CEPD (\$5.8 million). He added if CEPD were to receive the money requested in advance from the various sources, the amount needed for the Captiva portion for up-front costs is \$8.8 million as outlined on Page 2 of the handout. Therefore, he is recommending a loan amount of \$8.8 million. Mr. Mullins asked how much CEPD will be required to reduce its reserves by based on these costs. Mr. Boyle responded he and Ms. Rooker think CEPD should not reduce reserves until there is a better handle on the actual costs of the Sanibel portion of the project and until the ILA is approved and CEPD receives that money. Mr. Mullins agreed. Mr. Boyle pointed out that with no prepayment penalty in Fifth Third's proposal; CEPD can sort things out and pay down the loan when more is known. Mr. Mullins said he thought Fifth Third's proposal was the only qualified one and the others were non-compliant. Both Mr. Boyle and Mr. Raymond agreed, with Mr. Raymond saying that the Fifth Third proposal was clearly the best.

Mr. Mullins suggested CEPD borrow \$9.6 million and Mr. Kaiser and Mr. Jensen agreed. Mr. Mullins said CEPD might find other purposes for the extra money. Mr. Raymond said the proceeds of the loan could only be spent on erosion prevention projects and loan closing costs. Mr. Mullins moved and Mr. Kaiser seconded a motion to accept Fifth Third Bank's proposal and borrow \$9.6 million at the interest rate and terms stated in their proposal. Mr. Jensen asked why Fifth Third's proposal was best since he saw interest rates that were less, particularly BB&T's. Mr. Raymond explained that BB&T's proposal was not a commitment, had not been passed by their credit committee, and other provisions were not ones that were favorable to CEPD. Mr. Mullins asked if there were still time to go back the other banks. Both Mr. Raymond and Mr. Boyle said there was not time to go back. Mr. Raymond said that he had gone back to BB&T to give them until the end of today to submit a qualifying proposal but he was told they could not get a commitment in time and could not get approval to remove the constraint of the 1.15 debt service coverage ratio. He added CEPD needed the money by May 23 to send to the ACOE by May 24. Mr. Boyle explained the resolution for financing needed to be approved at next week's Regular Board Meeting and Mr. Raymond would need time to prepare the loan documents.

A member of the public, Rene Miville, asked if he could address the Board and Chairman Boyle recognized the speaker. Mr. Miville suggested to the Board that they authorize him to negotiate a lower interest rate on behalf of the Board. The offer was not embraced by any Board member, thus Chairman Boyle thanked Mr. Miville and explained that since little time was left to submit the construction funds to the Army Corps, this was not feasible and declined. The Board then continued their discussion.

Mr. Boyle called upon Ms. Paul-Young for her comments and she said she agreed that CEPD should borrow \$9.6 million. Mr. Boyle then called for the vote and the motion passed unanimously. Mr. Raymond reminded Commissioners that under tax law the District must reasonably expect to spend 85% of the loan money within 3 years. The consensus was that this would not be a problem

4. Commissioners Comments

Mr. Boyle called Commissioners' attention to Page 4 of the latest draft of the ILA with Lee County, which he had distributed at the beginning of the meeting. One provision is that the Captiva portion of Turner Beach Park would be leased by the County to CEPD no later than October 1, 2013. He also pointed out the two different funding options: one for Storm Protection and one for Recreation. For Storm Protection, Option A, proposed by the Lee County staff, the County would pay \$272,476 to share the cost with CEPD for protection of the road. Option B, CEPD's proposal, is the County pays \$513,972 or 100% of the related cost of the road since the County owns and is responsible for it. For Recreation, Lee County staff proposed Option E, where the County pays \$2,821,887. CEPD proposed Option F, where the County pays \$3,384,903 in recognition that South Seas Resort single family homes should be included in the calculation as in past years. Mr. Boyle said Commissioner Manning would recommend CEPD's options and the District therefore needed to get two other votes and asked for Commissioners' suggestions as to how to go about getting the support of at least two other County Commissioners.

Discussion ensued regarding the best way to do this with the consensus being that a letter-writing campaign to Lee County Commissioners be initiated, including enlisting the Panel and CCA. Also agreed upon was that CEPD Commissioners would contact Lee County Commissioners individually. There was discussion about what information to convey to the County Commissioners, the cost of the Sanibel segment of the project, and how much of this cost the County pays. Mr. Boyle asked Ms. Rooker to draft a sample letter that Panel and CCA members and others could use as a template. Mr. Jensen suggested CEPD ask anyone who writes a letter to send a copy to CEPD. He also asked staff to send Commissioners the email addresses of County Commissioners. Mr. Mullins suggested talking to Sanibel Council members to enlist their support in persuading the County Commissioners.

Mr. Boyle said he was going to talk to the Sanibel City Council next week and formally request approval for the Sanibel nourishment work to be done 24 hours a day, 7 days a week. He was also going to ask for the use of the parking area on both sides of Turner Beach as a staging area if it were needed. Mr. Mullins thought it a good idea for CEPD's Commissioners to contact individually Sanibel Council members. He was planning on doing this.

Ms. Holzheimer asked Mr. Boyle when he thought the County would sign off on the ILA and Mr. Boyle said toward the end of May.

Mr. Jensen asked if the cost of the project goes up, will Lee County's share go up and is it a fixed amount or a percentage? Mr. Boyle said it was a percentage, although if the amount exceeded \$6 million, it would have to go back to the Board of County Commissioners for re-approval.

Ms. Holzheimer advised that CEPD would need to explain the extent to which the numbers are different than what CEPD conveyed in the April information meeting. Mr. Boyle responded this would have to be addressed very carefully. Mr. Keehn said the Corps will allow rearranging of the sand based on the survey the Corps is currently conducting and this will be helpful. Mr. Kaiser

asked why CEPD has to explain this now. Why not wait until after the project has been completed? Mr. Boyle responded the changes will need to be communicated both to the Community and to the County, but it does not have to be addressed now.

Adjourn

There being no other business, Mr. Boyle adjourned the meeting at 2:19 P.M.