

## **Minutes of the General Meeting of the CAPTIVA EROSION PREVENTION DISTRICT**

Captiva Community Center Complex  
11550 Chapin Lane, Captiva, FL 33924  
Wednesday, October 8, 2008 @ 12:00 P.M.

Commissioners Present: Rene Miville (Chairman), Mike Mullins (Commissioner),  
Dave Jensen (Treasurer), Doris Holzheimer (Secretary)  
Also Present: Michelle Wesley (Interim Administrator), Rita Donaldson (Accountant)

### **1. Call to Order, Roll Call**

- Chairman Miville called the meeting to order and roll call.

### **2. Approval of Minutes**

- a) Regular Meeting September 10, 2008
  - Chairman Miville called for a motion to approve
  - Commissioner Holzheimer moved to accept
  - Commissioner Jensen seconded
  - Chairman Miville indicated all in favor, motion passes
- b) Final Budget Hearing September 17, 2008
  - Chairman Miville called for a motion to approve
  - Commissioner Mullins moved to accept
  - Commissioner Holzheimer seconded
  - Commissioner Mullins indicated all in favor, motion passes

### **3. Public Comment**

- Chairman Miville asked for public comments in turn no replies

### **4. Financial Report**

- Chairman Miville referred the matter of the review of monthly financial statements and pre audit discrepancy update to Commissioner Mullins
- a) **Review Monthly Financial Statements & Pre-audit & Discrepancy Update**
  - Commissioner Mullins introduced Donaldson as accounting to support factors for fiscal year 10/1/07 & ending 9/30/08 budget.

#### **General Fund**

- Commissioner Mullins brought notice to net cash available of \$4,041.73 with liabilities at \$16,209 and net income of (\$51,242.45) due to the board voting to move the parking revenues and expenses over to the capital projects budget reflecting (\$51,242.45) even though \$4,041.73 cash on hand.
- Board will need to address whether to have a “due from” or show all parking was voted to move to the capital projects account and include cash balances.
- Commissioner Mullins made reference to a News Press article identifying a number of districts that had “differences”. Mullins explained how he was interviewed by a reporter from the press; however no reference was made in the article pertaining to the interview. Mullins explained the substantial difference between the two years is that we voted in the summer to move parking over from general budget to capital projects budget and made up the difference in income with ad valorem taxes which was approved at the final budget hearing of 9/17/08.
- Commissioner Mullins explained the \$14,000 capital outlay plan for parking machines which was not there the prior year.
- Commissioner Mullins noted the summary level representing the proposed budget –vs– actual budget for fiscal year ‘07/’08 with further detail noted broken down into categories.
- Commissioner Mullins asked for public comments and there were no comments.

#### **Capital Projects Fund**

- Commissioner Mullins began the summary review indicating ad valorem taxes of \$157,374 to be collected and actually collected equaled \$158,536.52.

- Commissioner Mullins explained \$10,173.97 in interest income was shown because accounts had been set up so all interest income fed into the primary account may result in a due to due from where we can actually break out where interest was earned –vs- where allocated.
- Commissioner Mullins went on to explain the overall gross profit of \$275,359.11 –vs- budgeted \$253,174 leads us \$22,185.11 to the positive.
- Commissioner Mullins moved onto the expenditures offered a \$4,589.88 difference under budget where the cost of collecting ad valorem was \$4,753.42 over budget trying to settle some of that by not mixing ad valorem and assessment commissions but do believe this is an ad valorem expense.
- Commissioner Mullins noted the parking lot expenses were identified at about \$5,000 under budget and payroll and benefits came in about \$31,000 under budget as well with legal and professional around \$2,000 under budget. The budget had forecast a capital outlay of \$2,000 and spent 0.
- Commissioner Mullins answered Commissioner Holzheimer that all outstanding invoices for the professional fees in the last fiscal year are current unless something comes in unexpected.
- Commissioner Mullins indicated a \$52,645.94 net income under budget.
- Commissioner Mullins again brought the question forth with the transfer of funds from general to capital for parking the Board had taken care of all due to and due from between capital projects as reported by Russ, but still had \$103,000 parking revenues on hand that was moved over to reduce future assessments and upon voting stated following year which was actually the current year so there is some clarification needed. The Board needs to be sure this is where revenues should reside for accounting. A conservative position was taken and the funds moved therefore showing an overall net income (\$51,242.45) because of the cash balance moved out.
- Commissioner Mullins concluded cash balances in the accounts and were modified by Rita to add outstanding payables representing a more accurate figure than historically indicated. Wachovia account \$6,416.79 balance and SBA accounts \$126.68 and SunTrust \$9,665.81 net a balance of \$16,209.28. The payables due reflect checks yet to be drawn against the account at \$6,209 and a payment due to the capital fund of \$5,958.55 net out to cash availability of \$4,041.73.
- Chairman Miville asked for the makeup of the capital outlay for \$3,750,000 on actual where the \$1,350,000 had been budgeted.
- Commissioner Mullins referred the question to Rita who had no detail on the \$3.3/4 million in the review of FY '08 vs FY '09.
- Commissioner Mullins relayed the Blind Pass project was budgeted at \$1,350,000 and more current numbers may be lower.
- Commissioner Holzheimer questioned why there was no engineering detailed under the capital budget.
- Rita explained some numbers had been lumped together and the engineering is probably reflected in the \$524,000 of the operating expenditures.
- Commissioner Mullins added there are a few open areas in the capital budget and Rita is working with Steve Keehn on current projections. There are monies due from the Army Corp of Engineers and monies owed to the Florida DEP. The net income of approximately (\$2,000,000) comes into play as government accounting does not accrue accounts receivables and therefore did not know how to show this so it was decided to net it out.
- Commissioner Mullins explained the debt service of \$2.3 million as \$3.5 million was paid and had approved at the final budget hearing a range of 3 or 4 million to be paid to reduce the principal balance.
- Chairman Miville questioned the wide variance of \$142,000 actual –vs- budget of \$32,000.

- Rita explained in looking at the details tilling cost of \$9,000 was under budget by \$3,000 and the engineering and monitoring was \$90,916 where only \$20,000 was budgeted, then construction management came in at \$19,140.25 where no budget was given and concluded the economic planner cost of \$23,145.66 with no budget allocated.
- Commissioner Mullins summarized that as bills came in Rita categorized these invoices against the different categories under beach maintenance and maybe they should have been categorized differently. It all comes under the total expenses so this is the column to pay attention to.
- Rita added that with every single expense that was charged to every single account she had to pull the invoice and match them to the categories available to the best of her knowledge.
- Commissioner Mullins indicated that perhaps the economic planner should be moved under consultants.
- Chairman Miville concluded that the answer was in the consulting and engineering as earmarked about \$330,000 and only spent \$87,000 and went on to say if budget ¼ million for CP&E to do their normal beach project maintenance, etc. etc. and we wrote a check for \$400,000 we usually don't miss it so we didn't just earmark beach maintenance of \$142,201.91 with a budget of only \$32,000 as the answer is reflected further down in detail.
- Commissioner Mullins pointed out that the budget categories are most accurate and it is the interpretation between Russ and Allison as to how they looked at these different charges. We don't understand how the capital outlay of \$3.7 million was derived. As we go back and work on the chart of accounts we may need to tweak it a bit in Quick Books; however at the final budget hearing we said we were confident with the categories used in the general fund and what allocated since was needed for ad valorem. Additionally, the attorney and the Department of Revenue the capital budget did not have to be approved or advertised and only a copy was necessary to manage. We said we did the best we could at the time since we could not reconcile all the issues around the assessment and capital projects.
- Commissioner Mullins concluded the overall category of expense –vs- asset – vs- income, etc. should be correct with the exception of receivables still coming in because we don't show booked receivables in government accounting and the capital budget is still a work in progress.
- Chairman Miville added under Blind Pass that Robert Neal does invoice us from time to time.
- Chairman Miville asked if the \$62,000 project manual cost was a legitimate cost.
- Commissioner Mullins answered yes and that we are substantially under budget for administration. Partners in Progress has done what they had indicated they were going to do this past year, but more still needs done. Mullins added the funding and permitting and some overall detail that's been reviewed by Lisa Armbruster that has been forwarded from CP&E so we are going to get charges from CP&E for reviewing it. This is a work in progress as Bob Gray & Company will be going back to revise it. Commissioner Mullins went on to say we significantly overestimated what our requirement for a Lobbyist would be, thinking that Blind Pass might be substantial extra work. It actually came in way under budget. He explained the same was true for legal fees in relation to Blind Pass. Mullins indicated the delay on the project may also push some of the fees back.
- Chairman Miville thanked Mullins for the explanation.
- Commissioner Mullins summarized the balances at having a total of just under \$3,000,000 as we projected at the final budget hearing with balances on hand at \$6.3 million. We paid off about \$3.5 million and discovered about \$200,000 in

the SBA accounts that had mistakenly not been included in the \$6.3 million for a total of \$6.5 million.

**b) Follow Up Bank Matters:**

- Chairman Miville moved the meeting onto bank matters.

**Sun Trust**

- Commissioner Mullins made a general comment on the fact that a decision was made that had nothing to do with account analysis to go with Wachovia and subsequently as we were reconciling bank accounts Rita found some very high extraordinary fees through SunTrust that related to account analysis which we don't even use.
- SunTrust, to get higher interest rates they, put us into a category that provided us account analysis reports but we incurred about \$2,400 - \$2,500 in expenses.
- Chairman Miville questioned if the interest rates were higher.
- Commissioner Mullins pointed out that the rates were supposed to have been higher.
- Chairman Miville suggested we ask for the money back.
- Commissioner Mullins suggested to Miville that he get the information from Michelle and take on that project.
- Chairman Miville stated he would love to find out if he can get some of the money back for the CEPD.

**Wachovia Signature Cards**

- The Wachovia account signature cards were distributed to the Board by Michelle and signed by each Commissioner in order to update the records with Wachovia. Michelle will be responsible for submitting these cards to the bank.

**Fifth Third Debt Service**

- Commissioner Mullins stated he made a decision given the range the Board had indicated to pay off \$3.5 million and get the money out of our hands and not owe it and not worry about the deposits.
- Chairman Miville added that moving forward the money now in various accounts would be lucky to earn 60 basis points and no 3 or 4 % interest can be had anymore, so the bottom line is that paying the debt now was a brilliant move. He indicated we previously received 4 or 5% with a loan debt service of ½ point to the good as we were making money by paying the loan –vs- paying it off. Miville felt the quick money payoff could have saved them about \$80,000.
- Commissioner Mullins replied that he wasn't necessarily trying as much to pick up a point in interest rate as he was trying to get the responsibility of managing that \$3.5 million out of their hands.
- Commissioner Mullins added that he had a meeting with some investors with Government Bonds in NY and asked if we can get the same degree of security investing in other products as we know we can certainly get 4 – 4.5% investing in CD's for 1 year that are protected for \$250,000. We can open a few CD's and have some money on operating capital that we need on standby just to pick up a better interest on something guaranteed 100%. There are other Government Bonds and other options paying good rates the only thing is we want to make sure that we are not taking any risks.
- Commissioner Holzheimer questioned if we can buy munities.
- Commissioner Mullins indicated there are about 150 basis points spread between a munity and a treasury right now and usually a treasury pays a higher yield than a munity. The goal he indicated is not to pick up as much by way of yield but 100% security.
- Commissioner Mullins indicated that early this year we met minimum requirements and we paid an additional \$3.5 million. We projected originally in last year's budget that we would have paid off \$2.3 million so we doubled the requirement.

**c) Dept. of Financial Services Form Filings**

- Commissioner Mullins indicated CEPD received a letter from Wachovia saying here is how the monies are secured, etc. but one clause bothered Mullins. The letter basically stated we have 100% security and all of the banks in FL would have to go broke before there would be any reduction in the security, so it is not like the FDIC as funds are actually 100% secure. However; the statement read, provided you meet the state regulations and stipulations. In questioning what this meant Mullins contacted Alex Sink, CFO for the State of FL and she referred to Kenny Lee who heads up the Div. of Treasury. We found we are required every time we open an account to file a report with them and with the bank that states these are monies that are regulated and protected because we are a municipality and we are with a qualified depository. We do have the form now and we will file it with the Department of Treasury as we did sign an affidavit every year saying we had the forms. If we do not file this it means we do not have a protection other than FDIC insurance. It was good to go through this process to uncover something that was bureaucratic information, but may have jeopardized the security of our funds. It was good timing since the annual report is due November.
- Commissioner Mullins explained the Depository Authorization & Agreement Certificate simply means if we don't file and give copy to the bank and keep a copy on file our monies are not secure. The memo from Alex Sink and the Div. of Treasury explains what we have to do to declare our deposits to make sure everything is secure. Mullins concluded that if you don't comply with this section on each deposit then you no longer have protection from loss.

## 5. Administrator's Report

- Chairman Miville referred the matter of Administration over to Michelle
  - a) **Assessment Update**
    - Rita is enlisting Nicolle Hussion's assistance on a project involving setting up a procedure so they know billing –vs- collected. In order to do that a new company is being set up under Quick Books to tie into the records moving forward.
    - Commissioner Holzheimer asked if we had been able to eliminate discrepancy.
    - Rita answered through this process we will have more accountability.
    - Commissioner Mullins added that Bill Stronge, Sherrill Simms, and Nicolle had identified about 30 discrepancies and that number was narrowed down to 12 at which time, a letter was sent out to all of them with responses back on 4 thus far that have detailed information and look as though they have paid.
    - Commissioner Mullins added that now the process is here and we may find that we received another \$70,000 - \$100,000 that we didn't account for and that this capital projects quick book report is to the penny.
    - Rita confirmed that this new procedure is 100% accurate and the backup detail determines who gets billed at the next installment.
    - Commissioner Mullins concluded that if we get calls after taxes have gone out we will have a record that we can trust and any issues can be solved immediately.
    - Commissioner Holzheimer asked if there was a way to avoid future reconciliation by putting a protocol in place.
    - Rita answered yes that is the purpose for the quick books entries in order to track these types of receivables.
    - Commissioner Mullins added that part of the Administrative Procedure write up that Bob Gray is working on will include this task.
    - Rita ended that the procedure is now in place and if another such assessment takes place the foundation is there.
    - Chairman Miville thanked Rita as did the other Commissioners as Rita exited the meeting.
  - b) **Blind Pass Update**
    - Chairman Miville said he spoke directly to Robert Neal in regards to items on the Blind Pass Restoration Weekly Progress Report that alluded to potential delays and hadn't been addressed. Miville explained he questioned the lease agreement and if everyone was on board and ready to sign and he was assured that was the case. Additionally, the Board of County Commissioners voting on the selected bidder is not anticipated to cause delays.

- Chairman Miville said the dredger is ready to begin bringing materials out and will begin doing that within a week or so. The only possible issue to delay the start would be prop scaring. The County anticipated they could fit within 14 acres in the Wulfert area of Prop Scars. Miville pointed out that they would never find 14 acres and in fact, only one acre was found. The DEP has not accepted the resolution but Miville was assured it will not be an issue.
- Miville added the containment cell should start in a couple of weeks and if they get permission from the turtle people they'd like to start laying pipes on the beach for the dredgers. A waiver from the turtle division of the DEP is required prior to November 1<sup>st</sup> as this is the official end to the turtle nesting season.
- Commissioner Holzheimer asked if any additional issues are foreseen that could alter this progress.
- Chairman Miville answered not to his knowledge.
- Commissioner Holzheimer raised again the issue of the sign at Turner Beach reminding people to park at the Hagerup Beach Access lot. As there is potential need for Federal funding at some point in time, a sign is a good investment. We need to be clear we are providing parking and beach access to the public.
- Commissioner Holzheimer added that revised recommendations of wording for a sign was sent by email and that she is interested in a sign that will last for at least six months, so it needs to be weather resistant and somewhat permanent.
- Chairman Miville concluded that he will do what it takes to make the sign happen.

**c) Project Manual Update**

- Commissioner Mullins pointed out that this item will be moved to the next meeting as Bob Gray and staff documented the material outlines for specific items with possible capital projects funding/permitting may have been addressed. We need to look at a proposal and get a revision.

**d) Administrative Continuity Plan**

- Commissioner Mullins stated Bob is transitioning short term items to Michelle and as we want to reconcile with the continuity plan and create weekly status reports for the week and what we have done for the week. We will address this at the next meeting as well.

**e) Miscellaneous Administration ~ Office Keys**

- Michelle reported keys from the previous locks have been received from Commissioners. Paul Garvey, landlord representative signed a key agreement with the CEPD. Additionally Paul has proposed a key code system, but he is in the beginning stages on getting his own proposals and we are waiting on updates.

**f) Beach Posts around Dunes**

- Commissioner Mullins reported that Dave Darby made a request through Island Management that we need to make a decision about the posts on the beach set to protect the dune planting. The posts were never intended to be permanent posts.
- Chairman Miville made the comment that the posts are private property, so if a resident wanted to keep them they have the right.
- Commissioner Jensen made a motion to allow property owners have the right as long as protection of the Dunes provides protection of the sea grasses.
- Chairman Miville called for a motion and it passed.

**g) Parking Lot: New Meter & Hut Quotes**

- Commissioner Mullins gave some background that they agreed to purchase a second parking machine and the final analysis was to get a credit card machine. The phone lines are in and ready and the logic behind the credit card machine was that people do not pay for a full day unless they have the option of using a credit card. The other benefit is if the machine is down then money is lost. All in all, the machine will pay for itself in a couple of years.
- Commissioner Holzheimer asked if the money was budgeted for the new machine.
- Commissioner Mullins answered, yes.
- Commissioner Mullins went on to report that in the past the machine has went down due to the elements of rain, etc. and a hut would allow for protection.

- Michelle reported that John Lundin handles the maintenance and he is in the process of bidding out the hut job and it looks like an amount of \$600 in materials and a labor cost of \$13/hr. plus \$700 for meter installation.
- Commissioner Mullins indicated that we do need to move forward and order the machine which was already approved by the board.
- Commissioner Holzheimer was concerned if the installation will interfere with parking rerouted from the Blind Pass project.
- Chairman Miville assured this would not be the case and there would be no interference with parking as all that was required would be pouring a slab.
- Michelle added that John has the quote for the new machine.
- Commissioner Holzheimer would like to see a schedule.
- Commissioner Mullins suggested that John Lundin be present at our next meeting as it was decided that further clarification is needed on the estimated number of hours needed to complete the hut and an accounting of the \$700 for the installation of the parking meter.

**h) Tentative Meeting Discrepancy October 15, 2008**

- Chairman Miville noted the meeting date was wrong and not concurrent with the 2<sup>nd</sup> Wednesday of each month and therefore all of the appropriate postings were made at the Captiva Library & the U.S.P.S. with notices sent to Lee County.

**i) News Press Editorial**

- Commissioner Mullins announced this article was good news in the fact that we are not cited specifically in the body of the article.
- Mullins went on to say they identify 23 districts that went with any increase at all and we are at the top of the list with about a 52% increase.
- Commissioner Mullin's concern is the article categorizes actions of all on the list as insensitive and irresponsible to tax payers. Mullins concluded that he explained to the reporter that the budget would be reduced if it were not for moving of the parking revenue, to the Capital Projects budget.
- Commissioner Mullins asked whether or not to respond to the article by responding to the local media or to the News Press.
- Chairman Miville responded by stating people are not concerned and we should not bring it up.
- Commissioner Mullins spoke with the local reporter at the meeting to see if she would be willing to submit an explanation in the local paper. She would be happy to do so.

**j) Administrator Task List**

- Michelle presented the Board with the task list, including an update of tasks completed.
- Michelle explained the priority levels of each task and indicated whether it was categorized as a high, medium, or low task item and suggested everyone review.

**k) Tax Form Filings**

- Michelle updated the Board on the tax filings that were taking place:
  - Form DR 422 filed with the Lee County Property Appraiser (completed)
  - Form DR 422 filed with the Lee County Tax Collector (completed)
  - Florida Department of Revenue, Form's DR 420, Resolution's, News Press full page ad's, News Press Affidavits, Form's DR 422, DR 420MM, DR 487, DR 487V all due within 30 days of final budget hearing from 9/17/08.

**6. New Business**

- Chairman Miville referred the matter of New Business and the meeting schedule over to Michelle

**a) Meeting Schedule for 2009**

- Michelle made reference to the second Wednesday of each month in scheduling the general meetings with a schedule for 2009.
- The Board discussed briefly the scheduling of the additional meetings for budget. All Commissioners will refer to their personal schedules and report back for the November meeting to finalize the CEPD meeting schedules.

**b) Amendment of Rules & Procedures**

- Commissioner Mullins suggested the Board take a look at items that require amending. The question can be included on the agenda at the next meeting date.

**c) Assessment Payoff Requests**

- Commissioner Mullins has noticed an abundance of administrative time and effort put into the task of generating assessment payoffs and has suggested a fee structure be implemented in accordance. Michelle provided an example of a form that could be used upon board approval.
- Commissioner Holzheimer was concerned that charging for a service may not benefit the public.
- Commissioner Mullins explained how the task at hand is for a single individual and is not being conducted for the general public.
- Michelle added that the charge is similar to what Condo Associations and Management companies charge when information must be transferred for new ownership. This charge is not a cost obligation for the entire condo complex, but the fee that an owner must pay for transference of his or her own property.
- Michelle said some rules will need to be identified because sometimes calls are coming in by Real Estate agents wanting to get an idea of the costs prior to the closing.
- Commissioner Mullins suggested that maybe we can have this information accessible on our website. .
- The board decided they will review the form and come to an agreement at the next general meeting.

**d) Apportionment Workshops**

- Commissioner Holzheimer asked if the Board is interested in scheduling an informational apportionment workshop for the public during season. It was agreed we will do this. Commissioner Holzheimer will bring a specific proposal to the board.

**7. Old Business**

**a) Administrator Position**

- Commissioner Mullins had completed the interview process of Kathleen Rooker at the recommendation of Chairman Miville and Commissioner Holzheimer. Commissioner Mullins went on to say there is not enough work for a specific financial position.
- Commissioner Holzheimer suggested that this realignment of work would possibly impact our discussions with Lisa Armbruster and recommended we create clear job descriptions.
- Commissioner Mullins suggested that they ask Bob Gray to refine the job descriptions. If Kathleen Rooker's interview outcomes coincide with the descriptions then we will offer a contract to Rooker.
- Commissioner Holzheimer feels uncomfortable in moving forward without clear job descriptions for Rooker that they spent the summer on identifying in another capacity.
- Commissioner Mullins placed a phone to Bob Gray in order to revise job descriptions for the Administrator position.
- Chairman Miville asked to be excused from this portion of the meeting and had to leave.
- Bob Gray said we are headed now on a path where two positions for the Financial and General Administrator are no longer required and it seems that were need to define on a short term –vs- long term concept.
- Commissioner Mullins asked Bob Gray if he can have the revisions out in 24 hours and Bob was in agreement.

**b) Commissioner Open Seat**

- The Commissioners discussed the open seat and their obligations in fulfilling it.
- The Commissioners will begin gathering names and submit them to Chairman Miville for discussion at the next general meeting.

**c) Coastal Engineering Matrix**

- Commissioner Holzheimer has received the matrix from Coastal Engineering and copies have been handed out to the Board.
- Bob Gray suggested he follow up with Steve Keehn on Elko for a comparison to Lisa's proposal.
- It was decided that Bob will review Steve Keehn's spreadsheet and call Commissioner Holzheimer before calling Steve to discuss Elko and procedures as well as feedback for the spreadsheet.

**8. Adjourn**

- Commissioner Mullins noted that Chairman Miville left without appointing an officer.
- Commissioner Holzheimer suggested a motion was not needed.
- Commissioner Mullins adjourned the meeting at 3:30 P.M.