



Key Largo Wastewater Treatment District Board of Commissioner's Meeting Minutes

**4:00 PM Wednesday, November 19, 2003
Key Largo Civic Club, 209 Ocean Bay Drive
Key Largo, Monroe County, Florida**

Board Members Present

Gary Bauman, Chairman
Cris Beaty
Charles Brooks
*Andrew Tobin
Jerry Wilkinson

Staff Members Present

Robert Sheets, General Manager
David R. Miles, Chief Financial Officer
Thomas Dillon, Board Attorney
Faith Doyle, Board Clerk

Guests Present

Nos Espat, Randazza
Pete Kinsley, The Haskell Company
Stu Oppenheim, Brown and Caldwell
Vicky Fay, Key Largo Resident
Robert E. Burt, Key Largo Resident
Kim Collins, TIB Bank
Steve Gibbs, Free Press reporter
Burke Cannon, Key Largo Resident
Ms. Science Kilner, FEMA, via telephone

*Commissioner Tobin joined the meeting in progress at approximately 6:10 p.m.

A. Call to Order

Chairman Bauman called the meeting to order at 4:05 pm

B. Pledge of Allegiance

The pledge was recited.

B.1. Teleconference with FEMA

Ms. Kilner asked if the County would be represented at the FEMA public hearing. The Board gave its consensus that Monroe BOCC and FKAA representatives should be invited to participate. She then reviewed the meeting outline that was presented to the

Board. Ms. Kilner was informed that the location would be the library. The clerk has requested that the county have audio and videotaping available. Ms. Kilner stated that at a minimum an audiotape must be made. There will be a facilitator at the meeting to go through the power point presentation. Ms. Kilner would review the comments she has received so far and field the questions from the public so that the appropriate person is requested to answer it.

Commissioner Wilkinson asked about the inclusion of the Calusa Campground. Ms. Kilner stated that FEMA is reviewing the design and engineering and inclusion at this point would force them to take a closer look the project. The FEMA dollars could not go into the campground. Also, an archeology review will need to be done at the location either by the owner or by the Board. Ms. Kilner would recommend having archeological oversight in place. Mr. Sheets asked if this would be required if FEMA dollars were used for the design. Ms. Kilner stated that if no FEMA dollars are used there is no obligation for them to review it. The conference call concluded at 4:20 p.m.

Mr. Sheets asked the Board if the 12-3 meeting should begin at 3:00 p.m. so that there is more time to conduct business. The Board gave its consensus to begin the meeting at 3:00 p.m. to work until 5:30 p.m. and then break until the 6:30 FEMA public hearing.

Ms. Kim Collins with TIB bank was present to answer any questions concerning the proposed line of credit application for the KLWTD in the amount of \$500,000. Mr. David Miles provided revised documents that were different from those provided in the agenda packet. They incorporated changes requested by the staff and Board members. Mr. Dillon commented that his concerns with the original documents had been addressed and that three of the five Board members had provided feedback, which had been addressed. Mr. Miles stated that back on June 25, 2003 during the budget workshops concerns were expressed over future cash flow difficulties. In reference to the grant from Monroe County to cover operations in FY2003, the last draw was received in mid October and the September ending cash statements include it. All dollars have been received and George Garrett was provided the documentation that proves the money was properly spent. Fy2004 started with \$28,000 in the bank and approximately \$40,000 in operating expenses. \$35,000 is the last cash coming into the District until MSTU proceeds begin to come in. Mr. Miles has discussed with Mr. Garrett how the billing of the County taxes comes in and although they begin to come in during November those dollars don't come directly to the KLWTD. The receipts are made by the County who needs a mechanism to transfer the funds to the District. Mr. Garrett is setting up the procedure to transfer the dollars to the KLWTD. Mr. Miles stated that funds would be necessary prior to year-end and the MSTU dollars may not come until January. Based on this information it was projected that by the end of January there would be between \$80-100,000.00 of shortage in the operational fund. That is why TIB has a provision in the agreement that no more than \$150,000 could be used for operations shortfalls. Another provision of the agreement requires that money be paid by March 1, 2003 when the majority of the MSTU funds will have been received. Discussion ensued regarding the benefits of having the line of credit.

TIB has agreed to a \$500,000 line of credit with 4.5% variable rate with a 6% cap. It was noted that interest charged on invoices that fall under the Prompt Payment Act

concerning Local governments who do not pay proper invoices within the time provided in the Act must pay interest of 12% a year.

Mr. Sheets noted that a loan \$100,000 over 90 days at an interest rate of 4.5 would incur approximately \$1,000 in interest charges plus the cost of the origination fee for the loan. The origination fee for TIB is usually \$2,500 but it was lowered \$1,250. Ms. Kim Collins stated the length is for 18 month from closing with no prepayment penalties and it is an unsecured loan. The index used was Wall Street Journal prime and it is not anticipated that prime will change before January 2004. TIB would be monitoring the loan because of the purpose of the loan and any draw requests must be in writing and specify what the draw is for the maximum draw amount is \$150,000 unless more is negotiated.

Mr. Miles noted that this is a straight-forward business proposition. It would provide flexibility to manage any cash flow shortages so the District could pay bills on a timely basis and while waiting for MSTU or other funds.

Chairman Bauman asked for comments from the public or the Board. Commissioner Wilkinson is not happy that other banks were not consulted and he noted that the banks are not happy either. He stated that he was furious about finding out at the 11th hour that a line of credit was necessary and he questioned calling an emergency meeting so that all concerned could be informed. He is not happy with the manager and staff for not communicating the gravity of the situation to the Board. He read the Prompt Payment Act and questioned who is 'the agent'. Mr. Dillon stated that the agent is usually the person who received the invoice. Commissioner Wilkinson questioned the lag time for receiving grant funds and believes this action should only be taken unless the District has no funds available. Commissioner Wilkinson believes if this money is tax-exempt it should be lent at less than prime interest. He noted that Marine Bank would have considered it below prime. He questioned if the interest is reimbursable from grant proceeds. Mr. Miles stated that for certain grants it is, if it is a direct cost. Commissioner Wilkinson suggested tabling the item and going out for bid.

Chairman Bauman asked for a response from Ms. Collins who explained that pricing loans and the interest rate is predicated on risk and this is an unsecured loan with no historical data on payment history and for a startup entity it is a fair rate. Mr. Sheets stated that concerning the interest issue GSG just issued 60 million dollars worth of tax exempt bonds with a AAA rating and the best rate was 4.67% on secured insured AAA low risk bonds. The fact that TIB will deal with us at the rate they offered with our experience is a remarkable sign of faith in the KLWTD as an entity. In regard to bidding GSG has been informing the Board since June that there would be cash flow difficulties while waiting for the MSTU funds. TIB began back August to educate themselves on the KLWTD. A bidding process could have been conducted, but banks are not risk takers it is easy to say after the fact that a good rate could have been beat. Staff worked with TIB because they are local and our depository bank. He concluded that this entity requires a line of credit because it only gets one paycheck a year and managing the bills is difficult.

Commissioner Wilkinson stated that as a businessman he had to borrow money but did not go with his own bank without looking at other entities, many factors need to be

looked at. Mr. Miles had talked with Bank of America, however the local was chosen. Mr. Miles stated that GSG uses four banks and in comparison with GSG's lines of credit with other entities the rate is very attractive. Commissioner Wilkinson wants the public to know that we did the best due diligence and got the best rates available.

Mr. Sheets added that FEMA would advance up to 90 days of draws for Phase II grant funds. Presently, FKAA has some of the advance draw money to be reimbursed to us. Commissioner Wilkinson stated that the KLWTD could argue that the FKAA should have sent the money the day the MOU was sent. Mr. Sheets stated that the grant would not be transferred until the FEMA Phase II Environmental Assessment is complete.

Commissioner Beaty comments that he understands that TIB was used as KLWTD's depository bank but is disappointed that other banks were not given an opportunity to competitively bid. He requested a cash flow analysis for the next few months that shows what we anticipate to use on the line of credit. Mr. Miles stated that he is working on it with information provided by the two contractors with projections of their anticipated draws. Commissioner Beaty stated that this agreement is good for 10 days and asked Ms. Collins if it could be extended until December 3, 2003. Ms. Collins stated that she would send a new commitment letter.

Commissioner Brooks requested verification that only \$150,000 of the total line was for working capital. Ms. Collins state that was correct. Commissioner Brooks asked if once the working capital portion is paid back if the entire \$500,000 line of credit could be used for construction. Mr. Miles stated that yes next fall we would carry forward a surplus that would avoid the cash flow issue and that this is only a bridge loan from now until the end of January. The other purpose is to cover any cash flow shortages to make sure this business goes forward regardless of grant reimburse delays. Commissioner Brooks asked if it is a revolving open end line of credit. Ms. Collins confirmed that it was.

Commissioner Brooks questioned the delay in depositing the SWFMD grant check. Mr. Miles stated that due to the routing via the KLWTD P.O. Box through the GSG Orlando office it had only been deposited today. He noted that although the grant had been awarded in May supporting reimbursement documentation was not available until early October.

Commissioner Brooks noted that this is a line of credit but nothing prevents us from acquiring another line of credit and we don't have to draw this money down if it is not needed. Mr. Miles agreed with his statement.

Commissioner Brooks noted that TIB Bank was the first bank to assist the KLWTD when it was established. He also stated that he defends the staff on their actions because there was enough discussion in the budget workshops and prior meetings to give staff direction to go to TIB Bank and weather or not we take this line of credit or draw against the money we establish credit history which helps KLWTD into the future.

Chairman Bauman agreed that the Board had directed staff to go to TIB and that TIB has been a partner with the keys on many projects and he recalls basically telling the staff not to waste time and to move forward with request information on a line of credit.

Chairman Bauman requested a motion for approval of the line of credit with TIB Bank.

Commissioner Wilkinson made a motion to table the item. The motion died due to lack of a second.

Commissioner Brooks moved to accept the line of credit with TIB Bank. Commissioner Beaty seconded the motion. Discussion ensued on requesting proposals from other entities. Commissioner Brooks withdrew his motion. Commissioner Beaty withdrew his second.

Commissioner Brooks made a motion to continue this item until the December 3, 2003 agenda contingent upon TIB extending their commitment until that time. Commissioner Beaty seconded the motion. Ms. Collins stated that she would extend the commitment an addition 30 days. Commissioner Wilkinson requested that other proposals be requested from Marine Bank and First State Bank. Mr. Sheets stated that he would at the direction of the Board. Discussion ensued concerning the fact the TIB rate has now been disclosed and is part of the public record. Discussion ensued. Chairman Bauman the requested a role call vote as follows:

Commissioner Beaty	Yes
Commissioner Brooks	Yes
Commissioner Tobin	NOT PRESENT FOR THE VOTE
Commissioner Wilkinson	No
Chairman Bauman	Yes

The motion was approved with a vote of three in favor and one not in favor.

COMMISSONER BROOKS MADE A MOTION TO DIRECT STAFF AND MR. MILES TO CONTACT FIRST STATE AND MARINE BANK FOR THE POSSIBLITY OF OPENING A LINE OF CREDIT FOR KLWTD. COMMISSIONER BEATY SECONDED THE MOTION. ALL WERE IN FAVOR AND THE MOTION WAS UNANIMOUSLY APPROVED.

C. Public Comment

Chairman Bauman asked if anyone present wished to address the Board. With no requests the meeting continued.

D. Additions, Deletions or Corrections to the Agenda

Chairman Bauman requested adding an item to discuss the MOU.

Mr. Dillon requested that a discussion of the potential deed restriction be added to the December 3, 2003 agenda and that a draft would be forthcoming from Mark Rosch and

would require action prior to its being presented as an action item on the BOCC's December 12, 2003 agenda.

Chairman Bauman requested a discussion on freezing the agenda at the end of business Wednesday prior to a meeting date.

Commissioner Brooks requested a discussion of the DCA bond issue.

Chairman Bauman noted that items F1 through F5 would be postponed until Commissioner Tobin arrives.

Commissioner Brooks requested a brief discussion concerning public notices.

Mr. Sheets suggested having the insurance agent come to the next Board meeting to present information on the errors and omissions coverage.

Chairman Bauman requested a discussion of a formal acceptance of Roberts Rules of Order.

It was the consensus of the Board to adjust the agenda as indicated above.

E. Minutes – Draft August 13, 2003; Draft August 27, 2003; Draft Sept. 3, 2003; Draft Sept. 17, 2003; Draft October 1, 2003

Commissioner Wilkinson made a motion to approve the minutes of the August 13, August 27, September 3, September 17 and October 1, 2003 KLWTD Board Meeting Minutes. Commissioner Beaty seconded the motion. All were in favor and the motion was unanimously approved.

F. Action Items

1. Presentation of Warranty Information and Secondary Treatment Process Selection

Held until later in the meeting.

2. KLWTD Work Authorization WEC 03-01 (Amendment 1) with Weiler Engineering Corporation for the KLTV Project

Held until later in the meeting

3. KLWTD Work Authorization WEC 03-02 (Amendment 2) with Weiler Engineering Corporation for the KLP Project

Held until later in the meeting

4. KLWTD Work Authorization GSG 03-01 (Amendment 1) with Government Services Group, Inc. for the KLP & KLTV Projects

Held until later in the meeting

5. The Haskell Company Change Proposal No. 1

Held until later in the meeting

6. Resolution 2003-21 Establishing Independent District Manager, District Engineer and District Attorney Officers for the KLWTD

Commissioner Wilkinson made a motion to approve Resolution 2003-21. Commissioner Beaty seconded the motion and noted that he agrees with the resolution because each officer of the District has a fiduciary responsibility to answer directly to the Board and each other. Commissioner Brooks stated that the staff should work together and report to us. Commissioner Wilkinson stated that staff needs to talk with each other but problems must come directly to us. Mr. Weiler commented he understands he reports to the Board but the team is working on the same goal and there will be times that the team does not need to know exactly what each other is doing, but our boss is the Board. Commissioner Brooks asked each member of staff for their viewpoint. Mr. Dillon stated that it is beneficial to participate in the staff's working group call, which is done every week with all staff reviewing issues that are coming up. Mr. Dillon, as the attorney for the Board considers the public to be his client and the Board to be the representative of the public. The resolution would not change his responsibility. He noted that a great deal of time is spent working things out together and the resolution won't change that. Mr. Miles deferred to the general manager and as finance director he reports to him, and he notes that the Attorney works directly for the Board in most forms of government. Mr. Miles works for the manager and takes direction from him. Mr. Sweat stated that his opinion agrees with Mr. Miles and that his experience is the same as director of operations he reports to the manager, however he believes the staff has a good working team. Mr. Sheets concluded that the resolution would not change things but let there be no confusion on the point that the entire staff realizes their fiduciary responsibility. The staff must lobby, argue, discuss and debate when necessary but if the resolution gives the Board comfort then it is a for the good.

Commissioner Brooks takes comfort in knowing that the staff conducts weekly conference calls. He requested if conference call minutes are kept that they be provided to the Board. Mr. Sheets stated that a working group agenda with a section for status updates are used each week and would be forwarded to the Board when staff is sent theirs, but formal minutes are not taken. Chairman Bauman stated that the Board should be forwarded what staff already prepares. It was the consensus of the Board to have staff forward the weekly working group agenda to the Board from this time forward.

Commissioner Brooks called the question. Commissioner Wilkinson noted that the public is the KLWTD's client. Chairman Bauman asked for any descending votes. None were cast and the motion was unanimously approved.

7. KLWTD Work Authorization WEC 04-01 with Weiler Engineering Corporation for Investigation of the Calusa Campground

Mr. Sheets stated that at the last meeting the Board verbally authorized WEC to go ahead with the Calusa Campground investigation and that the work authorization would be prepared for today's meeting and the report completed by 12/3 but with full agenda scheduled for that date this report would be given at a later date.

Commissioner Beaty motioned to approve Work Authorization WEC 04-01. Commissioner Wilkinson seconded for discussion. Commissioner Wilkinson stated that this is the worst thing to do and considering Calusa would introduce bad flow into

the system with only 13 permanent and 376 weekend residents it will have chemicals that would make it more difficult to meet 5531 and including it will cause trouble with FEMA. He believes that the first priority is to complete the KLTV and KLP and then go back and pick up package plants, also the fee structure needs to be looked at to upgrade the Calusa Campground system. He had been told that there is a great deal of salinity in the wastewater. Commissioner Wilkinson believes that spending the \$7,400 won't accomplish much at this time and that there are other more important things to do. Discussion ensued.

The Chair acknowledged Mr. Burke Cannon who stated that the Board should look at Calusa campground on a different basis because there are about 350 permanent residents and about 90% of the RV's do not move. Vickey Fay commented that the Board should proceed from where they started from with the locations that were planned to be sewerred and have been presented to FEMA because they have accepted it as is. Ms. Fay has concerns with Calusa and the fact of the transient nature of Calusa could increase the cost to the KLTV residents. She asked the Board to table the action and questioned the prudence of incurring \$7,700 in expenses when looking at getting a line of credit. Mr. Weiler added that we are investigating this campground at this time and not proposing hooking them up because if you don't investigate you will have the very issues that Stock Island is facing. Commissioner Wilkinson stated this should be done when the other campgrounds and other commercial entities are reviewed.

Commissioner Brooks comments that he agrees that if we go out of the scope it may create a hurdle with FEMA, however if KLWTD does the study and decides not to do anything with Calusa would it be a bad investment on \$7,500 when we don't have the money. Mr. Weiler stated that by law when the sewage line runs in front of a property they have to hookup and this investigation could avoid the Stock Island problems because Calusa would be informed of what would be required and we would coordinated with them. Calusa is being looked at because it is in the midpoint between the two projects. Commissioner Brooks asked how far the closest sewer-pipe was to Calusa. Mr. Weiler stated that if a commercial entity is within 50 feet of the right-of-way must hook up and for residential it is at the property line. Commissioner Wilkinson requested seeing the ordinance.

Mr. Sheets stated this is a good discussion to help Mr. Weiler modify the scope if necessary or to tell him to stop, however the Board did authorize him to begin at the last meeting, if the Board has reconsidered they must direct him to cease work and send an invoice.

Chairman Bauman comments he will go with the guy who has been in the war, and WEC has been involved in the war in Stock Island. He believes the investigation would potentially identify future customers as to what sewer is going to cost so they cannot claim they weren't told.

With no further discussion Chairman Bauman requested a roll call vote, which was as follows:

Commissioner Beaty	Yes
Commissioner Brooks	No

**Commissioner Wilkinson
Commissioner Tobin
Chairman Bauman**

**No
NOT PRESENT
Yes**

Motion fails due to a tie.

The manager requested that Mr. Weiler submit a final bill. Mr. Weiler stated that he preferred to keep track of the time spent and retain the information gathered to date for future use. He believes there will be a point in time when this must be done and he will submit the bill at that time.

8. Payments Pending List for November 11, 2003

Commissioner Beaty comments that he was overpaid for October and requested Mr. Miles to deduct the amount from his November check.

Commissioner Brooks made a motion to approve the Payments Pending list for November 11, 2003. Commissioner Wilkinson seconded for discussion.

Commissioner Wilkinson requested a balance sheet and income statement to be provided with future bill lists. Mr. Miles stated that a revenue and expense sheet is an income statement just called a different name and in FY2004 he would provide these documents every month along with the trial balance. Discussion ensued.

Commissioner Tobin arrived at 6:10 p.m.

Chairman Bauman called for a vote. Commissioners Beaty, Brooks, Wilkinson and Chairman Bauman were in favor. Commissioner Tobin abstained from voting due to his late arrival.

Chairman Bauman called a recess at 6:10 P.M.
Chairman Bauman reconvened to meeting at 6:20 P.M.

Chairman Bauman requested that the Work Authorization WEC 04-01 concerning investigating the Calusa Campground for possible connection be reconsidered at the December 3, 2003 meeting due to the tie vote in the absence of Commissioner Tobin.

9. Action on the TIB Bank Line of Credit Request

SEE ABOVE

G. General Manager's Report

1. Status Report on the FEMA Environmental Assessment
 - a. Low and Very-low Income Assistance Program
 - b. Site Mitigation

Mr. Sheets stated that his item G-1 was covered in the conference call with Ms. Kilner that had been done earlier in the meeting.

Mr. Dillon reviewed his memo of November 18 stated that the same warranty had been forwarded to Fluidyne and Randazza and Purestream. One question is opened, if there would be any performance security. Mr. Dillon is not sure if Fluidyne is going to provide it. Purestream would consider providing it. Purestream and Randazza stated they would provide the warranty for 24 months from the date of acceptance and that they would fix anything that would fail to work. Unresolved issue and concerns are paragraph 5 concerning the acceptance date.

Commissioner Tobin made the following comments and suggestions: performance standards to be attached to the warranty or typed in so all know what the performance standards are and define if Fluidyne or Haskell are warranting. Mr. Kinsley stated that concerning performance the standard procedure is to have the full performance bonds and regarding the warranty period that Haskell carries the one-year unconditional and the additional 12 months are from Fluidyne the manufacture. Commissioner Tobin question if the warranty was between the District and Fluidyne. Mr. Dillon and Mr. Kinsley confirmed that it was. Commissioner Tobin asked if the full payment performance bond as required from Fluidyne is standard in the business. Mr. Kinsley answered in the affirmative. Commissioner Tobin asked if a full payment and performance bond is in the amount of the contract. Mr. Kinsley stated that it is equal to the contract value. Mr. Dillon stated that the District should be named along with Haskell on the bonds. Mr. Kinsley stated that it would be worked out and is better than a hold back provision. Mr. Dillon and Commissioner Tobin would like performance standards attached to the warranty and have it stated who is giving the promise, also the addition of whom the performance and payment bond is for.

Commissioner Brooks stated that discussion has been focused on Fluidyne and he questioned if the Randazza warranty should be addressed. He asked Mr. Espat if he is in agreement with the bond issues. Mr. Espat stated that he would work with Mr. Dillon on the issues. Mr. Kinsley stated that Haskell would require the same bonds from Purestream as Fluidyne.

Commissioner Brooks wants the standards 5531 stated in the warranties and during the process the discussion concerning support and service has focused on Fluidyne providing support long distance and Randazza locally and pledging 5 years support along with operator training and that Fluidyne would only offer training at the District's expense. Mr. Kinsley stated that Haskell would train for 30 days. Commissioner Brooks is concerned about operator turn over. Mr. Kinsley stated that TSC Jacobs is service oriented and he is in south Florida. Discussion ensued on operations and technical concerns and redundancy in the system. Commissioner Brooks wants the warranty to have the specific verbiage that it would meet the DEP permit requirements and a guarantee in the warranty that the redundancy will be met.

Chairman Bauman asked if these concerns are a design issue or a warranty issue. Mr. Kinsley and Mr. Oppenheim stated that they are more of a design issue. Mr. Kinsley stated that the issue could be rolled into the warranty but the KLWTD is protected in the contract and that the contract states that all governing requirements must be met including the FDEP. Chairman Bauman asked if Haskell would put it in the warranty. Mr. Kinsley stated that they would.

Commissioner Brooks asked Mr. Kinsley about the design phases and the approval process. Discussion ensued. Chairman Bauman asked if the discussion had anything to do with the warranty issue. Commissioner Brooks was questioning Fluidyne's D & B report. Mr. Dillon stated that in references to the law suites anyone can allege anything and it may or may not be true. Assessing the creditworthiness of the contractors is the bonding company's responsibility and if the contractor can get a bond it should end the discussion. A bonding company generally does not give bonds without a proven track record. Mr. Dillon stated that the Board shouldn't put undue emphasis on the report and the Mr. Miles had reviewed the D & B.

Mr. Sweat stated that after having been responsible for 200 plants in his career he believes that a typical one-year warranty is sufficient. However, if the KLWTD is getting more assurance this is a good thing. Chairman Bauman asked if something breaks 10 years from now is there a contract or warranty that would cover this. Mr. Sweat stated that he has never had to have a manufacturer back after the warranty period.

Chairman Bauman asked for a recommendation from the manager. Mr. Sheets stated that after final warranties are secured the item should be brought back for action and selection of a process. Commissioner Tobin believes that what Fluidyne represented should be reduced to writing on support. Discussion ensued. Chairman Bauman stated that from the last meeting if the warranty is good enough then it looks like it is going to be SBR. Mr. Sheets suggested that if no more issues of technology arise and the warranty is in place then action should be taken on December 3, 2003.

Chairman Bauman requested a motion to select a secondary treatment process. Commissioner Wilkinson made a motion to select SBR technology adding that if Haskell makes a plant that works the operator can make it fail. Commissioner Beaty asked the Chairman for clarification on the action taken at the last meeting. Commissioner Tobin stated that he is not prepared to vote until the warranty and service issues are resolved. The motion failed due to lack of a second.

Commissioner Wilkinson stated that he was concerned with the continuing discussion and he fears if a technology is not selected prior to 12/3/03 the FEMA hearing could be postponed. He believes that the process is stalling. Further discussion ensued concerning warranty and service issues.

GENERAL MANAGER'S OTHER ITEM:

Mr. Sheets stated that emails between the manager and board members had prompted his additional item. Mr. Sheets stated that GSG contracted with the KLWTD with full knowledge of the challenge and frustration of helping a new Board to get up and running. However, to be effective the manager needs the trust of the full Board and it is obvious that we do not have that trust and coupled with the fact that the Board members would like to see local representation for the District he would like to prepare and present a transition plan. Mr. Sheets recommends the Board consider appointing a team for the transition plan development. He suggest it be Mr. Sheets, Mr. Dillon and

one board member and suggested Cris Beaty because of his connection with the local business community.

Commissioner Wilkinson stated that he is concerned that the Board may not find local talent at the salaries they would be able to pay. He suggested finding a well-experienced clerk to work as an interim manager. Commissioner Wilkinson believes finding someone who would deal with FEMA, FDEP, SWFWMD and the other government agencies is imperative. Commissioner Wilkinson stated that to act on a management transition at this point would be premature. Mr. Sheets stated that GSG would provide support to the KLWTD during and after the transition. Commissioner Wilkinson stated that an inspector, a vehicle and an office need to be considered and that a publicly noticed workshop should be scheduled to work on this issue and take public input.

Chairman Bauman requested that Mr. Sheets along with Mr. Dillon lay out options for the Board to consider. Mr. Sheets stated that any plan should be the meat from the guidance the Board gives us the Board would set the standard and expectations for the transition.

Commissioner Tobin stated that Mr. Sheets had suggested that Danny Kohlage via Monroe County might help administer the grants and with five CPAs in house he would help were finances are a concern. The transition idea is a sound one if it happens in 30, 90 or 180 days because we can not continue having GSG putting in a tremendous number of hours of time and resources and a some hours may be better spent not traveling to the keys. Commissioner Tobin would like a preliminary discussion and he has no problem with Cris meeting with Robert and Tom and bringing back a plan in 30 days. Then a scheduled workshop to kick around the ideas should follow.

Commissioner Brooks stated that again Mr. Sheets was eloquent during a difficult situation. He believes that from GSG's perspective not having the confidence of all members is not comfortable for him and in the light of that, he can see that the discussion of a possible transition is a good thing because if we continued to operate with the lack of confidence we could possibly have a sudden crash and everyone would get hurt, egos, reputations and community resources. Commissioner Brooks stated that the transition is a good idea and there should be a limit on the time frame part of that workshop should be to discuss when is the best time to do it. Commissioner Brooks believes a workshop should be held before every meeting, if we tried it we might get through the work a lot faster and workout how the Board members interacts and how the manger and staff interacts with the Board.

Commissioner Beaty stated that a transition is inevitable as it was with the legal services. However, his immediate concern is grant administration and making sure the projects don't stall out. He believes that to keep them moving forward GSG and Mr. Sheets through his guidance has accomplished a great deal in the past year and he doesn't want to loose touch or loose time. He concluded that exploring a transition and bringing back recommendations is in order. Commissioner Beaty accepted the Boards appointment to the transition team and welcomed the opportunity to work with Mr. Sheets and Mr. Dillon.

Chairman Bauman stated that he believes GSG does a great job as does the entire staff. He does not want to see GSG go but the KLWTE needs to look at a full time manager. He directed Mr. Sheets come back in 30 days with a plan of how the process should work and recommended options with costs that are within the budget.

Mr. Sheets stated that concerning the staff working group agenda the agenda used would be made available to all via email.

Key Largo resident Burke Cannon stated that after watching all the members at several meeting he cautions that the same personality would remain after a transition and that point should be considered.

Commissioner Wilkinson stated that most trouble stems from inconsistent communications and that all emails should be documented and all members kept informed.

Commissioner Tobin requested that Commissioner Item K-1 being pulled from the agenda. Chairman Bauman pulled the item.

F. Action Items

- 2. KLWTD Work Authorization WEC 03-01 (Amendment 1) with Weiler Engineering Corporation for the KLTV Project**

Mr. Sheets stated items 2, 3, 4 are the same as previously presented and that the hours have been pulled from the Weiler scope and placed in the GSG scope for inspections services and adding the provision monthly time sheets would be submitted with the invoices.

Commissioner Wilkinson made a motion to approve KLWTD Work Authorization WEC 03-01 Am. No. 1. Commissioner Beaty seconded the motion for discussion. Commissioner Tobin has major concerns with F2, F3 and F4. His discussions with Mr. Sheets resulted in a difference of opinion concerning flat fee or fixed payment options. Commissioner Tobin gave copies of emails to the Board that stated agreement that GSG had a fixed payment and not a flat fee. But in light of the impending transition it is a mistake to further increase a flat fee it doesn't make sense and prices were quoted. There has not been inspections and for us to add another \$2,000 a month when getting back a credit may not be an option is not prudent. There is no point to amend the GSG or WEC contracts. He stated that having a local person clerk and provide some management services locally would be better than paying the flat fee. GSG's invoices are not broken down and it is not a good idea to decrease Weiler and increase GSG it sends the wrong message. Discussion ensued on the difference between a flat fee and fixed payment options.

It was noted that Mr. Fishburn would do work in the park and will help identify owners and vacant/buildable lots and help with design review and input and he reminded the

Board they don't pay him GSG is paying him. Mr. Sheets noted that GSG fees are reimbursable to the grants.

Mr. sheets apologized for the confusion with Andy and holds himself responsible for it. Mr. Sheets stated that administrative costs are capitalized and the GSG would not expect the KLWTD to use the line of credit to pay GSG invoices.

Commissioner Brooks called the question. Chairman Bauman requested a roll call vote.

Commissioner Beaty	Yes
Commissioner Brooks	Yes
Commissioner Tobin	No
Commissioner Wilkinson	Yes
Chairman Bauman	Yes

The motion was approved.

F.3. KLWTD Work Authorization WEC 03-02 (Amendment 2) with Weiler Engineering Corporation for the KLP Project

F.4. KLWTD Work Authorization GSG 03-01 (Amendment 1) with Government Services Group, Inc. for the KLP & KLTV Projects

Commissioner Beaty made a motion to approve items F3 KLWTD Work Authorization WEC 03-02 (Amendment 2) with Weiler Engineering Corporation for the KLP Project and F4 KLWTD Work Authorization GSG 03-01 (Amendment 1) with Government Services Group, Inc. for the KLP & KLTV Projects.

Commissioner Brooks seconded for discussion. Commissioner Wilkinson stated the items should be considered separately and that he agrees with the GSG item. Commissioner Tobin stated that he has the same concerns with the GSG item. Discussion ensued on flat fee and fixed payment and the amount of increase in cost to each GSG, WEC and KLWTD. Chairman Bauman noted that the confusion could be eliminated if GSG begins to charge on a time and materials basis, which would greatly increase the cost to the KLWTD. Commissioner Tobin stated again that action on these items at this time does not make sense.

In light of the discussion Commissioner Beaty withdrew his motion and Commissioner Brooks withdrew his second.

In light of the discussion Commissioner Wilkinson Made a motion to reconsider item F2 after the transition plan is considered. Commissioner Brooks seconded the motion to reconsider item F2 and Jeff Weiler gave his consent. The motion carried to reconsider item F2 KLWTD Work Authorization WEC 03-01 (Amendment 1) with Weiler Engineering Corporation for the KLTV Project at a later time and the previous motion concerning it F2 was rescinded.

F.5. The Haskell Company Change Proposal No. 1

Commissioner Wilkinson made a motion to approve the Haskell Company Change Proposal No. 1. Commissioner Beaty seconded the motion. Mr. Kinsley stated that the proposal includes submitting 30% and 90% drawing to save time. Mr. Oppenheim stated the 30% would be more like 60% drawings. These would be for the KLTV they are still waiting for direction to begin the KLP. Mr. Dillon noted that the change proposal does not include Sunset Waterways or a time line as requested. Mr. Kinsley stated that it would be amended to include a time line and Sunset Waterways design. Commissioner Beaty called the question. With no further discussion Chairman Bauman called for a vote. The motion was unanimously approved.

H. Legal Counsel's Report

H. 1. Status Report on the FCAA Memorandum of Understanding

Mr. Dillon presented the FCAA Memorandum of Understanding for consideration by the Board. Commissioner Brooks made a motion to approve item H1. Commissioner Tobin seconded the motion. Commissioner Tobin suggested the document be attached and be part of the FEMA grant document. Mr. Dillon stated that with the Board's approval the document could be forwarded to the FCAA for consideration at its meeting tomorrow. Mr. Dillon will draft a cover letter for the Chairman's signature. **With no further discussion, all were in favor and the item was unanimously approved.**

I. Engineer's Report

1. 30%, 60%, 90% Drawing Discussion

Mr. Castle and Mr. Kinsley stated that this item was covered during previous discussions.

J. Commissioner's Items

1. Discussion of:

-- Commissioner Tobin

- a) Whether it is a conflict of interest for the Manager to accept employment on behalf of Monroe County in sewer related matters; and
- b) Whether the Board should exercise its right to terminate the Manager based on a conflict of interest in representing both KLWTD and Monroe County.

Commissioner Tobin had withdrawn this item from the agenda with the approval of the Chairman and Board members.

2. Discussion of enacting a resolution to facilitate and encourage efficient and effective communications between the Board and General Manager – Commissioner Tobin

Mr. Dillon stated that he had reviewed the draft resolution that was distributed for consideration. The staff was directed to formalize the resolution and place it for action on the December 3, 2003 agenda.

Commissioner Brooks discussed a letter from DCA concerning issuing bonds for sewer infrastructure. Discussion ensued.

Commissioner Brooks stated that the public notices running in the local paper looks good but the agenda should be available 48 hours in advance and he suggests that it be available at the library. Staff was directed to forward a copy of the complete agenda book to the Key Largo Public Library.

Commissioner Wilkinson stated that changing the meeting dates to Tuesday or Thursday should be considered and also consider starting them at 5:00 p.m.

K. Meeting Adjournment

Chairman Bauman adjourned the meeting at 9:45 p.m.