

**MINUTES OF MEETING
NORTH SUMTER COUNTY
UTILITY DEPENDENT DISTRICT**

The Meeting of the Board of Supervisors of the North Sumter County Utility Dependent District was held on Tuesday, November 20, 2012 at 8:00 a.m. at the District Office Board Room, 1894 Laurel Manor Drive, The Villages Florida, 32162.

Board members present and constituting a quorum:

Gary Davis	Chairman
Fred Gibbons	Vice Chairman
Charlie Smith	Board Director
Pat Francis	Board Director
Diane Spencer	Board Director

Staff Present:

Janet Tutt	District Manager
Diane Tucker	Administrative Operations Manager
Archie Lowry	District Counsel
David Miles	Finance Director
Barbara Kays	Budget Director
Jennifer McQueary	District Clerk
Brittany Wilson	Executive Assistant
Candice Lovett	Staff Assistant

FIRST ORDER OF BUSINESS: Call to Order

A. Roll Call

Chairman Davis called the meeting to order at 8:00 a.m. and stated for the record that five (5) Board Directors were present representing a quorum. Erik Greulach and Nicholas Hemes were absent.

B. Pledge of Allegiance

At Chairman Davis' request, Vice Chairman Gibbons led the Pledge of Allegiance.

C. Administer Oath of Office to newly elected and appointed Directors Hemes, Francis, Smith and Spencer.

Jennifer McQueary, District Clerk, Administered the Oath of Office to newly elected Board Directors Francis, Smith and Spencer.

D. Nomination of Chairman and Vice Chairman

On MOTION by Charlie Smith, seconded by Diane Spencer, with all in favor, Gary Davis was appointed Chairman of the North Sumter County Utility Dependent District Board.

On MOTION by Charlie Smith, seconded by Diane Spencer, with all in favor, Fred Gibbons was appointed Vice Chairman of the North Sumter County Utility Dependent District Board.

E. Audience Comments

There were no audience comments.

SECOND ORDER OF BUSINESS: Approval of Minutes for the Board Meeting held on October 16, 2012 and the Continued Meeting held on October 23, 2012

On MOTION by Charlie Smith, seconded by Diane Spencer, with all in favor, the Board approved the Minutes from the Board Meeting held on October 16, 2012 and the Continued Meeting held on October 23, 2012.

THIRD ORDER OF BUSINESS: Financial Statements as of October 31, 2012

Janet Tutt, District Manager, advised the budget-to-actual statements as of October 31, 2012 have been provided and represents 8.33% of the fiscal year. The budgeted resources received year-to-date are identified at 6.86% and the budgeted expenditures are at 6.13%. An additional billing cycle will occur the first month of the fiscal year which will increase the District's revenues.

Ms. Tutt advised updated affirmations of the ratings provided by Fitch have been received and copies were provided to the Board.

Vice Chairman Gibbons requested Staff email the Fitch information to the Board.

FOURTH ORDER OF BUSINESS: Approval of Interlocal Agreement of City of Wildwood, Florida

Ms. Tutt advised at the October 3, 2012 meeting the Board adopted Resolution 13-04 which approved entering into an Interlocal Agreement with the City of Wildwood to provide sanitation operations within that portion of The Villages. Subsequent to that meeting, the Wildwood City Commission approved the Interlocal Agreement with NSCUDD at their meeting held on October 22, 2012.

On MOTION by Charlie Smith, seconded by Fred Gibbons, with all in favor, the Board authorized the Chairman to execute the Interlocal Agreement between Wildwood, FL and the North Sumter County Utility Dependent District to provide sanitation operations within that portion of The Villages.

FIFTH ORDER OF BUSINESS: Approval of Interlocal Agreement with Marion County subject to final approval by Marion County Board of County Commissioners

Ms. Tutt advised at the October 3, 2012 meeting the Board adopted Resolution 13-03 which approved entering into an Interlocal Agreement with Marion County, FL to provide sanitation operations within that portion of The Villages. Subsequent to the meeting, Staff has been in communication with Marion County and anticipates the Interlocal Agreement to be included on the Marion County Board of County Commission's (MCBOCC) November 20, 2012 agenda for consideration.

Chairman Davis inquired if the MCBOCC approves the agreement would the agreement be brought back before the Board. Ms. Tutt advised Staff is requesting the Board's approval of the existing document, subject to receiving approval by Marion County.

Board Director Smith requested clarification on the hauler if NSCUDD does not provide one. Ms. Tutt stated it is her understanding the waste hauler will be CH2MHill.

Mike Green, CH2MHill, advised Marion County was supplied with a franchise application and was told the item would go before the MCBOCC on December 4, 2012 and then recommended for public hearing on December 18, 2012, if the Board has a quorum due to the holidays, if not, it would be the first meeting in January 2013 based on their availability.

On MOTION by Charlie Smith, seconded by Diane Spencer, with all in favor, the Board authorized the Chairman to sign and execute the Interlocal Agreement subject to approval by the Marion County Board of County Commissioners and subject to any non-substantive changes following legal review.

SIXTH ORDER OF BUSINESS: Approval of First Amendment to Acquisition Agreement and Status Update re: Sumter Sanitation Purchase

Ms. Tutt provided the Board with a copy of the First Amendment to the Offer to Sell and Purchase Agreement and advised the item is almost identical to the guarantee fund and process that was in place for the NSU, VWCA purchase. Ms. Tutt stated the document guarantees the District will receive revenues regardless whether the sale takes place as projected in the evaluation upon which the purchase price is the base.

Ms. Tutt advised Staff has received valuations of the operation and Staff is continuing the negotiation process with the seller.

On MOTION by Charlie Smith, seconded by Fred Gibbons, with all in favor, the Board approved the First Amendment to Acquisition Agreement with Sumter Sanitation Purchase and authorized the Chairman to execute the Agreement.

SEVENTH ORDER OF BUSINESS: Adoption of Resolution 13-06 amending the Fiscal Year 2011/2012 Budgets

Barbara Kays, Budget Director, highlighted the changes made to the Budget and recommended the Board adopt the Fiscal Year 2011/2012 Final Amended Budgets in the amount of: North Sumter Utility Fund \$14,504,007 and the Villages Water Conservation Authority Fund \$6,825,289 as the Final Approved Budgets and adopt Resolution 13-06.

On MOTION by Charlie Smith, seconded by Diane Spencer, with all in favor, the Board adopted Resolution 13-06 amending the fiscal year 2011/2012 Final Amended Budgets in the amount of: North Sumter Utility Fund \$14,504,007 and the Villages Water Conservation Authority Fund \$6,825,289 as the Final Approved Budgets for the District.

EIGHTH ORDER OF BUSINESS: Adoption of Resolution 13-05 merging the Villages Water Conservation Authority (VWCA) fund with the North Sumter Utility (NSU) Fund

David Miles, Finance Director, advised when the NSU and VWCA funds were established the two (2) funds were set up separately; one for the accounting for the reclaimed water and the other for the accounting for the budgeting and financial management for the water and sewer operations. Mr. Miles stated the purchases of the two (2) funds were done under one bond issue with NSU carrying the fixed assets and debt service liability. Staff is requesting approval to consolidate the two (2) funds which will simplify the accounting statements, provide a better representation of NSCUDD's financial position and reduce the workload for the accounting team.

Board Director Smith inquired if consolidating the two (2) funds would result in losing track of the reclaimed water. Mr. Miles stated a separate account will be established for the reclaimed water to report the revenue versus other revenues received.

On MOTION by Charlie Smith, seconded by Diane Spencer, with all in favor, the Board adopted Resolution 13-05 merging the Villages Water Conservation Authority and the North Sumter Utility Funds.

NINTH ORDER OF BUSINESS: Adoption of Resolutions 13-08, 13-09 and 13-10 updating the District's bank account signatories

Mr. Miles advised the Resolutions present will add John Rohan, Director of Recreation, to the signatory list for NSCUDD.

On MOTION by Diane Spencer, seconded by Charlie Smith, with all in favor, the Board adopted Resolutions 13-08, 13-09 and 13-10 for Citizens First Bank, State Board of Administration and U.S. Bank, respectively.

TENTH ORDER OF BUSINESS: Staff Reports

Ms. Tutt advised Staff has been approached by Oxford Land, a development company, who has inquired about the possibility of NSCUDD extending and utilizing utilities beyond our existing service

limits in the Wildwood area. The City of Wildwood will not allow Oxford Land to proceed with the development without an alternative utility system. Ms. Tutt stated Staff believes not knowing the full capacity of the system, it would be premature to take additional capacity beyond current service territory until all residential and commercial properties have been constructed at built out. Ms. Tutt advised Staff would forward a letter to Oxford Land allowing them to come up with alternatives that the City of Wildwood might develop with them.

Diane Tucker, Administrative Operations Manager, advised in August 2012 a new odor control system was installed and at that time it was anticipated the carbon filter would have to be replaced every 15-18 months. Staff has been made aware of some odors and a new carbon filter has been ordered and will be installed within the week, which should eliminate the odor. Ms. Tucker advised the replacement carbon filter will not be subject to an acclimation period.

Chairman Davis requested Staff ensure a replacement filter has been ordered around the 13 month time frame to ensure a replacement is on hand when needed.

Board Director Smith inquired what would eliminate the acclimation period. Trey Arnett, Arnett Environmental, advised there are two (2) stages to the odor process. When the plant was built, it was set on the biological process; however, there was no anticipation of the type of odor. Mr. Arnett stated the first stage biological process takes time for the biology to begin working, which requires the acclimation period. The carbon is the second stage, and is more of a physical and chemical reaction.

Board Director Spencer inquired if there has been an increase in complaints. Ms. Tucker advised Staff has met with several residents who have accepted Staff's explanation for the recent odors but have questioned why proactive steps were not taken.

Ms. Tutt reminded the Board of the December 7, 2012 Public Hearing to be held at 9:00 a.m. for the Rate Rule adoption and stated it is anticipated all technical aspects of the purchase agreement will be completed.

Board Director Spencer inquired if the regular scheduled Board Meeting on December 18, 2012 would still take place. Ms. Tutt requested waiting until the December 7, 2012 meeting before contemplating cancellation of the December 18, 2012 meeting.

ELEVENTH ORDER OF BUSINESS: Board Director Comments

Vice Chairman Gibbons requested the NSCUDD meeting time be changed to 8:00 a.m. from 9 a.m. The Board Directors concurred and Ms. Tutt advised all future meetings beginning December 18, 2012 will be at 8:00 a.m.

Board Director Smith provided the following comments: "When the people fear the government it is tyranny, but when the government fears the people, it is liberty." "Thanksgiving, after all, is a word of action".

Chairman Davis stated he is thankful for good government and the wonderful community in which we live.

TWELFTH ORDER OF BUSINESS: Adjourn

The meeting was adjourned at 8:42 a.m.

On MOTION by Charlie Smith, seconded by Pat Francis, with all in favor, the Board adjourned the meeting.

Janet Y. Tutt
Secretary

Gary Davis
Chairman