

**MINUTES OF MEETING
BOARD OF COUNTY COMMISSIONERS
ST. JOHNS COUNTY, FLORIDA
JUNE 6, 2001
(6:00 P.M.)**

Proceedings of a special meeting of the Board of County Commissioners of St. Johns County, Florida, began and held in the Auditorium at Rawlings Elementary School, 610 A1A North, Ponte Vedra Beach, FL 32082.

Present were: Marc Jacalone, District 3, Chair
 James E. Bryant, District 5, Vice Chair
 John Reardon, District 2
 Mary Kohnke, District 4
 Ben W. Adams, Jr., County Administrator
 James G. Sisco, County Attorney
 Lenora Newsome, Deputy Clerk

Commissioner Nicholas Meiszer, District 1, was not yet present at the meeting.

(06/06/01 - 1 - 1.0000)

The meeting was called to order by Chair Jacalone.

(06/06/01 - 1 - 1.0014)

ROLL CALL

Jacalone mentioned everyone present: Reardon, Jacalone, Kohnke, Bryant, and Adams.

(06/06/01 - 1 - 1.0015)

PUBLIC HEARING - CONSIDER THE PURCHASE BY ST. JOHNS COUNTY OF CERTAIN WATER AND WASTEWATER UTILITIES CURRENTLY OWNED BY INTERCOASTAL UTILITIES, INC. WHICH ARE LOCATED IN ST. JOHNS COUNTY. THIS PUBLIC MEETING WAS ADVERTISED IN THE ST. AUGUSTINE RECORD ON MAY 16 AND 23, 2001

Proof of publication of notice of public hearing on purchase by St. Johns County of certain water and wastewater utilities currently owned by Intercoastal Utilities, Inc., was received having been published in The St. Augustine Record on May 16 and 23, 2001.

Jacalone disclosed having ex-parte communication with the County Utility Team, (Bill Young, Brian Armstrong, Bob Nabors, Suzanne Brownless, and Jim Sisco), Don Flurry, Gary Grove, Adams, George Flint, with the make up of the conversation being general issues surrounding this proposed acquisition, financial strategy, and terms of the acquisition. (1.0081) Commissioner Meiszer entered the meeting. Reardon disclosed having ex-parte communication with the County Utility Director, couple members of the team to discuss the acquisition of the utility, lengthy conversation with Mr. Twomey, Don Flurry, Gary Grove, Marie Seifert, and Steven MacDonald. Meiszer disclosed having ex-parte communication with the County Staff, members of the Water and Sewer Authority, various citizens active in preparing the analysis of the document, Victor Martinelli, and Gary Grove. Kohnke disclosed having ex-parte communication with the County Staff, consultants, extension conversation and help from Gary Grove, Don Flurry, the attorneys, President of the Homeowner Association, Press, Radio, TV, and News. Bryant disclosed having ex-parte communication with the Acquisition Team, memo from Gary Grove, Rita Friedman, and the County Utility Department. Kohnke also mentioned talking to Mr. Shelley from JEA. Jacalone introduced the St. Johns County Utility Director, Bill Young.

Young gave his presentation.

Young mentioned that legal documents needed to be placed into the record and introduced Brian Armstrong, Nabors, Giblin and Nickerson. Armstrong placed the following documents into the record: copy of the proposed resolution authorizing the acquisition of Intercoastal, the proposed contract for purchase and sale of water and wastewater assets buying Intercoastal Utilities Inc. in St. Johns County, copy of the public recent document of Chapter 125.3401, Florida Statutes, presented by Hartmann and Associates with latest exhibits and attachments, copy of a proposed acquisition of Intercoastal Utilities three page handout, a copy of the presentation, and a memorandum from Young with exhibits attached to it.

(1.0274) Young discussed the Board's consideration to purchase the Intercoastal Utilities System using visual display. He mentioned the letter from Nassau County dated June 4, 2001 to Mayor Delaney regarding Nassau County being the provider of water/wastewater in St. Johns County. He introduced the Acquisition Team: Don Mauer, Dan Anderson, David Moore, Mike Rocca, Ralph Turaro and additionally acknowledged the contributions of the County Financial Advisor, Lavon Wisher, and County Director of Finance Allen MacDonald. He reviewed the accomplishments of the Acquisition Team since last August. He addressed the statutory requirements of Chapter 125. He spoke on the balloon payment and stated that the Team is recommending the wrap payment, spoke on rates, odor control, centralizing the new master plan of the system, the County forming a Customer Advisory Committee, and the Acquisition Team being guided by key principles. The public interest requirement was specified. Young reviewed the physical condition of the utility. He entered into the record the CDM Report. He reviewed the reasonableness of purchase contract price and term and the impact of purchase on customers, both positive and negative.

(1.0640) Mike Rocca reviewed the cash requirement from the customers, neighboring utilities rate comparison, quarterly bill with existing and proposed utilities rates, the different rate structures within a unified system, cumulative cash flows through 2006 and achieving positive financial results. Young mentioned the additional investment required and ability/willingness to make such investment.

(1.1024) Armstrong stated that the Florida Statutes require them to look at the alternatives to purchase and potential impact of no sale, audit impacts, if the County's purchase goes forward, and if the resolution is passed, there will be an immediate rate decrease and revenue decrease. He reviewed St. Johns County Acquisition Feasibility Study of Intercoastal Utilities, Inc. comparison of revenue reductions using fiscal year 2000, and the speculative purchase by JEA. Young discussed the ability of the County to provide and maintain high quality and cost-effective utility service.

(1.1530) David Morse discussed the details of the Acquisition Plan; the \$20 million purchase price, \$1,150,000 for service improvements, \$350,000 for effluent disposal improvements, and the futures \$2,000. He explained the Financial Plan Guidelines and stated that the proposed Financial Plan provided for a 23 year, wraparound debt structure. He showed the estimated structure - sources and uses totaling \$22,595,000. The St. Johns County Water and Sewer System Summary of Debt Service was reviewed showing the payout and principal repayment. Young stated that the acquisition of Intercoastal was in the public interest because you have immediate rate reduction, improved quality of service with odor control, positive cash flow, and is the best means to secure rate stabilization and rate reduction for the existing customers on the system. The Acquisition Team recommended that the Board pass the resolution which authorizes the acquisition of interest in the utility.

Meiszer questioned if the annual debt service payment was the same throughout the life of the bond and was not a balloon. Morse responded.

(1.1933) Mike Twomey, P.O. Box 5256, Tallahassee, FL, speaking in behalf of Sawgrass Association, Inc., spoke in opposition of the Intercoastal Utilities purchase, distributing a handout on Sawgrass Association Presentation Opposing Intercoastal Purchase.

(1.2574) Michael Korn, 6620 Southpoint Drive South, Jacksonville, FL, lawyer representing the Sawgrass Association, spoke in opposition of the Intercoastal Utilities purchase.

(1.3203) Don Flurry, 1576 Harbor Club Drive, spoke in opposition of the Intercoastal Utilities purchase.

(1.3392) Gary Grove, 8048 Whisper Lake Lane West, spoke in opposition of the Intercoastal Utilities purchase.

(2.0101) Clara Cowan, 244 Patrick Mill Circle, Ponte Vedra, spoke in opposition of the Intercoastal Utilities purchase.

(2.0158) Larry May, 525 Quail Point Lane, Ponte Vedra Beach, stated his concerns were mentioned by the previous speakers and asked the Board to wait.

(2.0186) Martine Slem, 2635 Lighthouse Bend Drive, Ponte Vedra Beach, spoke in opposition of St. Johns County purchasing Intercoastal Utilities.

(2.0219) Richard Zanard, 19 Lake Julia Drive South, Ponte Vedra Beach, spoke in opposition of St. Johns County purchasing Intercoastal Utilities.

(2.0275) Marcy Silkebaken, 1145 Neck Road, Ponte Vedra Beach, stated she opposed St. Johns County purchasing Intercoastal Utilities.

(2.0320) Jack Morgan, 9737 Preston Trail, Ponte Vedra Beach, spoke in opposition of purchasing Intercoastal Utilities.

(2.0383) Ed Bertnolli, 29 Lake Julia Drive South, Ponte Vedra Beach, spoke in opposition of St. Johns County purchasing Intercoastal Utilities.

(2.0438) Bob Sandla, 30 Northgate Drive, Ponte Vedra Beach, spoke in opposition of St. Johns County purchasing Intercoastal Utilities.

(2.0529) Roger Dandy, 23 Walkers Ridge Drive, Ponte Vedra Beach, spoke on considering JEA.

(2.0540) Louis Stack, 17 Walkers Ridge Drive, spoke on considering JEA.

(2.0575) Warren Leve, 165 Sea Island, Ponte Vedra, spoke in opposition of St. Johns County purchasing Intercoastal Utilities.

(2.0753) Barbara Thornton, 450 Osprey Point, Ponte Vedra Beach, spoke in opposition of St. Johns County purchasing Intercoastal Utilities.

(2.0823) Ellen Whitmer, 1178 Natures Hammock Road South, Fruit Cove, spoke in favor of St. Johns County Utilities purchasing Intercoastal Utilities. Twomey spoke on having a presentation from JEA.

(2.0993) Louise Thrower, 288 Orange Avenue, Fruit Cove, spoke in favor of St. Johns County purchasing Intercoastal Utilities.

(2.1061) Marie Seifert, 109 Buck Island Court, Ponte Vedra Beach, spoke against JEA.

Jacalone commented on making a decision on this acquisition tonight.

(2.1258) Scott Kelly, JEA, stated that JEA will take down the old sewer plant within 10 years. Discussion followed on JEA stabilizing rates, JEA having debts, and St. Johns County knowing how to run utilities. Bryant gave a history on the St. Johns County Utilities service area, spoke on bond issues, and stated that citizens want good service and sustainable low rates. Kohnke spoke on the plan not being much different from the last time it was presented, the mortgage being a balloon payment, St. Johns County having the highest rates in the Northeast, the Hartmann Report, not growing St. Johns County Utilities on the back of the customers, St. Johns County not being able to serve Nocatee, St. Johns County not being able to buy United Utilities, and the best deal being offered is JEA. Meiszer spoke on supporting the lowest rates and the best quality of service, and conserving. Reardon spoke on JEA's last proposal of June 1 and stated that he is in favor of St. Johns County owning the utility.

(2.2895) The meeting recessed at 8:55 p.m and reconvened at 9:07 p.m.

(2.2930) Jacalone questioned if the action that the Board takes tonight will give the County a 90 day period to perform due diligence and if the County decided not to go through with it, if there are any penalties involved. Young responded that there are no penalties. **Motion by Kohnke, seconded by Bryant, failed 2/3 with Jacalone, Reardon and Meiszer opposing, not to buy Intercoastal.** Discussion followed on having a hard time getting figures from St. Johns County Utility Department, and the payment not being a balloon payment, but a wraparound debt. **Motion by Reardon, seconded by Jacalone, by roll call vote 3/2 with Kohnke and Bryant opposing, to adopt Resolution No. 2001-115.**

Roll Call Vote

Jacalone	Yes
Bryant	No
Kohnke	No
Reardon	Yes
Meiszer	Yes

The motion passed 3/2.

RESOLUTION NO. 2001-115

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, DIRECTING AND AUTHORIZING THE ACQUISITION OF THE REAL AND PERSONAL PROPERTY OWNED OR UTILIZED BY INTERCOASTAL UTILITIES, INC., TO CONTINUE TO PROVIDE WATER AND/OR WASTEWATER SERVICE IN ST. JOHNS COUNTY, FLORIDA, THROUGH THE RESPECTIVE WATER AND WASTEWATER UTILITY SYSTEM ASSETS TO BE TRANSFERRED TO ST. JOHNS COUNTY; FINDING THAT THE ACQUISITION IS IN THE PUBLIC INTEREST AND SERVES A PARAMOUNT PUBLIC PURPOSE IN CONFORMANCE WITH SECTION 125.3401, FLORIDA STATUTES; PROVIDING FOR FINDING OF PUBLIC PURPOSE AND NECESSITY; PROVIDING AUTHORITY TO COMPLETE SUCH TRANSACTION; PROVIDING FOR ESTABLISHMENT OF RATES, FEES AND CHARGES TO BE EFFECTIVE UPON CLOSING AND FINDING SUCH RATES, FEES AND CHARGES TO BE JUST AND

**REASONABLE; AND PROVIDING FOR APPLICABILITY
AND AN EFFECTIVE DATE**

There being no further business to come before the Board, the meeting adjourned at 9:30 p.m.

Approved July 10, 2001

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By: _____
Marc A. Jacalone, Chair

ATTEST: CHERYL STRICKLAND, CLERK

By: _____
Deputy Clerk