

**MINUTES – WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY  
BOARD OF DIRECTORS MEETING, JANUARY 16, 2008**

**DATE:** January 16, 2008  
**TIME:** 4:30 p.m.  
**PLACE:** Sumter County Government Center  
Commission Meeting Room 142  
910 N. Main Street  
Bushnell, FL 33513

**MEMBERS PRESENT**

Joyce Valentino, Citrus County Commissioner  
Dennis Damato, Citrus County Commissioner  
Gary Bartell, Citrus County Commissioner  
Rose Rocco, Hernando County Commissioner  
Joe Bernardini, Brooksville City Councilman  
Richard Hoffman, Sumter County Commissioner  
Randy Mask, Sumter County Commissioner  
Dale Swain, Bushnell City Councilman

**MEMBERS ABSENT**

Phillip Price, Crystal River City Councilman  
Kent Guinn, Ocala City Councilman  
Daniel Owen, Ocala City Councilman  
David Russell, Hernando County Commissioner  
Diane Rowden, Hernando County Commissioner  
Christopher Kingsley, Hernando County Commissioner

**OTHERS PRESENT**

Jack Sullivan, Executive Director  
Larry Haag, WRWSA Attorney  
Barbara Sullivan, Recording Secretary  
Joseph Stapf, Hernando County Utilities Director  
Alys Brockway, Hernando County Water Conservation Coordinator  
Diane Salz, WRWSA Legislative Liaison  
Peter Rocco, Hernando County  
Brian Armstrong, SWFWMD  
Trey Arnett, Arnett Environmental  
Al Grubman, TOO FAR, Citrus County  
Jan Grubman, TOO FAR, Citrus County  
Mark White, Purvis Gray & Company

**Agenda Item #1 Call to Order**

Chairwoman Joyce Valentino called the meeting to order at 4:33 p.m.

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**Agenda Item #2      Roll Call**

Jack Sullivan, Executive Director, called the roll and a quorum was declared present.

**Agenda Item #3      Introductions and Announcements**

Mr. Sullivan introduced the public members in attendance and Chairwoman Valentino welcomed them to the meeting.

**Agenda Item #4      Approval of Minutes of November 28, 2007 Meeting**

**A MOTION WAS MADE BY DALE SWAIN TO APPROVE THE MINUTES OF THE NOVEMBER 28, 2007 MEETING. THE MOTION WAS SECONDED BY ROSE ROCCO AND CARRIED UNANIMOUSLY.**

**Agenda Item #5      Election of Officers for 2008 Calendar Year ... Chair and Board of Directors**

Mr. Sullivan indicated that he had prepared a memorandum to the Board pointing out the process for election of officers. He indicated who the current officers were and gave the Board a handout of the duties of the officers. Chairwoman Valentino then opened the floor for nominations for Chair for the 2008 calendar year. Dale Swain stated that he thought that the current officers – Rose Rocco as Vice-Chair and Dennis Damato, Treasurer should be moved up to the Chair and Vice-Chair of the Authority and that Richard Hoffman should be nominated as Treasurer. He then made those nominations in the form of a motion.

**DALE SWAIN MADE A MOTION TO NOMINATE ROSE ROCCO AS CHAIR, DENNIS DAMATO AS VICE-CHAIR AND RICHARD HOFFMAN AS TREASURER FOR 2008. GARY BARTELL SECONDED THE MOTION AND THE MOTION CARRIED UNANIMOUSLY.**

Chairwoman Valentino thanked the Board for allowing her to serve and that it had been a good experience. She then passed the gavel to Rose Rocco, the newly elected Chair of the Authority. Ms. Rocco presented Joyce Valentino with a plaque of appreciation for her service as Chairwoman of the Authority during the 2007 calendar year.

<<Randy Mask entered the meeting at 4:57 p.m.>>

**Agenda Item #6      2006-07 FYE Annual Audit Report ... Mark White, Purvis Gray & Company**

Mark White, CPA with Purvis Gray & Company, presented the 2006-07 FY audit to the Board. Mr. White pointed out that the Management Discussion and Analysis (MDA) report prepared by Mr. Sullivan contained information on the financial performance of the Authority during the year. He then moved to the Statement of Net Assets and explained that this chart now takes the

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place of the Balance Sheet. He indicated that the Authority had net funds in the Operating Account, which is used for administration, of \$531,935. In the Projects account, which is used for water supply projects, the net amount as of September 30, 2007 was \$947,638. Mr. White then went over the Statement of Revenues, Expenses, and Changes in Net Assets. This table showed the revenue coming into the Authority and the expenses of the Authority, including depreciation on the Charles A. Black Water Supply Facility. The Authority's Net Assets decreased during the fiscal year by \$196, 230.

Mr. White then explained two of the notes to the audit report. Note 5 showed a schedule of the remaining amount of funds to be recovered from the Charles A. Black Wellfield. In addition, Mr. White pointed out in Note 7 the crisis that occurred with the State Board of Administration's (SBA) Local Government Surplus Funds Trust Fund Investment Pool (Pool). He explained that the Pool had suffered a problem with some of its investments and members of the Pool had withdrawn large sums from the Pool leaving it vulnerable. The upshot was that the Pool was frozen by the SBA and the bad investments were segregated into Pool B, representing about 14% of the Authority's funds, while the AAA-rated investments were placed into Pool A, representing the remaining 86% of the Authority's funds. The Authority currently only has access to its funds in Pool A. Mr. Sullivan interjected that he had another agenda item to discuss the status of these funds.

Mr. White then pointed out the only significant deficiency found in the audit was a lack of separation of accounting duties. He said this deficiency is a recurring one and is a result of the small number of personnel serving the Authority. This deficiency has been ameliorated over the years by a number of controls such as dual signatures on disbursement checks, quarterly financial reports, a written reference to the amount of bills in each month's minutes and a yearly independent financial audit. Mr. White said that he felt that the Authority was in good shape financially and had a good year overall.

Chair Rocco asked if there were questions from the Board. There were no questions. Ms. Rocco then asked for a motion to approve the audit.

**A MOTION WAS MADE BY GARY BARTELL AND SECONDED BY RICHARD HOFFMAN TO APPROVE THE 2006-07 FY AUDIT REPORT AS SUBMITTED. THE MOTION CARRIED UNANIMOUSLY.**

**Agenda Item #7      SWFWMD Cooperative Funding Policy ... Brian Armstrong,  
SWFWMD**

Mr. Armstrong, Project Coordinator for SWFWMD stated that Mr. Sullivan had asked him to come before the Board and explain the latest changes to the District's Cooperative Funding Initiative. Mr. Armstrong said that he was only going to focus on potable alternative water supply projects since those were the only changes that applied to regional water supply authorities.

Mr. Armstrong began with paragraph 12 of the policy previously provided to the Board. He said that this policy is based on the belief by the District that the best way for the District to deal with

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water supply projects is to foster the creation of multi-jurisdictional agencies rather than have to deal with individual cities and counties.

Paragraph 13 places the highest priority on projects that are brought forward and developed by regional water supply authorities. He said that the District has placed a very high emphasis in the Southwest District on regional water supply authorities and feels they are the best vehicle to develop and manage alternative water supply projects. This portion of the District policy places the highest priority on projects that are owned, operated and controlled by regional water supply authorities. The second tier of projects is those not proposed by a regional water supply authority, but meet the definition of a multi-jurisdictional agency. The lowest priority projects are those that do not meet the definition of a multi-jurisdictional agency – individual counties and cities.

Finally, Mr. Armstrong indicated that if a member government within a regional water supply authority proposes a project for cooperative funding, it must come through the regional water supply authority. If the local government is not a member of the regional water supply authority and proposes a project, the local government must get the sign off on the project from the regional water supply authority if they are in the authority's service area. Mr. Armstrong then went over the remaining criteria for funding such as the cost of water and conservation rate structures. There were no questions from the Board. The Board thanked Mr. Armstrong for his presentation.

**Agenda Item #8 Executive Director's Report ... Jack Sullivan, WRWSA**

**a. Bills to be Paid**

Mr. Sullivan said that the Board has two sets of Bills to be Paid. The first is the Bills from December. Since we did not meet in December, Mr. Sullivan prepared and sent these bills to Ms. Valentino. The bills were signed and paid. Mr. Sullivan requested that the Board ratify those bills in the amount of \$48,601.27.

**A MOTION WAS MADE BY GARY BARTELL AND SECONDED BY DENNIS DAMATO TO RATIFY THE DECEMBER 15, 2007 BILLS IN THE AMOUNT OF \$48,601.27. THE MOTION CARRIED UNANIMOUSLY.**

Mr. Sullivan said that the second list of bills to be paid is our current bills for January 16, 2008. These bills are in the amount of \$14,129.11. He requested that these bills be approved for payment.

**A MOTION WAS MADE BY GARY BARTELL AND SECONDED BY RANDY MASK TO APPROVE THE JANUARY 16, 2008 BILLS IN THE AMOUNT OF \$14,129.11. THE MOTION CARRIED UNANIMOUSLY.**

**b. Report on Water Resources Development Fund and Status of Local Government Investment Pool**

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Mr. Sullivan explained that it recently came to light that the Local Government Investment Pool (Pool) had a portion of the State's investments either in sub-prime mortgages or other shaky mortgage investments. This caused a run on the Investment Pool that threatened the entire investment fund. To keep the Pool viable, it was closed down in late November to additional withdrawals.

Subsequent investigation found that 14% of the pool was in shaky mortgage investments while 86% of the pool was in AAA-rated investments. The SBA then segregated all funds into two pools – Pool A with AAA-rated investments and Pool B – with the shaky investments. Pool A could be drawn down by only 15% of the invested value or up to \$2 million, whichever was more. This allowed us to continue operating without a problem, except that the funds in Pool B cannot be accessed until the bad investments had been worked out.

Mr. Sullivan pointed out that the Authority's SBA 1 and 2 Account sheets for December 2007 included in the Board Package show \$57,049.23 of the Administration funds (SBA 1) had been transferred to Pool B, leaving us with \$333,622.49 in Pool A. For our Water Resources Development Fund (SBA 2) (Restricted Funding for Water Resource Projects) \$145,947.87 was transferred to Fund B, leaving us with \$922,922.46 in Fund A.

Mr. Sullivan said he has continued to maintain the Authority's funds in the Investment Pool and has deposited additional monies in the Pool – all of which he is told are 100% accessible and will only be invested in AAA-rated investments. Mr. Sullivan said he believed that eventually the State will work its way through the bad investments and some of the \$202,997 we have tied up in Fund B may be lost, but much of it will be restored to Fund A. Mr. Sullivan said he doesn't have any good alternatives to that scenario, but wanted the Board's opinion about how to deal with this issue.

Commissioner Damato stated that he would like for the Authority to see what other investments may be available to the Authority from private sources. He said even though we may not get as much return, the money would be safer. Commissioner Valentino felt that over the next several months that staff needs to look at other possibilities should we not be satisfied with the answers provided by the SBA. Mr. Sullivan said he would continue to look at other options and after giving the SBA time to put there safeguard measures into effect; he would come back to the Board with more recommendations.

**c. Report on Status of Phase II and Phase VII Planning Programs**

Mr. Sullivan explained that there has been a hold-up in our work program for Phase II and Phase VII. He stated that the problem with finishing up the analysis and prioritization of water supply projects is being able to conclude the groundwater modeling using the Northern District Model. He said that when the consultants ran that model, it became apparent that we did not have enough actual field data in north Sumter County and SWFWMD did not feel comfortable with the results that came out of the model in that area. So WRA has had to hold up their Technical Memoranda until some of the issues could be resolved.

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Mr. Sullivan said that he had cancelled the TRC committee meeting to review Technical Memos #2 and #3 that were scheduled for January 16 and rescheduled them for March 19, 2008 for Tech Memo #2 and April 16, 2008 for Tech Memo #3. In the meantime, SWFWMD is putting together a work program to collect additional field data on groundwater and hydrogeology in north Sumter County to provide the consultants with a better basis for groundwater modeling in that area of the region.

**d. Long-Term Water Supply Planning Issues, Tampa Bay Water**

Mr. Sullivan stated that the Board has an explanatory memo in the Board Package that brings attention to an item that came before the Tampa Bay Water Governing Board regarding long-range water supply planning. On the last page of the report, it shows several projects that Tampa Bay Water felt they need to discuss with the Withlacoochee Authority that deal with joint water supply projects in our jurisdiction.

Mr. Sullivan said that he believes it may be important to sit down and discuss their proposed projects with Tampa Bay Water in order to ensure they have up-to-date information and our opinion on the projects they propose. Mr. Sullivan said that their proposals are based on two issues. First, they are looking at a point in time when they may have exhausted their available water supply facilities; and second, they are not talking just about transfer of water, but rather interconnectivity between systems. Mr. Sullivan stated he thought that the Board needs to understand what interconnectivity may mean to us since it is an issue that is being discussed around the State.

Mr. Sullivan recommended that we enlist SWFWMD to facilitate a meeting with Tampa Bay Water to discuss these projects and the issue of connectivity. However, he suggested that we wait until Tampa Bay Water's new Executive Director, Gerald Seeber, takes over and is firmly involved before we engage in this meeting.

Commissioner Bartell said he thought we should be very circumspect about discussing sharing water with Tampa Bay Water. He said that the first question he would ask is whether they have completely exhausted all local sources before we look at any joint projects. Mr. Sullivan agreed that any discussion should be very circumspect regarding water transfer, but pointed out that the projects being considered were many years down the line. He also pointed out that the projects that Tampa Bay Water was proposing are not good projects even at this point in time and that perhaps what ought to be discussed is jointly developing desalination at Crystal River.

**GARY BARTELL MADE A MOTION TO ALLOW MR. SULLIVAN TO ARRANGE FOR A MEETING WITH TAMPA BAY WATER STAFF TO DISCUSS WATER SUPPLY ISSUES AND SHARE CONCERNS. THE MOTION WAS SECONDED BY DENNIS DAMATO AND CARRIED UNANIMOUSLY.**

**e. Discussion of joint meeting with SWFWMD Governing Board**

Mr. Sullivan stated that he had provided a memo in the Board Package on holding a joint meeting with the SWFWMD Governing Board. He said that both Tampa Bay Water and Peace River/Manasota RWSA had held joint meetings in the past and the issue was raised as to whether

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Withlacoochee RWSA would like to meet jointly with the SWFWMD Board to discuss areas of mutual interest. Mr. Sullivan said that he had coordinated with Lou Kavouras, Deputy Director at SWFWMD and tentatively looked at March 24<sup>th</sup> as a good meeting date. Based on those discussions, Mr. Sullivan said that he and Ms. Kavouras would propose a working meeting between the Boards at the Ocala Hilton on the afternoon of March 24<sup>th</sup> (Monday). After the meeting, the Boards and staff could hold a social hour and/or dinner. Mr. Sullivan said he needed to know if the Board wants to meet with the SWFWMD Board and if this is an acceptable date that most or all of the Board can attend.

The Board generally agreed that the meeting itself was good and the date was acceptable. Since most of the County Commissioners have a Commission meeting scheduled for the next day, they wanted to ensure that the meeting did not go too late in the evening. After some discussion, the Board asked Mr. Sullivan to coordinate with Ms. Kavouras to set the times for the meeting, social hour and dinner and to provide an agenda of the items to be discussed.

**f. Hydrologic Report**

Mr. Sullivan stated that he had downloaded the December Hydrologic Report from the SWFWMD web page. The lakes, Withlacoochee River and the aquifer are still below normal throughout the region. For the year (2007) the northern part of the District is about 8 inches below historic rainfall amounts.

**g. Correspondence**

Mr. Sullivan said that the only correspondence that he included in the Board Package were letters back and forth between Larry Haag and Pete Winders, General Counsel to Carlton Fields. There was some concern by Carlton Fields about having all of the Authority's electronic records copied and provided to Mr. Sullivan. When Pete Winders was informed that Carlton Fields did not have a contract with the Authority but with Mr. Sullivan, they agreed to provide all of the Authority's documents to Mr. Sullivan. They requested that Larry Haag as the Authority Attorney provide a letter authorizing the records to be released to Mr. Sullivan. Mr. Sullivan said the records have been released.

**h. News Articles**

Mr. Sullivan said he had provided some news articles in the Board Package for the Board to read at its leisure.

**Agenda Item #9 Attorney's Report ... Larry Haag, WRWSA Attorney**

Mr. Haag stated that his only item referred back to the issue of the Local Government Investment Pool (LGIP). He stated that he felt that the Authority could piggy-back onto research and bidding done by the Citrus County Clerk's office to place the Authority's funds in investments other than the LGIP. Joyce Valentino agreed that this was in line with her comments regarding doing further investigation in the interim for additional investments should the LGIP not provide us

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with answers we agreed with. Mr. Sullivan said he would get with Larry Haag and do further investigation on the idea of piggy-backing onto the Clerk's research and bidding.

**Agenda Item #10 Legislative Consultant's Report**

Ms. Salz mentioned a number of issues that will be coming up during the upcoming legislative session, and that 2008 would be a "watershed" year. Among the major issues would be a report due out on January 25 from the Taxation and Budget Reform Commission on water policy. The report may make recommendations on regionalism, elected water management district Board members and creation of a State water board. She also mentioned that the House and Senate Environmental Council and committees have been working on projects. One of the issues they will address is Florida Forever funding. Regarding water management districts, Ms. Salz mentioned that this year the Legislature would be addressing sunset review of water management districts and the Senate would also be engaged in confirmation hearings for all of the water management district Executive Directors. Finally, Ms. Salz discussed some of the activities of OPPAGA and the Century Commission.

<<Gary Bartell left the meeting at 5:40 p.m.>>

**Agenda Item #11 Other Business**

There was no other business to be brought up by Board members.

**Agenda Item #12 Public Comments**

Chairwoman Rocco asked for any additional public comment. Alys Brockway, Hernando County Water Conservation Coordinator said that she had arranged for a tour of the Tampa Bay Water desalination plant on February 21, 2008. She has arranged for her Groundwater Guardian group to attend and invited any Board members who desire to go to contact her.

Al Grubman, TOO FAR, stated that he wanted to know where the revised TRC meetings were scheduled. Mr. Sullivan stated that he would send an e-mail to Mr. Grubman providing all of the meeting information to him.

Brian Armstrong, SWFWMD, stated that if any of the local governments wanted speakers on water conservation or signs for water conservation to contact Mike Mulligan at the SWFWMD offices.

Mr. Sullivan reminded Board members that he was retiring from Carlton Fields at the end of January and that his new contact information would be sent to all of them toward the end of the month.



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**Agenda Item #13 Next Meeting Time and Location**

Chairwoman Rocco stated that the next meeting would take place on February 20, 2008, at 4:30 p.m., in the Hernando County Government Center, County Commission Chambers, 20 N. Main Street, Brooksville, FL 34601.

**Agenda Item #14 Adjournment**

With no further business to come before the board, Chairwoman Rocco declared the meeting adjourned at 6:00 p.m.

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Rose Rocco, Chairwoman

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Jackson E. Sullivan, Executive Director