

GATEWAY SERVICES COMMUNITY DEVELOPMENT DISTRICT

March 16, 2006 Minutes of Meeting

Minutes of the Regular Meeting

The Regular Meeting of the Board of Supervisors for Gateway Services Community Development District was held on Thursday, March 16, 2006 at 3:30 p.m. at the Gateway Baptist Church, located at 13241 Griffin Drive, Ft. Myers, Florida 33913.

1. Call to Order/Roll Call

Mr. Doragh called the Meeting of the Gateway Services Community Development District to order at 3:30 p.m. on Thursday, March 16, 2006.

Roll Call:

Board Members Present and Constituting a Quorum:

Peter Doragh	Chairman
Robert Nielson	Vice Chairman
Roger Sherman	Supervisor
Patricia Gedra (3:40)	Supervisor

Staff Members Present:

Cathy Deckert	District Management Services, LLC
Brian Lamb	District Management Services, LLC
Anthony Pires, Jr.	District Attorney
William Knight	Operations Manager

Audience Members Present:

None

2. Additional Supervisor Requests

Chairman Doragh asked if there were any items the supervisors wished to discuss in addition to those already on the agenda. Supervisor Nielson said that he would like to hear from Mr. Knight as to how things are going. Mr. Knight stated that everything is running smoothly and on target. Supervisor Nielson stated that he and Mr. Knight had discussed the possibility of continuing to rent the current office space, as opposed to building a new building for Operations, as he felt it would be more cost effective. Mr. Knight then stated that there were two primary goals, one being the need for a permanent location and the other being a facility to house equipment and allow for growth. He has discussed this with District Management. He stated that he felt in the long term, the current office would not be adequate for all the needs; the new facility should be built. The current office does not facilitate meeting space and is already filled with cabinets. Supervisor Nielson brought up the topic of going through and discussing options, and that we often fail to do that. This was a good exercise in that. Mr. Knight also stated that it is often difficult to manage the team as they are now housed in different locations. Supervisor Gedra arrived at this point. The Chairman asked if there were any other comments. Mr. Sherman commented that he felt things were going well. Mr. Knight stated that on the status report he'd indicated that they had received over 147 calls on various problems with only five being outstanding at this time. Further, that the remaining five should be dealt with by the end of the day.

A discussion followed regarding the handling of the utility billing, with Mr. Lamb explaining that the billing will be handled through the local office as opposed to sending the payments to Coral Springs. Payments will come directly to Gateway and then sent to the main DMS office for processing. Mr. Knight has been working with Ms. Deckert and Mr. Lamb on the new utility billing program/system and the conversion from Severn Trent. Mr. Lamb also stated that the operations manager would verify goods or services were received and send the invoices to the District Manager's main office for payment. Supervisor Sherman asked about Mr. Knight's ability to verify invoices. Mr. Knight stated he's working through the issues. Many late invoices were

in the office when he arrived and these were just packaged up and sent to DMS for processing. New ones are being investigated and verified the best he can. Things are improving each day and getting corrected and organized.

Supervisor Nielson asked about the off-duty security. Mr. Knight stated that he has spoken with the necessary people, and he, Jeff East of WCI, Steve (lead patrolman) and Stella (coordinator) are going to meet prior to the next meeting and will submit a report. Invoices are in for payment. Supervisor Sherman asked Mr. Lamb what the status of the financials was. Mr. Lamb stated that he would have a firm answer in two weeks. The primary focus has been to get the debt service funds in order so that payment which was due March 15, 2006 could be made. He advised that the disbursement of funds was done the previous week so the payment could be made. A discussion regarding the next fiscal year's budget process followed. This will start next month. Mr. Lamb stated that he likes to start with clean financials through the end of March in order to project the needs to the end of the fiscal year. He said that some substantial changes will need to occur for next year's budget given the fact that we have reduced the staffing levels and have switched from purchasing chemicals, etc. to paying a contract to provide those services. He stated that he would do a power point presentation for the Board to go over these items. Mr. Pires clarified that at certain times of the year data must be provided to the various parties outlined in the continuing disclosure agreement including balances in all funds and accounts established for the bond under the indenture, which is due March 31st. The continuing disclosure requirements and obligations of the District is an important aspect. Mr. Lamb noted this is done in conjunction with the Investment Banker.

The Chairman asked if there were any other supervisor items. None being heard, he moved to Items for Discussion.

3. Items for Discussion

A. Recreational Facilities – Park Project

Ms. Deckert advised that she, Supervisor Nielson, Mr. Knight and Mr. Brylanski met the previous week. She stated that Mr. Brylanski would submit an addendum to his original contract for \$6,000.00 to cover the cost of the survey, if approved. He would review the survey report and analysis and do a presentation to the Board and public. She stated that Mr. Brylanski said that a conceptual plan would be ready in June along with estimates (needed for budgeting), but that bids would go out close to the end of the year, with the park possibly being completed by the end of 2007. Supervisor Sherman asked if the Board would have the opportunity to review the survey questions prior to it being mailed out. She stated that Rick (Brylanski) knows what the community wants. It was clarified that the survey company is a professional company that routinely does this, however Supervisor Neilson stated that it was not unreasonable that the Board get to look at it prior to mailing. Ms. Deckert agreed. A discussion followed regarding advertising, newsletters, etc. stating that this was coming from the District, in order to ensure a good response and a fair representation of what the community wants. Mr. Neilson spoke about the 'Code Red' system. Mr. Lamb suggested that the tax roll or assessment rolls could also be used as a contact list and that the website was a good source to disperse information.

Chairman Doragh stated that if the Board was going to look at the survey beforehand, that it needed to do so at a meeting and that would result in an adjustment to the timeline. The Board agreed they wanted as little a delay as possible. Chairman Doragh stated that it will delay the process, if we have to meet and comment prior to finalization and mailing. Any and all comments will need to be made at this proposed meeting only. In addition, it was stated that a representative of the survey company would need to be on hand to provide comments and answer questions the Board may have. Supervisor Nielson made a motion to hire Hole Montes. Ms. Deckert stated that she would contact Mr. Brylanski to find out what the timeline is, how it would be affected and to ask if a representative could attend the next Board meeting to address the survey, prior to finalization.

MOTION TO:	Hire Hole Montes and Rick Brylanski to take care of the survey phase of the park project.
MADE BY:	Supervisor Nielson
SECONDED BY:	Supervisor Gedra
DISCUSSION:	None further
RESULT:	Called to Vote: motion PASSED 5/0 - Motion passed unanimously

B. Severn Trent Services Contractual Obligations/Defaults

Mr. **Pires** and Ms. Deckert worked together on this issue. Mr. **Pires** distributed a draft, under separate cover, of what he believes **are** the areas of concern with regard to the services by Severn Trent to the District. The Board was allowed a few minutes to review the document. The chairman asked if there were any pending invoices from Severn Trent. Ms. Deckert said that she did not believe so. For clarification, it was stated that Severn Trent has not invoiced for their services through the date of the **termination** of their contract. The Chairman stated that it appears **that** the amount that the District would likely claim, exceeds the amount that Severn Trent might claim against the District. He stated that it would be appropriate for the Board to **instruct** that the District would not pay any sums to Severn Trent with respect to their contract, pending a final resolution of the overall relationship. He stated that a motion was necessary.

MOTION TO:	Not issue any payments to Severn Trent until a final resolution of the situation.
MADE BY:	Supervisor Gedra
SECONDED BY:	Supervisor Sherman
DISCUSSION:	None further
RESULT :	Called to Vote: motion PASSED 5/0 -Motion passed unanimously

A discussion followed regarding calculating the damages suffered by the District as a result of Severn Trent's not performing the services for which they were hired. Ms. Deckert stated that there are many accounting issues **in** addition to the lack of financial statements, such as **tax** revenues not dispersed to appropriate **funds**, that make having a clear picture of the District's **financial** status unclear. Invoices have not been paid, **etc.** Mr. **Pires** reiterated this is an ongoing analysis. Chairman **Doragh** stated we need to keep looking at the issues and analyzing payments made for **services** not performed, such as accounting. We need to analyze the **repercussions** of services not performed and the cost effect. **The** discussion continued with **contractual** figures being noted. As more of the records are analyzed more deficiencies will potentially be uncovered.

Mr. **Pires** stated that he would set up a separate account for his **firm's** services for anything related to the Severn Trent issues. Ms. Deckert also stated that the DMS accounting department is keeping a time log when working on items that occurred prior to the termination of Severn Trent's contract. The Chairman stated that DMS may be entitled to **compensation** for the services beyond what DMS was retained to do. He then stated that he is very disappointed by the lack of progress made since the meeting with the senior panel of people from Severn Trent two months ago, and that communication with someone of higher authority at Severn Trent might help if they knew **that** the District feels they are **heading** toward a conflict that would **not** be necessary if they will follow through with what they had said they would do. Chairman **Doragh** suggested sending a letter from him, as Chairman or from himself and Brian, expressing their disbelief of what's gone on in the last six weeks and encourage them to take action.

Mr. Pires, Chairman Doragh, Ms. Deckert and Mr. Lamb continued to discuss what the proper next step would be in communicating with Severn **Trent**, as there has been little response other than that they are **working** on it. The Chairman asked Mr. Pires how best to approach other districts that are in the same situation for the purpose of sharing information, possibly sharing costs and perhaps in putting together a class action proceeding. Mr. Pires stated that that may be appropriate because he'd already been authorized to initiate litigation within the next thirty days **by** Pelican **Marsh**. This is happening with all the other Districts that have transferred **from** Severn Trent. Chairman Doragh stated that it would likely save time and money if they could qualify as a class.

Ms. Deckert stated that the auditor, **Berger** Toombs, has signed an engagement letter. We need to keep track of the extra costs that will be incurred here, as well, because of the state of the records. Supervisor Sherman asked about what is involved in the audit process and why these problems have not **come** to light before. The Chairman stated that the problems began after the change in their accounting system, which was after the 2004 audit. When this audit is complete, all Board members will receive a copy; this is standard.

4. Administrative/Operational Update

Ms. Deckert stated that the issue with the Sprint service vehicles discussed at the last meeting is being addressed. WCI is taking care of this. A **parking** pad is **being** designed and WCI and Sprint will handle the construction. Sprint is **being** asked to pay for this. She **stated**, regarding the other parking issue, that she will be sending a letter to the **school** asking them to ask the parents to stop parking on the grass (right of way) when picking up children; follow the **rules** and wait in line.

Mr. Knight stated that they'd asked TN-Green for a quote to put some plants in the area. **Tru-Green** gave an estimate of \$33,000.00 for plants, palms, etc. He stated that they were going to get some additional estimates. The **problem** is maintaining the same look & quality that exists in the surrounding area. Mr. Knight mentioned he was concerned they will just park across the street. Chairman Doragh reminded Mr. Knight to make sure the irrigation is installed **so** as to properly irrigate the plants in addition to the sod.

Mr. Lamb asked if Mr. Brylanski might be asked to provide a plan for this **area**, as he is already involved in the park project and the revitalization of the common areas. Mr. Brylanski already gave Ms. Deckert the name of the person in his company who handles this. The Chairman suggested that the Board put together a proposal for a bid package for plant materials so **there** is an ongoing arrangement and we won't have to continually bid out when we are replacing or redesigning. Mr. Lamb stated that it might be beneficial to put together a master plan, in order to ensure a consistent look throughout the community, which may temporarily postpone the improvement at the school. Signs were discussed and are not desired.

Mr. Knight reported that they are currently **tracking** eighty-seven tasks and that of them 34 have been completed since the first of March. These tasks include maintenance at the soccer field or pool, etc. He stated that the customer assistance calls average about twenty five calls per day; 147 in less than two weeks, and that the whole team is **working** to get them closed. As of the last meeting, forty calls were open (back to October). As of this meeting only five are still open. He's anxiously waiting for the new utility billing system. Supervisor Sherman asked if a telephone prompt system would help alleviate some of the phone answering. Mr. Knight stated that with roughly 4,000 customers, the cost might be prohibitive. He stated that the new system that DMS is implementing for utilities will enable the residents to find answers to their more common questions on **line**. Most of the questions **are** utility related. There was a discussion of meter reading and accuracy **problems/reasons** why.

Mr. Knight then advised that they had an error rate of about 20% on meter **readings** due to the ten year old system currently in use. A discussion regarding the trend to do everything in-house as led by the management company and what additional costs this might occur because of this followed. Mr. Knight stated that based on the hourly rate paid the meter readers, even with the error rate, that it was less expensive than out-sourcing that service. In addition some internal capacity is necessary, as the out-sourced service did not provide repair

service. The two people who do the readings do other tasks, as well. Mr. Lamb stated that the new system will be far more efficient and streamlined. A discussion on purchasing the newest technology available followed, with Mr. Lamh stating that it could be looked at **from** a capital purchase perspective. He said that the Board may want to look at retrofitting the meters as the current ones are retired as they approach the end of their **lifespan**, in a phased approach. He stated that the new systems even send alerts if there **are** leaks and can be read **from** a vehicle driving through the community. Various technologies were discussed. Competitive rates were discussed.

Mr. P i s stated that ten years from the date of the master purchase agreement **transaction**, the **District**, if they wished, could sell the internal distribution and collection system for water and wastewater to Lee County, and the County has to purchase it at a value based on the formula outlined in the agreement. He said that he does not believe it has ever been considered, and that if it is in the best interest of the District, it is something to be considered. Mr. Lamb responded that the enterprise fund is a benefit to the operations **account**. Chairman **Doragh** added that in addition to the funds generated, a **higher** level of customer service in **terms** of responsiveness is given, than Lee County would ever provide.

Mr. Knight stated that he'd like for the members of the Board to feel free to stop **by** the operations office to see what is going on there.

Chairman Doragh announced that at next month's planning meeting they were going to begin talking about the budget process. He stated that it would be helpful to have a schedule that would allow us to talk about the major service **areas** over the course of the next few months, **so** that they can be analyzed and adjustments made, if needed (where we are financially). Project lists and priorities were discussed. Mr. Lamh stated that this is part of the normal budget process. Mr. Sherman voiced this has never been done properly in the past; it was just a **number** exercise, not taking into account the community needs and properly budgeting for it. The Chairman stated that deciding what may need to be done differently than it **was** done in the past is also a **part** of the budget process. What he's looking for is that over the course of a couple of months we **analysis** the irrigation program, landscape, surface water management, roads, bonds; this is where we **are** financially; we're up to date or not. We need to get a clear handle financially and operationally of where we are on each major program. Supervisor Nielson asked when the budget needed to be completed. Mr. Lamb advised that it will need to be completed by September 1, 2006 and that a **timeline** will be **provided**. Chairman **Doragh** repeated that he's talking 'project' analysis and planning, which yes is linked to the **budget**, but it is a discussion unto itself as well, on its own; other than budget impact.

Ms. **Deckert** apologized for the paychecks not being received and **stated** that they would be mailed the following week. **She** also advised that they were considering a change in payroll companies, and that the employees had been paid.

Mr. P i s stated that at the next meeting a resolution will need to be on the agenda with regard to the two seats that are up for election; Seat 4, M. **Carol** Stanley and Seat 5, Robert Nielson. The resolution announces the election, gives time frames; there are also material hand-outs. Lee County Supervisor of Elections does an excellent job.

5. Adjournment

The Chairman adjourned the meeting at 5:00 p.m.

**These minutes were done in summary format. Digital Voice Recording File of meeting is available.*

**Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.*

Meeting minutes were approved at a meeting by vote of the Board of Supervisors at a publicly noticed meeting held on 3-16-06


Signature

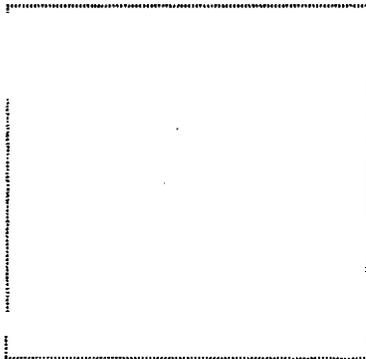
PETE DORAGH
Printed Name

Title:
 Chairman
 Vice Chairman

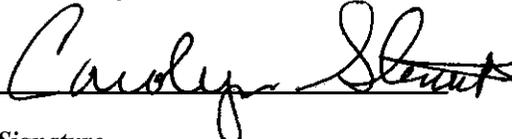

Signature

Cathy Deckert
Printed Name

Title:
 Secretary
 Assistant Secretary



Recorded by Records Administrator


Signature
