

Minutes of Board of Directors Workshop  
**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY**  
Charlotte County Administration Center  
Commission Chambers, Room 119  
18500 Murdock Circle, Port Charlotte, Florida  
June 1, 2022 @ 10:40 a.m.

***Board Members Present:***

Commissioner Alan Maio, Sarasota County, Chairman  
Commissioner Elton Langford, DeSoto County, Vice Chairman  
Commissioner Ken Doherty, Charlotte County  
Commissioner George Kruse, Manatee County

***Staff Present:***

Mike Coates, Executive Director  
Doug Manson, General Counsel  
Richard Anderson, Director of Operations  
Terri Holcomb, Director of Engineering  
Jim Guida, Director of Water Resources & Planning  
Ann Lee, Finance & Budget Sr. Manager  
Mike Knowles, Engineering & Projects Sr. Manager  
Rachel Kersten, Agency Clerk

***Others Present:***

A list of others present who signed the attendance roster for this meeting is filed with the permanent records of the Authority.

**CALL TO ORDER**

Commissioner Maio called the workshop to order at 10:40 a.m.

**AGENDA**

**1. Master Water Supply Contract Revisions**

Doug Manson presented on the Master Water Supply Contract Revisions Clean-Up:

- Process Reviewed at August 2021 Board Meeting
- Contract Clean-Up Changes Review and Discussion:
  - September 8, 2021, Professional Staff Meeting
  - October 1, 2021, Board Workshop
  - November 3, 2021, Professional Staff Meeting
  - January 12, 2022, Professional Staff Meeting
  - April 6, 2022, Board Meeting
  - May 4, 2022, Professional Staff Meeting

- Master Water Supply Contract Revisions Clean-Up Timeline:
  - June 1, 2022, Board Workshop
  - July 29, 2022, Administrators Meeting - Discuss Changes
  - August 3, 2022, Board Meeting - Authority Board Action on Contract Changes & Release to Customers
  - October 5, 2022, Board Meeting - Progress Report

Commissioner Doherty said he felt cleanup was a good first step and as he's read through the document that's exactly what it is – housekeeping. He added that the timeline for the process seems logical and looks good to him.

## **2. Master Water Supply Contract 'Future Water Supply Procedure'**

Mr. Coates presented on Future Water Supply Procedure:

- Background on Regional Demand & Capacity Allocations
- Future Water Supply Procedure
  - Steps in the Process
  - Past Projects and Allocations
  - Modifications to MWSC Allocations
  - MWSC Capacity Allocations Today
- Customer Requests for New Regional Supply
- Projects and Quantities Available Meet New Supply Needs
- Implementation Plan
  - Schedule for New Supply Availability
  - Revisions to Exhibits B & C
- Costs and Funding
- Next Steps

### **Costs and Funding**

Ms. Ann Lee presented on the anticipated cash flow needs over the next 5 years associated with the reservoir project, WTP expansion project and the Phase 2B and Phase 3C Pipeline projects including the amount of cooperative funding that is anticipated over that same timeframe.

Ms. Lee said that although the major constructions work was still some time into the future, engineering design work was anticipated to commence in the next few months and these costs would be in the millions and so it was important to secure customer commitments for repayment.

Commissioner Doherty commented that the tables shown appear to show Charlotte County with a 1-year increase of 10 MGD in 2029, that did not seem reasonable, they did not need all of that capacity at once, they would grow into it. He suggested perhaps a strategy to design but not build everything that is needed right away. Mr. Coates responded that a discussion about how we will pay for extra capacity that is not needed right now is needed.

Commissioner Maio added that our members need to be blunt about how much capacity they need, this is the time to step up and make that clear. He also reminded everyone of SWFWMD's generosity with cooperative funding in the past but expressed concern about what might happen if they did not have as much as we needed for these projects. Where would we get the funding needed?

Mr. Manson commented that SWFWMD was spending its reserves down, but it was his belief that they had adequate funds for this project.

Commissioner Doherty added that SWFWMD revenues have not grown since the millage rollbacks under current Senator Scott/then Governor Scott. He said their revenue stream has not tracked along with the growth in taxable assessed values.

Commissioner Maio reiterated that for these collected projects, assuming cooperative funding is secure, we still need an estimated \$229 million from Authority members, he talked about the cash flow needs and customer commitment to pay so the early design work can commence.

### **Proposed Funding Strategy**

The Authority's Financial Advisor, Ms. Natalie Sidor, Senior Managing Director of Public Resources Advisory Group (PRAG) presented on the proposed funding strategies and stepped through how to resolve short- and long-term financing concerns for these projects. She recommended a combination of a line of credit for near term needs and bonds or WIFIA loans (federal) for long term needs. She said that both bonds and WIFIA loans have the flexibility to defer debt service to future periods to avoid rate shock. She highlighted that there are also "Green Bonds" through the Envision Process so that also adds another financing pathway.

Commissioner Maio said that he had just executed \$105 M in WIFIA bonds for Sarasota County and that was a good solution for them. He said that interest rates are going up. He asked if WIFIA loan rates are fixed. Ms. Sidor replied that yes, they are fixed. But said that there might be problems using WIFIA loans on Progressive Design Build type projects because restrictions on the process and structure that were developed for more conventional Design/Bid/Build projects. She said that the Authority as not ready to lock in long term bond rates just yet, the credit line is what is needed in the short term to underwrite the engineering efforts. The bonds are needed before construction commences. She thought perhaps several bond issues related to each of the individual projects might be more appropriate rather than one large bond issuance. That way not all projects are being held up awaiting approvals.

Ms. Sidor noted that State Revolving Loan Funds are level debt service, so there would not be an ability with those debt instruments to defer costs and avoid rate impacts.

### **Next Steps**

Mr. Coates wrapped up the presentation and reviewed the next steps involved and their timeline:

- Approve new Water Supply Source Project
- Amend MWSC including Exhibits "B", "C", "F" & "H" (requires all Customers approval)

- Establish funding for the Project
- Timing:
  - 07/29/2022 Administrators Meeting
  - 08/03/2022 Board Meeting
    - Approve new Water Supply Project
    - Review & discuss MWSC Amendment Related to New Supplies including Exhibits
    - Recommend approach to pipeline projects initial funding
  - 10/05/2022 Board Meeting
    - Recommend approval of MWSC Amendment related to new supplies – release to Customers for approval
    - Recommend approval of pipeline projects initial funding
  - 02/01/2023 Board Meeting
    - Final Approval of MWSC Amendment related to new supplies
  - 04/06/2023 SWFWMD Southern Region Co-Funding Mtg
    - Approve FY 2024 C-Funding Project Rankings (Res 3 & PRF Expansion Funding)

**BOARD MEMBER COMMENTS**

Commissioner Maio noted that the Authority has become a master at the incremental project development process, very programmatic. He stated that this was an excellent foundation and although he will not be a part of the Board next year, there is no doubt that the Authority staff have put us into a position to succeed. He added that this was a good workshop, but rates were rising, so speed was important now.

Commissioner Doherty echoed that he also thought it was an excellent workshop.

There were no additional Board Member comments.

**PUBLIC COMMENTS**

There were no additional public comments.

**ADJOURNMENT**

There being no further business to come before the Board, the workshop adjourned at 11:55 a.m.

**BOARD APPROVED**

**AUG - 3 2022**

**Peace River Manasota**  
Regional Water Supply Authority



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Commissioner Alan Maio  
Chairman