

GASPARILLA ISLAND WATER ASSOCIATION, Inc.

P.O. Box 310
BOCA GRANDE, FLORIDA 33921-0310
Telephone (941) 964-2423 Fax (941) 964-0625

December 15, 2017

Dear Member,

Enclosed is the Notice of GIWA's Annual Membership Meeting to be held at 5:00 p.m. on Tuesday, January 16, 2018 at the Boca Grande Community Center.

2017 has been another very busy year for your Board and Staff, with work progressing on current and future improvements to both your water and wastewater treatment facilities. On top of that, we had to deal with the inconvenience of Hurricane Irma!

Currently improvements are nearing completion of an expansion to the water treatment facilities including two new deep wells north of the existing facility. With this project, the reverse osmosis process was rehabilitated with changes that allow the plant to operate more efficiently, in addition to increasing the capacity 194,000 gallons per day. This project was scheduled for substantial completion in January 2017, but our contractor was unable to complete the project. Management has been taken over by the surety company holding their performance and payment bond. It has been a long struggle this year, but we will end up with a high quality project. The original contract amount of \$3,742,450 will be reduced to \$3,400,000 because we did not use a contingency fund. Also, some items that were not critical to the project were not completed. Additionally, GIWA will be assessing liquidated damages due to construction delays. This project is financed with a 1.16% twenty-year loan through the Florida Department of Environmental Protection's State Revolving Loan Fund (SRF).

Hole-Montes Inc. is currently in the design and permitting phase for the rehabilitation of our existing wastewater treatment facility. This is a major project for GIWA with estimated construction costs totaling \$15 million. GIWA is not eligible to finance wastewater projects through the low interest SRF, therefore, financing was secured through CoBank this summer. CoBank is a member-owned cooperative bank that finances utilities. They have been GIWA's primary lender for many years. CoBank has competitive rates and GIWA receives dividend payments annually which lowers the effective interest rate.

The existing wastewater treatment plant is located on the Gasparilla Inn Golf Course. The rehabilitation will include the construction of new structures, and some rehabilitation when possible to existing structures. To limit the impact on the Gasparilla Inn guests, the heavy construction portions of the project will be completed during the summer months. To accomplish this, the project will be phased in over a period of two to three years. Your new wastewater treatment facility will include the most up to date treatment methods that will treat the wastewater to a much higher quality. The reclaimed water from the plant should meet any new future requirements.

At our 2017 Annual Meeting, the membership approved a series of rate increases

designed to ensure GIWA could obtain necessary financing for the wastewater treatment plant project, and maintains sound financial conditions by meeting existing and future annual debt service and debt financial covenants, maintains adequate funding for operation and maintenance of the water and wastewater systems including renewals and replacements, and maintains adequate cash reserves. The first 9.5% increase became effective on April 1, 2017, and the second 9.5% increase on October 1, 2017.

GIWA's water withdrawal permit issued by Southwest Florida Water Management District (SWFWMD) in 2011 includes a requirement that we reduce our daily average water use per person from an average of 176 gallons as follows:

- Reduce to 164 gallons per person by December 31, 2014
- Reduce to 150 gallons per person by December 31, 2019

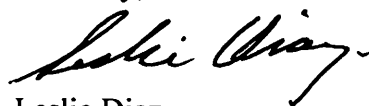
We not only met but exceeded our 2014 mandate with a reduction to 158 gallons per person; however, as you can see below, our per capita usage increased in 2015 to 159 and 2016 up to 162.

	2014	2015	2016
Gross Water Use	1,112,000	1,098,000	1,108,000
Functional Population	5,953	6,056	6,096
Compliance Per Capita	158	159	162

Due to a very dry winter and spring, water usage has been up in 2017, so our per capita water usage will most likely increase even more. We must make every effort to reduce our water usage to meet the 2019 mandate. GIWA wants to remind everyone that if landscape sprinklers are turned off when it rains, it will go a long way towards meeting our permit mandate. Many irrigation systems on the island are not turned off when it rains even during the summer rainy months. The easiest way to accomplish this is to install automatic rain shutoff devices that override irrigation systems when sufficient rain has fallen. Florida law requires a working rain shutoff device for all automatic sprinkler systems. Besides being a requirement, this is simply an effortless way to save not only one of our most precious resources, but also money on your monthly water bill.

In closing the 2017 year, GIWA is on sound financial ground. Your Board and Staff will remain proactive in planning for future maintenance projects and upgrades to the water and wastewater system.

Sincerely,



Leslie Diaz
President

GASPARILLA ISLAND WATER ASSOCIATION, INC.

P.O. Box 310

Boca Grande, Florida 33921

Telephone (941) 964-2423 Fax (941) 964-0625

NOTICE OF ANNUAL MEETING OF MEMBERS OF GASPARILLA ISLAND WATER ASSOCIATION, INC.

Notice is given that the Annual Meeting for the Members of Gasparilla Island Water Association, Inc. (GIWA) will be held on Tuesday, January 16, 2018 commencing at five o'clock p.m. at the **BOCA GRANDE COMMUNITY CENTER**.

The business to be transacted at the annual meeting will include the following:

1. Calling the meeting to order and receiving report from Secretary as to number present in person and by proxy.
2. Reading the Notice of Annual Meeting.
3. Receiving Minutes of the January 17, 2017 Annual Meeting. Reading if desired by members.
4. Hearing President's report on activities of past year.
5. Receiving Treasurer's Report.
6. Conducting Election of Directors. The nominees proposed by the Board of Directors are as follows:
 - R. W. (Bill) Caldwell, III, a year-round island resident who has previously served twelve years on the Board of Directors.
 - Tom Courtney, a year-round island resident who owned a thoroughbred horse farm in Lexington, Kentucky and Papa John's Pizza franchises.
 - Archer L. Hager, II, retired Chief Operating Officer of Hager Companies and a year-round island resident.

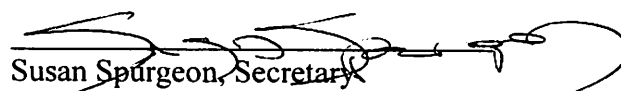
Nominations are permitted from the floor.

7. Considering any other matters that may properly be raised by the membership.

If you will be unable to attend the meeting, a proxy along with a self-addressed stamped envelope is enclosed for your use to authorize the President or any other officer to vote on all matters for you at the meeting.

Copies of the 2017 annual audit, the 2018 budget, and minutes of the January 17, 2017 Annual Meeting are available at the office of the Association.

Thank you for all the continued support you have shown during the past year.


Susan Spurgeon, Secretary
December 15, 2017

PROXY
Gasparilla Island Water Association, Inc.
Annual Membership Meeting
January 16, 2018

The undersigned, a voting member of the Gasparilla Island Water Association, Inc., hereby constitutes and appoints the President and or any other officer of the Gasparilla Island Water Association, Inc., the true and lawful proxy of the undersigned, with full power and authority to cast my vote for the election of Directors, and all other matters, which may properly come before the Annual Meeting of members to be held January 16, 2018, at 5:00 p.m. at the Boca Grande Community Center, Lee County, Florida, and at any adjournment thereof.

This Proxy may be revoked by written notice to the officer referred to above prior to the meeting, or by attendance in person at the meeting.

Signature of member

Please print name

Property Address

Phone number

Date