

TESTIMONY OF STEVEN J. FELDMAN
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
ON BEHALF OF
SUN RIVER UTILITIES, INC. (f/k/a MSM Utilities, LLC)
DOCKET NO. 070109-WS

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1 Q: State your name and address.

2 A: Steven J. Feldman, 2127 Brickell Ave., Suite 2002, Miami, FL 33129.

3 Q: Please briefly describe your educational background and professional
4 experience.

5 A: I have an MBA in Finance and Management from Duquesne University. I
6 am currently involved in land investment, development, and financing
7 opportunities. Earlier in my career I was the Vice President and CFO of
8 Green International, an international architectural, planning, engineering
9 and construction management firm. Subsequent to working at Green
10 International I served as a senior officer with four major national
11 homebuilder/developers. For a more detailed history and list of projects I
12 have attached a copy of my resume as Rebuttal Exhibit SJF-1.

13 Q: Are you familiar with the property that is the subject of this proceeding?

14 A: Yes I am. I am a managing member of Hudson Sun River, LLC, one of the
15 entities that requested the extension of Sun River Utilities' service area in
16 Charlotte County, east of Hwy. 17.

17 Q: What is Hudson Sun River, LLC?

18 A: Hudson Sun River, LLC is a highly experienced, well-capitalized, large-
19 scale community development team. The members of Hudson Sun River,
20 LLC have developed residential and commercial properties from Florida to
21 New England. My company is also currently developing an

1 environmentally enriching, super-ecological, completely sustainable
2 community in Costa Rica.

3 Q: What is the purpose of your testimony today?

4 A: The purpose of this testimony is to provide substantive, verifiable
5 support for Sun River Utility's annexation of adjacent property
6 controlled by Hudson Sun River, LLC. into its current service area
7 because of our urgent and compelling need for water and sewer
8 service.

9 Q: Do you own the property for which you have requested the extension of
10 the service territory?

11 A: No. However, on April 26, 2006, Hudson Sun River, LLC acquired control
12 of 2458 (+/-) acres in Charlotte County east of Hwy. 17. This action
13 occurred after a comprehensive analysis of all potential growth corridors
14 in Charlotte and DeSoto Counties that either had current actual growth
15 initiatives underway or completed; or had the real potential for near-term
16 growth. It became obvious to the Hudson Sun River principals and our
17 consultants that the Hwy.17 corridor was indeed the leading candidate for
18 property of interest. Over the following several months, the Hudson Sun
19 River team successfully negotiated a Purchase and Sale Agreement with
20 the owners which effectively grants to Hudson Sun River ownership
21 and/or control of the properties through 2013.

22 Q: Can you give a brief summary of the factors that influenced your group's
23 decision to invest in this property?

1 A: While the Hudson Sun River investigation was exhaustive, certain
2 essential attributes drove our acquisition decision:

3 With property located on Hwy. 17 at the border of DeSoto and Charlotte
4 Counties, distances and travel times to existing and/or planned facilities
5 are outstanding, such as I-75/Hwy.17 Interchange (8 minutes), Downtown
6 Punta Gorda (10 minutes), Port Charlotte (15 minutes), Arcadia (12
7 minutes), central and coastal counties, shopping, entertainment,
8 commercial and regional airports, rail, schools, employment centers, etc.

9 Hwy.17, with its existing four lanes and sidewalks from I-75 to our
10 property and with an ambitious, already-approved plan to continue the
11 expansion to the northern DeSoto County line. (Ultimate 6 lane section)

12 Existing water and sewer availability across Hwy. 17 nearly at our property
13 line.

14 FP&L substation with abundant capacity adjacent to our property,
15 phone/internet service.

16 Neighboring Fire/EMS facility with response time of 3 minutes.

17 Elegant preserves/wetlands, green space and open areas with very
18 workable environmental and habitat corridor conditions.

19 Abundance of potable water supplies (artesian sourced, ag permitted
20 wells) throughout the entire property.

21 Favorable hurricane/storm/wind conditions.

22 Existing, established surrounding neighborhoods from high-end to
23 moderately priced homes.

1 More-than-sufficient critical land mass to establish a self-sustainable
2 “village community” with multiple land uses, including, but not limited to,
3 a variety of residential types and uses from workforce housing to more up-
4 scale housing, retail, commercial, office, industrial, preserves and open
5 space...a genuine “live, work, shop, play” sustainable environment by
6 anyone’s determination.

7 Adjacency to the existing Charlotte County Urban Service Area.

8 Easterly adjacency to approximately 30,000 acres of rural and agricultural
9 land to accommodate enormous open space, agriculture, bio-corridors,
10 pristine habitat and preserves, low density, rural development

11 Q: Has there been any interest in the property from other parties?

12 A: Absolutely. Sometime after our Closing on our property, HSR became
13 aware of Florida Gulf Coast University’s (“FGCU”) interest in expanding
14 their university from Lee County to a satellite learning facility in Charlotte
15 County. Their published ultimate plan was to grow the chosen site to
16 accommodate approximately 10,000 students. FGCU solicited developers
17 to submit an Invitation to Negotiate (ITN) for consideration. A selection
18 committee of 12 leading Charlotte County citizens and members of the
19 FGCU administration and faculty were empanelled to select the best
20 developer and the best overall location for this facility. Five major
21 development opportunities were proposed. An ensuing intense selection
22 process eliminated 4 of the 5 locations thus resulting in the selection of the
23 Hudson Sun River site at Hudson Ranch as their first choice. Our
24 proposed comprehensive master plan offered the FGCU an entire

1 sustainable, master-planned “university village” with multiple land uses
2 and with plenty of land to grow sensibly. Our plan embraces many of the
3 principles utilized by Ave Maria University in Collier County, FGCU in Lee
4 County and Lakewood Ranch in Sarasota.

5 Q: Can you list some of the principles utilized by these projects that you
6 intend to include in any development proposal for the property?

7 A: We intend to develop and deliver an extraordinary Master Planned
8 sustainable community. A mixed-use, job producing, complete village
9 community utilizing contemporary, cutting-edge, ecologically sound
10 planning and development techniques.

11 Q: Would you have been able to develop this project under the zoning and
12 density currently associated with the Hudson Ranch?

13 A: No, we would have had to file for a comprehensive plan amendment.

14 Q: Do you intend to file an amendment application for the Hudson Ranch
15 property?

16 A: Absolutely.

17 Q: Do you know who owns the remainder of the proposed service territory
18 east of Hwy. 17, between the Hudson Ranch property and Hwy. 17?

19 A: I believe it is all owned by Mr. Eugene Schwartz, or entities associated with
20 or controlled by him.

21 Q: Do you know if Mr. Schwartz has expressed his intent to seek an
22 amendment to the comprehensive plan for his property?

23 A: Yes, it is my understanding that he intends to begin that process.

1 Q: Is there anything that your group is waiting for prior to investing the time
2 and money necessary to produce a viable comprehensive plan amendment
3 application for the Hudson Ranch property?

4 A: Only one major element surfaces as obviously missing but extremely
5 necessary to the successful execution of our master plan, entitlements and
6 permits...sewer and water services.

7 Q: Why is that?

8 A: Without water and sewer service, Hudson Sun River is summarily stopped
9 in its efforts to move forward with our plan to be annexed into the Urban
10 Service Area even though we meet all of the criteria except for utility
11 service. The same condition precludes our ability to move forward with
12 our required D.R.I., or rural community designation and zoning process.

13 Q: Do you have any experience in the water and/or wastewater field?

14 A: Yes.

15 Q: Can you explain that experience?

16 A: In 1987, I led a team to a successful acquisition of Royal Utility, Inc.
17 located in Coral Springs, FL. The utility was in dire financial straits,
18 poorly managed, in need of major repairs and rehabilitation,
19 permit/licensing renewals, revised service upgrades for customers,
20 wellfield expansion, qualified management and more. The team
21 recapitalized the operation, engaged top consultants; hired qualified staff
22 to manage and operate the utility; secured all of the required permits and
23 licenses and rehabilitated all of its assets. Royal Utility remains today as a
24 respected, well managed, profitable utility proudly serving its customer

1 base. Of course as a community developer for many years, I have had
2 many more experiences in the utility field.

3 Q: So, based on your experience as both a developer and utility owner, a
4 commitment for such service is an initial step in the development process?

5 A: Yes. The Charlotte County comprehensive plan would require it as an
6 element for redesignation. Moreover, the State agencies require it before
7 they will approve any amendment. Proceeding with the planning, designs,
8 studies, legal work, and the application without a binding enforceable
9 commitment for water and sewer service once the project is finally
10 approved is a colossal waste of time and money.

11 Q: Have you sought a commitment from Charlotte County to provide water
12 and sewer service to the property?

13 A: No.

14 Q: Why is that?

15 A: We are acutely aware that Charlotte County has no plan to provide water
16 and sewer service to our Charlotte property.

17 Q: Is that the only reason?

18 A: No. We have heard horror stories from other developers in the County
19 regarding the County's inability to provide service after completion of the
20 entitlement process leading to substantial financial losses.

21 Q: How did you plan on securing the necessary services?

22 A: Hudson Sun River respectfully requested that Sun River Utilities annex all
23 of Hudson Sun River's Charlotte property into its Service Area to meet our
24 urgent, compelling need and requirement to provide sewer and water

1 service to all of the future industrial, retail, commercial businesses and
2 residents who will locate and populate this sustainable community area.
3 Sun River Utilities is located directly across HWY. 17 from a portion of our
4 property.

5 Q: Is there any other reason that you chose to approach Sun River Utilities?

6 A: Yes. When we approached Sun River Utilities it was regulated by the
7 Public Service Commission. As such, should our property be within its
8 certificated service area, and we sought a commitment for service, the
9 utility would be required to serve our project as needed once we completed
10 securing our development entitlements. This provides our team, and any
11 financing entity, with a much higher degree of comfort and certainty than
12 is available from the County.

13 Q: And why is that?

14 A: The County will only supply a developer with a non-binding letter of
15 availability during the entitlement stage. Only after a developer has gone
16 through the lengthy process and expense of securing a comprehensive plan
17 amendment will the County Utility Department actually sit down and
18 negotiate if, how, when, and at what cost it may provide the necessary
19 utility service. The costs could involve the construction of entire water and
20 sewer treatment plants that would then be given to the County. If the
21 developer does not agree with the County's demands, it gets no service and
22 the project is forced into dormancy. Such dormancy causes severe
23 financial hardship after compliance with all local and state development
24 requirements.

1 Q: Can you explain in more detail where the Hudson Ranch property located?

2 A: The Hudson Ranch property controlled by our team consists of
3 approximately 2,458 acres in Charlotte County, east of Hwy. 17 abutting
4 the DeSoto County line. The property also extends into DeSoto County for
5 an additional 429 (+/-) acres which abuts the Wal-Mart distribution
6 center in DeSoto County. Both of the Hudson Sun River parcels are
7 adjacent and contiguous properties.

8 Q: Where is the Wal-Mart Distribution Center?

9 A: The Wal-Mart Distribution Center is located in DeSoto County on the
10 eastern side of Hwy. 17 and abuts the Charlotte County/DeSoto County
11 border and our Charlotte and DeSoto properties.

12 Q: Can you describe the Wal-Mart Distribution Center?

13 A: It is a fully operational, massive structure (28 acres under-roof, 100 feet
14 high structure on 127 acres), located within an Enterprise Zone and
15 Industrial Campus that stretches along the northerly side of the
16 DeSoto/Charlotte County border. With over 800 employees and hundreds
17 of daily truck visits, this remarkable facility services Wal-Mart stores in 8
18 counties and strongly demonstrates distribution as one of the most viable
19 growth opportunities associated with our location and properties.

20 Q: How do you believe this facility impacts the surrounding area?

21 A: As an existing industry, it truly supports wide spread public belief that this
22 area as we envision its rationally expanding master, multi-use
23 development plan can easily become the "poster child" for sensibly
24 managed growth that is completely and genuinely sustainable.

1 Q: Does your group own the Hudson Ranch property in DeSoto County?

2 A: Yes.

3 Q: What type of activities are you engaged in on that property?

4 A: Our 429 acres in DeSoto is within a 600 acre Enterprise Zone with a
5 boulevard styled entry to our property line. Our property was recently re-
6 zoned to "Heavy Industrial." We are actively marketing our industrial
7 property nationally.

8 Q: Has there been any interest in the property?

9 A: Yes. We are working closely with a very large, multi-national user who will
10 eventually employ over 400 well-paid white and blue collar workers on a
11 100 acre (+/-) parcel.

12 Q: How do you believe that the activities in DeSoto County will impact your
13 property in Charlotte County?

14 A: We are confident that our efforts to secure large and moderately sized
15 industrial users and their resulting workers to our adjacent industrial site
16 that growth can easily expand into our Charlotte property.

17 Q: Would you agree that the current certificate amendment proceeding is
18 concerned with property located solely within Charlotte County?

19 A: Yes.

20 Q: Why then do you feel that a discussion of the previously mentioned activity
21 in DeSoto County is relevant to this proceeding?

22 A: The activity in DeSoto County's Enterprise Zone and Industrial Campus is
23 relevant because it abuts most of the property that is the subject of this

1 proceeding. Therefore, this activity is relevant to any discussion of need or
2 as a demonstration of the character of the lands surrounding the property.

3 Q: Can you elaborate?

4 A: Yes. The Hudson Ranch property in Charlotte County is currently
5 designated as rural or agricultural as is the remainder of the proposed
6 expanded service territory east of Hwy. 17. However, Charlotte County's
7 Urban Services Area stretches to the western side of Hwy. 17 thereby
8 abutting the territory's western boundary. As I mentioned earlier, Hwy. 17
9 is a recently improved four-lane highway with commercial and residential
10 development in various stages. Immediately to the north of and abutting
11 the subject property is the DeSoto County Enterprise Zone and the Wal-
12 Mart Distribution Center. Finally, to the South of the subject property are
13 residential developments. When viewed in such light the requests for
14 service and the intent of the landowners appear very reasonable.

15 Q: Does this conclude your rebuttal testimony?

16 A: Yes.

17

STEVEN J. FELDMAN

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Born into a family of successful professionals involved in diversified real estate related disciplines and interests, Steve's career in major land development, building and finance is underpinned with important long-term roots and enormous industry experience including international. As a former senior officer with four major, national homebuilder/developers, Pulte, Porten-Sullivan, The William Lyon Company and Crosswinds Communities, Steve has been responsible for developing and building thousands of homes, dozens of neighborhoods and large masterplanned communities.

Prior to his experience with national homebuilder/developers, Steve was the Vice President and Chief Financial Officer of Green International, an international architectural, planning, engineering and construction management firm. Steve previously held various positions in family owned businesses in real estate, development, building and finance.

Steven J. Feldman, Inc. is primarily in the land investment opportunity business providing discovery, acquisition, entitlement, development and financial services.

Steve holds a Masters Degree in Business Administration (MBA) from Duquesne University, Finance and Management, 1972, Pittsburgh, PA.

Examples of Land Entitlement and Development Experience:

Welleby: This 1000 (+) acre mixed-use community is in the City of Sunrise and was a Development of Regional Impact (DRI). Today it is comprised of over 4000 residential units hospital, 2 retail centers, City Hall, offices, church and parks. Once entitled and the development of infrastructure was completed, residential pods, commercial and retail pods, etc. were sold to a wide variety of builders.

Turtle Run: This 640 (+) acre (DRI/BLIM) mixed-use community is in the City of Coral Springs. Today it is comprised of over 1000 residential units, Wal-mart, offices and other retail. After achieving all of the entitlements and development permits, Lennar/Courtellis completed the horizontal and vertical development.

Holliday Springs/Carolina: This 300 (+) acre residential community is in the City of Margate. It consists of several hundred residential units, golf course and country club and some minor retail. This was a failed development that required new entitlements and substantial development. Various homebuilders completed the vertical improvements of the community.

Crane's Landing: This 400 (+) acre parcel is in Lee County near Ft. Myers. Last year we acquired this highly sought after parcel; completed the zoning and permitting and sold it to a major public homebuilder.

Hillcrest Preserve: This 650 (+) acre farm site is located in Pasco County near Tampa. During the six month due diligence period last year, most of the necessary entitlements were completed. Adverse soil conditions (clay) created concern among a long list of potential purchasers. Through closely managed, highly qualified consultants, we eliminated the soils concerns. Within a year, the property was under contract and sold to a major homebuilder.