

**MINUTES OF MEETING
HARMONY
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held on Thursday, October 25, 2007 at 9:00 a.m. at the Harmony/Greensides, 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Robert D. Evans	Chairman
Greg Golgowski	Vice Chairman
James O'Keefe	Assistant Secretary
Kenneth Peach	Assistant Secretary
Nancy M. Snyder	Assistant Secretary

Also present were:

Robert Nanni	District Manager
Gary Moyer	Severn Trent Services Consultant
Tim Qualls	District Attorney
Rick Gierok	Miller, Einhouse, Rymer & Boyd
Vence Smith, Jr.	Harmony Development Co.
Todd Haskett	Harmony Welcome Center
Andrew Gross	Resident
Kerul Kassel	Resident

FIRST ORDER OF BUSINESS

Roll Call

Mr. Evans called the meeting to order and called the roll.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the September 27, 2007 Meeting

Mr. Evans stated each Board member received a copy of the minutes of the September 27, 2007 meeting and requested any additions, corrections or deletions.

Mr. Peach stated on Page 5 in the last paragraph I do not recall making this statement. However, I will take credit for it since I am not certain who made the statement.

On MOTION by Mr. O'Keefe seconded by Mr. Peach with all in favor, the minutes of the September 27, 2007 meeting were approved.

THIRD ORDER OF BUSINESS

Manager's Report – Acceptance of the Audit for Fiscal Year 2006

Mr. Nanni stated there is a concise summary on Page 24 which essentially states there are no current or prior year findings which the Board had to adhere to; and there are no violations of laws, illegal or improper expenditures. It is basically a clean audit.

On MOTION by Ms. Snyder seconded by Mr. O'Keefe with all in favor, the Fiscal Year 2006 Audit by Grau & Associates was accepted.

Mr. Moyer stated we are going to try to get the Fiscal Year 2007 audit completed in a much earlier timeframe. We hope to have it to you by February or March 2008.

Mr. Evans stated I heard the audit format was going to be changed.

Mr. Moyer stated you are referring to GASB 34 which has been around since 2001 or 2002. As a result, our financial statements must be presented in a format similar to an enterprise fund. They are trying to force governments to recognize depreciation of fixed assets such as bridges, in relation to what happened in Minnesota. Therefore, you actually have two financial statements. Your General Fund will be presented as a government fund, which will be restated as an Enterprise Fund showing depreciation of assets; and the elected officials will need to address how the capital going forward is going to be replaced.

Mr. Evans stated this will give you a better insight with regards to the establishment of potential reserves for replacement of those assets.

FOURTH ORDER OF BUSINESS

Attorney's Report

Mr. Qualls stated I received the recorded deeds from the transfer and gave a copy to Mr. Smith for Harmony records; I placed a copy in our file; and I e-mailed a copy to Mr. Evans for his records. I also e-mailed Ms. Davis of Severn Trent to make her aware the transfer took place in order for the insurance to be taken care of.

FIFTH ORDER OF BUSINESS

Engineer's Report

There being no report, the next item followed.

SIXTH ORDER OF BUSINESS

Developer's Report

Mr. Smith stated supervisors may have noticed a large amount of unusual equipment on site which relates to work in progress from now through the beginning of the year to upgrade approximately 1½ miles of pipeline through Harmony. Florida Gas Transmission is in the process of doing this upgrade. Therefore, you will probably notice an unusual amount of activity relating to this over the next 90 to 120 days.

Ms. Snyder stated I know people who live across from the golf course and they were not aware of what was happening. Perhaps you can put something in the newsletter in order to make all residents aware of what is going on.

Mr. Smith stated this was previously addressed under the Harmony Notes approximately three weeks ago to notify the people in the neighborhood and I believe another notice should be forthcoming.

Mr. Golgowski asked is this the area where I saw the pipes laid out this morning or will they actually go through the community?

Mr. Smith responded they will go through the community via directional drilling or boring underneath here. The area in which the pipes are laid out is known as an open depth, where they actually open and cover the area.

SEVENTH ORDER OF BUSINESS

Discussion of the Monthly Boat Report

There being no report, the next item followed.

EIGHTH ORDER OF BUSINESS

Supervisors' Requests

Mr. Evans stated we received some comments as well as productive ideas from residents. One resident raised the possibility of trimming or thinning out the canopies and oak trees. Subsequently, we did an evaluation and got some quotes. However, the budget was already approved, but we may want to consider including this during the next budget period. We also had a request to install street lights at Lakeshore Park after the budget was finalized. Therefore, we may want to consider this during the next budgetary period. In consideration of the lengthy discussion along with the helpful input from the many residents who attended the meeting, they want us to continue watching the budget expenditures closely. Therefore, I suggest we address these issues during the next budgetary period.

Mr. Golgowski stated with regards to irrigation control, our system controller was reviewed by an outside expert. According to the report, he was able to reduce our water use by decreasing the times in established zones, turning them off completely in the well-established zones; and adjusting other areas in need of irrigation. The zones which ran for 40 minutes have been decreased to not more than 20 minutes or 10 minutes in some cases. We should notice a substantial savings, assuming the landscape responds positively to these adjustments. He also noted some other modifications which can be done to the hardware on the system, taking it further. Of course, he came back with a proposal to regularly monitor the system on a monthly basis, which we can bring back for consideration if the savings are truly there as we look at the billings coming in. Perhaps we can afford to pay to keep this up if we are saving money. However, this may not be the case if it is an additional expense.

Mr. Evans stated we will evaluate this as the numbers come in.

NINTH ORDER OF BUSINESS

Audience Comments

Ms. Kassel stated I would like an update of Severn Trent's complaint tracking system.

Mr. Moyer stated the complaint tracking system is a proprietary software program installed by Severn Trent. Since our staff is currently being trained on it, I believe it is going to be operational in the near future. It is a way to communicate better between complaints which are received here and transmitted to our office in order for us to be able to track the status of those complaints.

Ms. Kassel asked are the complaints received at the welcome center or elsewhere?

Mr. Moyer responded I believe some complaints will continue to be handled locally. Complaints involving vendors will be communicated to Severn Trent management, after which we will track them and respond locally or to the complainant through the database. If someone calls and asks for something to be done, we will enter the information into a computer and the information will be sent to the person who can actually do the work. This information will come back to us and we will enter it into the computer and respond to the complaint or inform you the work was done.

Ms. Kassel asked should residents contact your organization directly?

Mr. Moyer responded this is certainly an option. However, it is acceptable for you to contact Mr. Smith or his staff, if they can handle it. If it involves employing a vendor, it needs to come to us.

Ms. Kassel asked what is the suggested procedure for residents wanting to get in touch with the CDD with regards to an issue they are required to handle?

Mr. Moyer responded I am going to meet with Mr. Smith as soon as we get this program up and running to come up with the protocol.

Ms. Kassel asked will you be able to have this in place and advertised to the residents by next month?

Mr. Moyer responded we will do our best to do so.

Ms. Kassel stated the minutes of the previous meetings were not yet posted on the website as of a couple of days ago.

Mr. Moyer stated I understand the previous minutes which were not there have been posted, including August and September 2007. The young lady in Severn Trent's office who provides this information to the gentleman we hired to post the information was waiting for the minutes to be signed by this Board, which involves a 30-day timeframe. However, once the Board approves the minutes they will be posted immediately. If this works the way it should, the September minutes which were just approved today will be posted on the website within a matter of several days.

Ms. Kassel stated the last minutes posted as of last Friday were from May 26, 2005, which is 2½ years ago.

Mr. Moyer stated we will contact the gentleman in charge of the website in order to determine what is going on.

Ms. Kassel asked who should I speak to in order to get a better understanding of the numbers in the financial statements as well as long-term liability information?

Mr. Moyer responded you can contact Mr. Rick Woodville. However, long-term liabilities consist primarily of outstanding debt for the bonds which were issued.

Ms. Kassel stated I understand this, but I want to have a more detailed explanation of how it is broken out.

Mr. Moyer asked do you have a copy of the audit?

Ms. Kassel responded I am looking at Page 19 of the audit, and I want to understand how all of this is broken out; how it accelerates or escalates over a period of time; and how this is going to affect residents' taxes.

Mr. Moyer stated the bonds do not change over time. Your annual installment of principal and interest stays level. Are you confused about the total on the right-hand side at approximately \$2 Million which increases to \$13 Million?

Ms. Kassel responded that is correct.

Mr. Moyer stated this is between 2012 and 2016. The reason they do this is to avoid having two pages of numbers which will be \$2,671,000.

Mr. Gross stated when I attended a CDD meeting a couple of months ago, there was a question concerning what the CDD handles; and apparently the alleyway is the HOA's responsibility. Is this correct?

Mr. Evans responded it is not, but if you follow with your question we will clarify.

Mr. Gross stated my wife spoke to the gentleman who handles issues with regards to guidelines and rules. There is a truck parked behind my house, as shown in the photos which I printed out. I am certain this is not allowed. Every time I look out my back door, I see this truck which is parked in the alleyway. As a result, my wife has difficulty backing out her car, and we have both filed complaints.

Mr. Haskett stated although it is an HOA issue, Sentry Management has been going through the process of sending violation notices. The owners of the truck are renters, which makes it a more difficult process. I believe the homeowner is out of the country, but is preparing to pursue this legally. However, I do not believe we are in a position to tow the truck at this point in time.

Mr. Gross stated this has been going on for three months; and the next thing I know it is going to be one year at which time their lease will expire. In the meantime, my wife will continue to have a great deal of difficulty pulling the car out.

Mr. Evans stated this is governed by the POA and from what I heard, it was turned over to legal counsel.

Mr. Gross stated I called and complained about this, but I did not hear anything.

Mr. Evans stated although this is an HOA issue, I would rather be aware of these situations regardless of who it has to deal with, in order for us to be able to send it in the appropriate direction.

Mr. Gross stated perhaps you can consider a trial run to hold the Board meeting at a different time, such as later in the afternoon.

Mr. Moyer stated everything is process-driven, whether it is a District or an HOA. Unfortunately, nothing can happen immediately with regards to government or HOAs. Notice must be given; a certain amount of time must pass for correction and if this does not happen, there is another process, which becomes frustrating for the people who are affected. Unfortunately, those are the laws for which we all operate under.

Mr. Gross stated I understand the procedures, but I want to ensure I am kept in the loop.

Ms. Kassel stated I am not certain if this is an HOA, CDD or developer issue, but I want to know if the residents are going to be informed with regards to the status of the houses under construction. Is there a way for the residents to find out what the current plan is to ensure those homes are finally built?

Mr. Evans responded there is no ability on the part of the CDD for this oversight.

Ms. Kassel asked who is responsible?

Mr. Evans responded much of this has to do with the individual homeowner because if they are not paying their contractors in some cases, the contractors are not going to finish the houses. However, this is not going to be the oversight role of the CDD.

Ms. Kassel asked whose oversight role will it be?

Mr. Evans responded it depends on each individual lot situation.

Ms. Kassel asked does the developer have some influence over there?

Mr. Evans responded this is the case to a certain degree.

Ms. Kassel asked will there be any communication on the part of the developer to the resident?

Mr. Evans responded there will be no communication from the CDD Board. I am not speaking for the developer; I am speaking for the Board. There will not be any communication or responsibility taken on by this Board with regards to this issue.

Ms. Kassel asked are you not willing to speak on the part of the developer?

Mr. Evans responded this is a CDD Board meeting and you should be aware of this.

TENTH ORDER OF BUSINESS

**Approval of the September 2007
Financial Statements, Requisitions,
Invoice Approval #90, Invoices and
Check Run Summary**

There being no comments or questions,

On MOTION by Mr. O'Keefe seconded by Mr. Peach with all in favor, the September 2007 Financial Statements, Requisitions, Invoice Approval #90, Invoices and Check Run Summary were approved.

ELEVENTH ORDER OF BUSINESS Adjournment

There being no further business, the meeting was adjourned.

James O'Keefe
Assistant Secretary

Robert D. Evans
Chairman