

MINUTES OF MEETING HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, May 28, 2009, at 9:00 a.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Robert D. Evans	Chairman
Nancy Snyder	Vice Chairman
Kerul Kassel	Supervisor
Mark LeMenager	Supervisor
James O'Keefe	Supervisor

Also present were:

Gary Moyer	Manager: Moyer Management Group
Tim Qualls	Attorney: Young, van Assenderp
Steve Boyd	Engineer: Miller, Einhouse, Rymer & Boyd
Brenda Burgess	Moyer Management Group
Thomas Belieff	Harmony Dockmaster
Greg Golgowski	Harmony Development Company
Todd Haskett	Harmony Development Company
Shad Tome	Harmony Development Company
Residents and members of the public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Evans called the meeting to order at 9:00 a.m.

Mr. Evans called the roll and stated a quorum was present for the meeting.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the March 26, 2009, and April 30, 2009, Meetings

Mr. Evans reviewed the minutes of the March 26, 2009, and April 30, 2009, regular meetings, and asked for any additions, correction, or deletions.

Ms. Snyder stated in the April meeting, at the bottom of page 7, Mr. Snyder should be Ms. Snyder.

<p>On MOTION by Mr. LeMenager, seconded by Mr. O'Keefe, with all in favor, approval was given to the minutes of the March 26, 2009, and April 30, 2009, regular meetings, as amended.</p>

THIRD ORDER OF BUSINESS

Presentation of Fiscal Year 2010 Proposed Budget

A. Discussion of fiscal year 2010 proposed budget

Mr. Moyer stated as I indicated during our workshop last week, keep in mind this is the start of a process, not the end of a process. There are certain changes I want to recommend to the Board on the latest draft that was emailed to you this week that were considered by the Board but there was no formal action taken on one of them. Under the alley work, the consensus at the workshop was to proceed with that work in this fiscal year, and that is not reflected in anticipated expenditures for 2009. We need to add that, and I used \$40,000 for that item, which will reduce the carry forward fund balance from \$80,000 to \$40,000. We need to make those adjustments. The proposed budget shows a \$23,077 deficit that we can fund from fund balance. In talking with the Chairman and reviewing the electricity for street lighting, we increased that budget item by 25%, going from \$371,000 to \$467,000. We feel comfortable telling the Board that line item is well overstated. In order to balance this budget without having to do anything with fund balance, that item will be reduced by \$23,077. With that change, that will balance the budget. In the intervening period between this meeting and the next meeting, we will get the specifics from OUC on what we will spend in street lighting next year based on our contract so we will have a better handle on that number than we currently have.

Ms. Snyder stated I do not remember the amount, but I think it was a hefty percentage.

Mr. Moyer stated we will confirm that increase.

Mr. Evans stated the OUC contract says up to 3% per year. Based on what they billed us last year, they can increase it as much as 3%.

Mr. Moyer stated we budgeted that item very conservatively, so that will be good news when we bring a revised budget to you in June for further discussion. We rolled in the other things the Board discussed at the workshop, such as combining certain budget categories where we had multiple items, such as pool to include supplies and permits.

Mr. Evans stated the narrative description of budget line items needs to be more descriptive. It is helpful for the Board and also for the accounting department. We need to expand the narrative of those descriptions or consolidate or separate line items, when it comes to the coding process. It will also help us long term in our forecast.

Ms. Kassel asked if you are including the total numbers in the projected column for pools for 2009, why are licenses and permits and supplies also in the projected column for 2009?

Mr. Moyer stated that is a good catch; it was duplicated. We will do an analysis of those expenditures to see if they are recurring or one-time expenses that accounted for the annual amount in this fiscal year being \$36,000. If they are recurring, then your point is well taken and we will have to increase the current proposed amount of \$37,000 to add in those items.

Ms. Kassel stated utility for irrigation, we went from \$143,000 in 2007 to \$99,000 in 2008. Now we have the new computer system, but we projected \$120,000 for 2009. I am wondering why that is. We based our total projected irrigation expense on the projected numbers, which looks like we doubled our actual expenses incurred through March. Those are not the months when we have the more intensive watering use.

Mr. Moyer stated there is really no good way to budget irrigation. We do not know if the drought will continue or when we will go into a normal wet weather pattern that we usually have in Florida. We have historical information, but there are so many variables that it is an educated guess.

Ms. Kassel stated I wonder if we might need to increase it a little. If it was \$99,000 for 2008, I do not know that we have made any tweaks for it to be even lower this year.

Mr. Golgowski stated we are always tweaking, but we do not know how much less it might be.

Mr. LeMenager stated it came online somewhere in the middle of 2008, so part of the usage is on the old system and part is when we had the new, more efficient system.

Mr. Golgowski stated Maxicom has been in place for several years. Mike Walker started monitoring the system last fall.

Mr. Moyer stated the other thing in that line item that is hard to predict is Toho Water Authority utility rates.

Ms. Kassel stated I suggest we add \$10,000 to the budgeted amount.

Mr. LeMenager stated I think \$90,000 seems reasonable.

Ms. Snyder stated not if we do not think it will cover the expense.

Ms. Kassel stated we spent \$40,000 for the first six months of the year. I presume in the summer months, we will use more water because there is a greater need for it.

Mr. Golgowski stated it also rains more often.

Mr. LeMenager stated actuals through March is the dry season and we are projecting to spend the same amount during the wet season.

Mr. Moyer stated that scenario would be \$80,000, and we are budgeting \$10,000 over what we project in expenses.

Mr. Evans stated we have had a drought condition over the last three years.

Ms. Snyder asked do we have the money to increase this item if we need it?

Mr. Moyer stated yes, there is enough in fund balance to cover some of these tweaks. If we exceed a budget line item during the year, I come to the Board and ask that you amend the budget. In some cases, there are sufficient monies within the operating budget and we simply increase one line item and decrease another line item. If we exceed the budget in total, I will ask Board to move monies from fund balance into the operating account.

Mr. LeMenager stated I have my continuing comment for the operating reserve for the first quarter operating expenses. I do not see any supporting documentation on cash flow. It is the same number we have used for three years. When I looked at the cash flow analysis at the time, I thought \$96,000 would be sufficient instead of \$173,000. I would like to see the cash flow analysis. All it changes is how much we have in what is labeled undesignated cash. The developer pays on a monthly basis, so there is cash being received at the beginning of our fiscal year and throughout the year. That is still more than 50% of our revenues. I want to update our cash flow analysis. I do not think it has been done for two or three years.

Mr. Evans stated as we progress and the number of residents increase, the requirements for the first quarter operating expenses will increase. The developer already has a substantial amount of on-roll assessments that is tied to that figure. In the coming years, you will see a larger portion of the undeveloped property going on the tax roll. If you have obligations of \$150,000 per month, and you will only be collecting a small portion, you can easily get a \$100,000 deficit per month for the first few months until assessments are received by the tax collector.

Ms. Snyder stated when we set this up three years ago, we wanted to make sure there was more than we needed because we did not know what was going to happen. We knew we could take money out of there if we needed it.

Mr. Evans stated it is an emergency fund. When we did the budget several years ago, we forecast that parcels D2, E and G would come online a lot sooner, which will increase street lights, landscaping and all the other items start incurring those operating expenses, that is how we got all this savings. We had an additional carry forward surplus because it was budgeted in anticipation but we did not spend it. We have this money that we can apply to next year's budget or we can establish a self insurance fund and an operating account for the long-term planning process. We put those funds aside going forward, and that is how these originated.

Ms. Snyder asked where do we take this down to propose a zero increase instead of 3.35%?

Mr. LeMenager stated the new budget draft has a zero increase. They took out the increase.

Mr. Moyer stated the bottom line is that we do not propose to increase assessments. With the adjustments on street light electricity, we will reduce that, and the assessment increase will end up being zero. Based on the agreement from OUC, we will run the numbers to be sure our budgeted number is more accurate. It sounds like we will have more monies coming out of the electric account for street lighting, that will fall to fund balance at the end of the year.

Ms. Kassel stated the budget that was provided in the package, the revenue is considerably higher by about \$135,000.

Mr. LeMenager stated that is the amount that is required in order to have no increase. The budget in the agenda was what we discussed last week at the workshop. The instructions we gave were to have no change in assessments, so they provided a new draft budget with lower overall revenues to keep assessments the same.

B. Consideration of Resolution 2009-4 approving the fiscal year 2010 proposed budget and setting a public hearing

Mr. Evans read Resolution 2009-4 by title into the record.

<p>On MOTION by Mr. O'Keefe, seconded by Ms. Snyder, with all in favor, approval was given to Resolution 2009-4 approving the fiscal year 2010 budget and setting a public hearing for Thursday, August 27, 2009, at 6:00 p.m.</p>
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FOURTH ORDER OF BUSINESS

**Acceptance of the Audited Financial
Statements for Fiscal Year 2010**

Mr. Moyer stated in the auditor's letter, they state "In our opinion, the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities and each major fund of the District as of September 30, 2008." That is referred to as clean audit opinion letter. It means that what our accounting staff provided to the auditor at the close of business on September 30, 2008, fairly represented our financial condition as of that date, and that is what they audit. There were no exceptions to that. The other reports I want to highlight are contained in the back of the audit, beginning on page 22, which is a report on internal control over financial reporting and compliance. For internal controls, they state "We did not identify any deficiencies in any internal control over financial report that we consider to be a material weakness as defined above." For compliance, they state "The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards." The final report is the management letter. There are certain findings the auditor has to review and opine on that are requirements of Florida Statute or rules of the Auditor General. It is also the opportunity for the auditor to bring certain things to the Board's attention that may not be material weaknesses but might help us with the accounting system and the controls. On page 25, they have no current year findings and recommendations. Similarly, they did not have any findings or recommendations in the prior fiscal year. One thing they look at is whether or not we are in a state of financial emergency, which is a defined term under the law. If you have certain things take place that qualify as a financial emergency, they have to point that out, and there is nothing they found to indicate that we are in a financial emergency. I will ask the Board to accept the audit and authorize staff to file it with the appropriate State agencies.

Ms. Kassel stated once again we received all these documents yesterday. They were received in Harmony on Tuesday afternoon and I was not home to receive the email, so I did not get it until yesterday morning. That is not sufficient time to review this. What happened and how can we change that? This is the second regular meeting this has happened.

Mr. Moyer stated the only thing we can do is to move the cutoff date for staff to provide this information for the agenda packages to give us more time to get this to you.

This material is put together and is sent out of the Coral Springs office one week ahead of the meeting.

Ms. Burgess stated Monday this week was a holiday, and years ago we were instructed to send these FedEx packages two-day instead of overnight to keep your postages costs lower. Staff sent these out on Thursday and because of the holiday, they did not arrive until Tuesday. We may want to move the deadline to mail these to Wednesday so that they will arrive here on Friday.

Ms. Snyder stated we used to get them late the week before.

Ms. Burgess stated we used to send them overnight.

Mr. Moyer stated we will address this item. I do not have a problem moving the deadline up a couple days so we get the agenda sent out on Tuesday. It is not a problem for staff to meet an earlier deadline.

On MOTION by Mr. O'Keefe, seconded by Mr. LeMenager, with all in favor, approval was given to accept the audited financial statements for 2008 and authorized they be filed with the appropriate State agencies.

FIFTH ORDER OF BUSINESS

District Manager's Report

A. Financial Statements

Mr. Moyer reviewed the financial statements, included in the agenda packet and available for public review in the District Office during normal business hours.

B. Invoice Approval #109 and Check Run Summary

Mr. Moyer reviewed the invoices and check summary and requested approval.

Ms. Kassel stated I did not receive the invoices by email. I have a question on a couple things, a payment out of petty cash for reimbursement and a payment to Harmony Development.

Mr. Golgowski stated the District keeps a petty cash fund for small expenses related primarily to the parks, boating activities, and cleaning materials.

Ms. Kassel stated the payment to Harmony Development was for \$166,000.

Mr. LeMenager stated it is for maintenance.

Ms. Kassel asked are these regular amounts reflected in the budget?

Mr. Moyer stated yes, all these invoices end up being posted to line items in the budget.

Ms. Snyder stated I had a couple questions that I sent in and received the answers. I thought it was interesting that we have a phone for assistant dockmaster but it is used for when the assistant is on site and when there are boat users who did not bring a phone so Mr. Belieff can be in contact with them. The other question was why Harmony has a vehicle registered in Broward County, and I found out that you can pay your registration renewal in any County.

Mr. Qualls stated it is a State service and any County can provide it to you.

Ms. Kassel asked why would you go to another County?

Mr. Moyer stated the accounting staff gets these renewals on the District's behalf and they pay it through Broward County to the State.

Mr. LeMenager asked are these the final bills from REW? We still have the issue of the final walk-through and to address what they did and did not do.

Ms. Burgess stated no. Mr. Haskett provided several invoices that he has reviewed and made comments on the appropriate amounts to pay. These will be in your agenda package for the next meeting. There are quite a few adjustments and decreases to these final invoices.

Ms. Kassel asked how was the final walk through and negotiation in truing up the contract with the services that were provided?

Mr. Haskett stated we have not performed that with REW yet. I am waiting on that next step.

Mr. Tome stated the comments on those invoices are our assessment of what we feel has not been done. At the direction of the Board, if you approve these invoices we will direct them but we have not had the direction from the Board to do that.

Mr. Evans stated we cannot approve that assessment until you meet with them. They may have other information that you may not have been privy to. You need to discuss that information with them.

Ms. Snyder stated I thought the new contractor started this month.

Mr. Tome stated they are still onsite doing work for the Harmony Development Company. We are not asking them to fix or finish what they should have done as part of their monthly service. We are telling them they did not perform it and we believe this is what should be paid, which ranges from 0% to 75% of the invoices.

On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor, approval was given to the invoices as presented.

C. Aquatic Plant Maintenance RFP 2009-201

Mr. Moyer reviewed the aquatic plant maintenance RFP 2009-201 and requested staff be authorized to proceed with soliciting for proposals.

Ms. Kassel stated this was a very nice job in what you prepared. I really liked the environmentally oriented information included in the scope of work. It was very nice and very impressive. In the evaluation criteria, it appears that some things that should be lumped together. Past performance with other contracts, experience in dealing with customers and clients, and being responsive are all based on the positive responses for references. There is no other way we would know that than by calling references. Reputation for providing excellent customer service should also be included in the references section.

Mr. LeMenager stated I think that was a problem we had in evaluating the landscaping proposals. We had nice criteria but we had difficulty measuring them. It came down to responses from the references.

Ms. Kassel stated regarding the environmental aspect of the proposal, I do not know if that is counted under personnel in being trained in IPM or if it falls under understanding the scope of work. I would like something included that evaluates whether or not they have addressed these principles in their proposal. Perhaps we can add 5 or 10 points for understanding of this type of work or complexity of the level of this service.

Mr. Boyd stated item 17 in the instructions to bidders is a list of items they must include, and it might be possible to include an item for documentation of how you intend to address IPM or Florida Friendly practices.

Ms. Burgess stated I believe it was Mr. Boyd at the last meeting who made a comment that because our ponds are permitted through the Water Management District, there may be some “green” alternatives they may want to use but they may not be allowed in the permits. How do you reconcile that?

Mr. Boyd stated add a line that their practices have to be consistent with State law.

Mr. Moyer stated also add EPA label instructions.

Ms. Kassel stated I am not sure how that would be a conflict.

Ms. Burgess stated they may want to use something that is Florida Friendly but is not allowed under the permits.

Mr. Moyer stated we went through this for mosquito control in another District. The suggestion was to add mosquito fish to a conservation area, and that is in violation of the permit requirements for the conservation area. Instead of using pesticides, one option is using mosquito fish, and we cannot. That is just an example. I do not have an example for aquatic plant management. The reality is, it is so heavily regulated by DEP and EPA and the labeling instructions on the herbicide. They do not have a lot of discretion.

Ms. Kassel stated I am in favor of adding something in the instructions to bidders to include that in the documents. I would also like to add something in the evaluation criteria to remind us that it is something to consider.

Mr. Evans stated we will note where possible and not in conflict with Florida Statute or other regulatory guidelines, they are to implement Florida Friendly practices.

Mr. Boyd stated my expectation is that the description they provide will be pretty general, but it will give you something to look at.

Mr. Qualls stated in the instructions to proposers, item 17H references F and it should be G. The rest of the comments have been incorporated into this RFP.

Mr. Boyd stated under item 17J in the instructions to proposers, we should include a specific list of forms they are required to submit. There are several forms, and some are for information only. To avoid confusion, we should include the list.

Ms. Burgess stated I will work with Mr. Boyd on itemizing that list.

Mr. LeMenager asked does this RFP correspond to the budget item for lake and wetland contracts for \$33,250 in the budget, and nothing else in the budget?

Mr. Moyer stated that is correct.

Mr. Evans stated we are looking to authorize the District manager to proceed with incorporating all the changes and solicit proposals. They can determine the dates.

Mr. Moyer stated we would target one of your regular meetings, and it will be no earlier than July.

Ms. Kassel asked is the contract ready to expire? Are we on a month-to-month basis?

Mr. Golgowski stated it is an annual contract but, subject to attorney's review, we can give a 30-day notice to terminate the contract.

On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, approval was given to RFP 2009-201 for aquatic maintenance services, as amended and discussed, to receive individual feedback from Board members, and to proceed with the RFP in order to present the results at the July 30, 2009, meeting.

Ms. Burgess stated the two documents that need to be changed are the evaluation criteria and the instructions to proposers. I would like to circulate those to the Board to make sure I have incorporated all your comments, along with review by Mr. Moyer and Mr. Qualls. I want your comments individually before we solicit for proposals.

Mr. Evans stated that is fine.

D. Use of Harmony Pool

Mr. Moyer stated we received a request from the Osceola County Sheriff's Office for use of the pool.

Mr. LeMenager stated my neighbor is a sheriff's deputy and works with the schools. They have a program where they have 30 kids a week, ranging from 10 to 14 years old, and they want to use our swimming pool for a few days because their normal location fell through.

Ms. Kassel stated it is only four days, and it is 2.5 hours for each of those days.

Mr. LeMenager stated we will have seven sheriffs supervising 15 children.

Ms. Kassel asked will they be putting up the \$250 damage deposit?

Ms. Snyder stated I think they need to follow the rules, just like everyone else. Will there be 30 per week?

Mr. LeMenager stated they do not bring them swimming all at once. Their camp is just down the road.

Mr. Evans stated they are requesting only four days. I recall there was some conversation about the swim team using the pool.

Ms. Burgess stated we have not received any formal requests for the pool other than from Susan McKay for the kindergarten and first graders.

Mr. Evans asked is Ms. McKay's group still using the pool?

Ms. Burgess stated they were here the week of May 15 and they were supposed to be here last week, but they got rained out. They requested to use the rest of this week, and they are finished until the fall. The dates requested by the sheriff will not conflict with anyone's previously approved request.

Mr. Tome asked are they requesting that pool not be used by residents at that time?

Mr. LeMenager stated no.

Mr. Tome stated the issue of the swim team came up. Over the holiday weekend, a coach or someone let 20 to 25 students in, and we do not know how many were residents or not. That is something for the Board to address and how we should address those complaints.

Ms. Kassel stated we limit the number of swimmers who come in to use the pool and limit the number of hours per week or month. The pool is for the use of the residents.

Ms. Burgess stated it should be indicated in the pool rules as to how many guests a resident can bring.

Ms. Snyder stated if no one is at the pool, it is not an issue. But it is if there is a planned activity or a birthday party.

Ms. Kassel stated someone can make a reservation months in advance but if a resident wants to use the pool at the same time, I think the resident should take precedence.

Ms. Burgess stated we do not take reservations for exclusive use of the pool. The only time we have done that is to honor Ms. McKay's request for kindergarten and first grade students taking swimming lessons. They may reserve the pavilion or the areas around the pool, but residents are free to come in and use the pool at any time.

Ms. Snyder asked does the swim team come in and use it early in the morning?

Ms. Burgess stated we do not have any information on that.

Mr. Tome stated it varies. It came up at a meeting last year and to recognize this was happening, the Board adopted rules as far as when and how people should use the pool. They were monopolizing the pool. A good portion of the students are residents.

Mr. LeMenager stated they all have the right to bring a guest.

Ms. Snyder asked have there been a lot of negative comments?

Mr. Tome stated we receive a complaint every other month where students are practicing.

Ms. Burgess stated the issue with the complaint we received was the coach was not present and they were using the furniture as diving boards.

Ms. Snyder stated I would put a stop to that.

Ms. Kassel stated if we have institutional requests for our facilities, I suggest they be approved on a different basis than residential requests. Perhaps we can have a different policy for institutional use.

Mr. Evans asked do we want to consider waiving the damage deposit for the sheriff's department?

Mr. LeMenager stated they asked if that could be waived. I responded to him that everyone else pays a deposit. They would get it right back and all we would need is a credit card number.

Mr. Evans stated the Board has the authority on a case-by-case basis to waive the deposit, and I suggest we waive it for the sheriff's department.

Mr. LeMenager stated I would support waiving it.

On MOTION by Mr. O'Keefe, seconded by Mr. LeMenager, with all in favor, approval was given to authorize the use of pool as submitted by the Sheriff's department, waiving the payment of the \$250 deposit.

SIXTH ORDER OF BUSINESS

Attorney's Report

There being nothing to report, the next order of business followed.

SEVENTH ORDER OF BUSINESS

Engineer's Report – Alleyway Pavement Condition Assessment

Mr. Boyd stated we submitted the alley evaluation at the budget workshop. It is our understanding that you want to proceed with the severe and moderate repairs in this fiscal year.

Mr. LeMenager stated originally the thought was just doing the severe repairs, but in this weather, moderate becomes severe quite quickly. I recommend that the low priority items be monitored.

Ms. Kassel asked is there any warranty on the repairs?

Mr. Boyd stated the contractor that is awarded the work would provide us with documentation, and I would expect it would be 12 months. Since this is under the bidding thresholds, I presume we will solicit for proposals.

Mr. Evans asked did Ms. Burgess receive the email to send the checks for the permits for the water extension line to Mr. Boyd.

Ms. Burgess stated yes.

Mr. Boyd stated we are substantially complete for the water extension line, and we are waiting to submit for the DEP permit.

Mr. Evans asked will you send that check directly to Mr. Boyd?

Ms. Burgess stated I will make sure that Mr. Boyd provides whatever accounting needs in order to cut the check.

On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor, approval was given to proceed to solicit proposals for alley repairs, as provided in the alley evaluation.

EIGHTH ORDER OF BUSINESS

Developer's Report

Mr. Haskett stated a skate park was presented at the last meeting and I did some research and got some input from the community. I looked at concrete versus modular construction, and concrete seems to be better way to go. The costs are higher upfront, but the cost of maintenance is minimal throughout its lifetime. You can buy prefab ramps, concrete prefab ramps and other components. I put a basic concept together for location and a general size. I suggest getting more residents involved who are skaters to see what components they want. I looked at the St. Cloud skate park and it gets very little use. It is a poor location, it is prefab metal ramps, and that is what sent me toward the skate plaza concept, which is a park plaza atmosphere with trees and various ramps on the side incorporated into the landscape theme. For location, there is a parcel called Lakeshore Park 2, across the street from the community school. It is 200 feet deep and 250 feet wide, which is ample space to start off with a small plaza area and can absorb it as it is expanded over time. This would be a good starting point depending on what the budget is and how we determine to fund it. I provided a general cost analysis based on using concrete and some components, site amenities for signage and landscaping and some site work, and my estimate is \$81,000. It would be a surface of 8,500 square feet.

Ms. Snyder asked is there a danger having it that close to the water? Or does it look closer than it really is?

Mr. Haskett stated it will be within 50 to 60 feet.

Ms. Snyder stated I know kids are skating in the school area, which they should not be, so this would end that problem.

Ms. Kassel stated I have some concerns about this. I have spoken with a number of residents and some of them have expressed concern that a skate park might be a haven for

undesirable activities. I do not know how we can restrict it from nonresidents using it. There may be older kids who can drive here and use it and then the younger kids would not be able to use it. I have heard there are undesirable activities going on in other skate parks. I would like to hear what some other communities' experiences have been so that we do not invite that kind of problem here.

Mr. Evans asked would that be any different from any other amenities we have here? Is this a different attraction?

Ms. Kassel stated yes, I think it would be. There are more basketball courts and soccer fields than there are skate parks.

Mr. Evans asked as far as a user profile, is it any different, other than kids being kids?

Ms. Kassel stated that is one reason why I want to hear from law enforcement or communities about their experience with skate parks. If they have had any problems, we will know about them ahead of time and can address them in advance.

Mr. Haskett stated I provided some research under Deciding Factors and it specifically addresses skate park problems. If you place it a distance from other amenities, that opens the door to undesirable activities. When you make it a plaza and landscaped park across from the community school, where children and teens are already, I think it is a great location. You should not have anymore foul-mouthed kids than what our swimming pools have.

Ms. Snyder stated we can also call the police when there is undesired activity, like we can for the parks and pool.

Mr. Haskett stated yes, like we do for anyplace else.

Mr. LeMenager stated I was thinking about a good place also, but I wonder if there is a way we can work with the School Board on this. If you think of the entire lot, the staff parking lot at the community school extends a ways at the school. I am not sure what they use it for, but it is just St. Augustine grass, so it is not any kind of sports field.

Mr. Tome stated it is Bahia and it is used by the school for various activities.

Mr. LeMenager stated if we want to make it a plaza, I wonder if we can go in with the School Board.

Mr. Haskett stated that would have a greater impact on the residents, as compared to across the street from the school would have less impact on the residents.

Ms. Snyder stated there are rules where the kids cannot go there after school hours. They do, but they are not supposed to.

Mr. Evans asked where will the money come from?

Ms. Kassel stated there is also noise for residents in that area. We are going to sell some custom home lots next to the school, and that is a lot of noise for those people.

Mr. Evans stated that is a valid concern. The first question is, where is the money coming from? If we do not allocate the funds, nothing else matters. In the capital improvement fund, we have \$258,000 left for capital improvements, and this will fall under capital improvements. The water line extension will cost about \$200,000 which leaves us with about \$50,000. If this skate park is proposed at \$85,000, we will have a shortfall of \$35,000 from the capital fund that will have to be picked up from projected carry-forward surplus. We can take funds from the operating budget and allocate them for a capital improvement, but you cannot take capital funds and use them for operating or maintenance costs. If the Board decides we want to do this, we could allocate \$50,000 to come from the capital fund and the balance from general fund. We are forecasting a certain savings from this year.

Mr. Moyer stated with the adjustments we made to the budget, it will be about \$40,000.

Mr. Evans stated you will be taking that \$40,000 carry-forward surplus to factor into next year's budget. If we are going to spend that \$40,000 this year, we will not have that to carry into next year's budget.

Ms. Snyder stated we were also discussing improving the surface on the basketball court. Is that a capital expenditure? It is pretty severe at this point.

Mr. Evans stated it will come from the maintenance account since it is already built. If you want to resurface the basketball court and you have carry-forward surplus, you can direct the manager not to factor in any carry-forward surplus that is derived from the 2009 budget into the 2010 budget and that those funds be utilized to supplement other maintenance items during the course of this fiscal year. We can commit those funds to do the resurfacing of the basketball court now. We are already taking some of those funds to do the alley repairs. After we allocate \$40,000 for the alleys, there will be about \$40,000 left. Financially, we can do this, so we have overcome the first hurdle. We also have a location, but if it is the right location is up for discussion.

Ms. Kassel stated some residents want a skate park but other residents will want other amenities. If we spend money on a skate park, then we have nothing left for any other projects coming to us.

Mr. LeMenager stated Mr. Evans made an extremely good point at our budget workshop. There is nothing left in the capital fund, but the entire east side of the CDD has no amenities. We need to think in terms of long-term capital projects. We are not broke, but I do not think we can hide from the fact that there is a significant recession going on and we are still a community of about 1,000 people. I think it is a wonderful idea but I question whether or not it is fiscally responsible for us to add another \$80,000 improvement, given where we are with our finances.

Ms. Snyder stated I do not want to drain everything, knowing what the recession is bringing and when we are trying to keep assessments at no increase. Is there any possibility of bringing the total down?

Mr. Haskett stated I do not think that would be a wise choice to do. This is a minimal size that will be used. You do not want to spend \$40,000 on an amenity that will not get used.

Mr. Evans stated kids will be kids. We are a family community. We have the best schools in the State. These kids need a place to play. This amenity will benefit all the residents and all the families who are here, and it keeps them out of the town square. I have had to ask them to keep their skateboards off the benches. For the most part, they have been understanding. If we provide this amenity, we will not have any money left in the capital fund or the operating budget. In this current year, our budget is pretty tight. From the capital fund, after we do the waterline, we will be able to allocate about \$50,000 for a capital improvement. But we cannot fund just part of it. The balance will have to come from and be authorized by the Board to come out of the carry-forward surplus derived from this year's budget.

Mr. Moyer stated as a practical matter in terms of the timing of this, we still have 10% uncollected non-ad valorem assessments. The monies we are talking about assume we collect everything. If you want to do this, I encourage you to wait to see what we collect from tax certificates. We do not actually have the cash at this point.

Mr. Evans stated I suggest we direct the manager not to factor in projected carry-forward surplus, which is still speculative, into the 2010 budget. So that means we do not have the money at this time.

Ms. Snyder stated it is too close to tell.

Ms. Kassel stated unless we can scale it down or as an added amenity to help sell lots, see if the developer will share in some of that cost.

Mr. Evans stated I do not think that will happen.

Mr. LeMenager stated it is not financially prudent to do at this time. It is a terrific idea but where will money come from? That is my problem.

Mr. O'Keefe stated I suggest we postpone the conversation on this until we receive all our assessments, and then see where we stand.

Mr. LeMenager stated until we know we have the money, we do not have the money.

Mr. Evans stated by the budget hearing in August, we will know what assessments have been collected and we will know how much the water line extension will actually cost.

Mr. LeMenager stated we are estimating the waterline to be about \$200,000. If they get in there and find problems, it will cost more. We have to finish the waterline.

Ms. Kassel stated we also talked about putting in a boardwalk, and there will not be funds for that.

Mr. Boyd stated we are not anticipating that being a CDD project at this time.

Ms. Kassel stated it is a capital improvement and a number of us liked the idea.

Ms. Snyder asked did you go to several companies to see what the proposal would be?

Mr. Haskett stated I have not done proposal pricing but I just provided some estimates on concrete work and components to get a general idea.

Mr. LeMenager asked is there anything we can do behind the basketball courts?

Mr. Haskett stated I recommend waiting before you commit any funds. There are some unknown factors with Osceola, whether or not it will require a CDP plan. That has to be factored into the amount of money needed, as well as design professionals preparing the design or we could project manage it and design it ourselves.

Mr. LeMenager stated for any proposed amenities, the proposal has to include a funding source. The capital budget is gone and I do not think we want to do a bond issue for a while.

Mr. Evans stated I suggest we table this until the August meeting when we have a better idea on cash flows. It is too unpredictable at this point. I compliment Mr. Haskett on the work you did. The exhibits were great. I do not question the desire from the community or the need for such an amenity, but unfortunately, we do not have the funds at this time.

Mr. Haskett stated regarding the clover leaf climber at Lakeshore Park playground, I contacted Game Time, who is the manufacturer. They sent the replacement part and it is operating again. At the swim club, there was an issue of the gate being secure where people were popping the gate. I met with a resident who provided a proposal for \$350 to modify the gates. We removed one gate on Five Oaks that was not being used and we moved it toward the alcove at the swim club, ten feet from where the original gate was. This allows us to secure it on both sides of the building. It is more secure now. The setup is similar to Ashley Park.

Mr. LeMenager asked were we going to discuss the REW invoices?

Mr. Evans stated they made their recommendations that they provided to the district manager. They still need to meet with REW to reach an agreement to determine whether REW is in agreement with that.

Mr. Haskett stated we have a good working relationship with REW through the Development Company that we do not want to jeopardize. Would the District Manager be willing to negotiate these with them?

Mr. Moyer stated the problem is that we do not have direct knowledge of what they did or did not do. One way is to take the recommendation of the field staff and make the payment. If they disagree with the payment, they will come back to the Board with a request for additional compensation. Then they will show up at a meeting and then we can discuss it with them.

Mr. Tome stated our approach was this is not a negotiation and this is what you are getting paid.

Mr. Moyer stated we will state that the acceptance of this check finalizes your contract and you agree with this amount. If they sign the release, that is fine. If they do not, they have recourse to come back.

Mr. LeMenager stated we will approve this next month.

NINTH ORDER OF BUSINESS

Monthly Boat Report

Mr. Belieff reviewed the monthly boat report as contained in the agenda package and is available for public review in the District Office during normal business hours.

TENTH ORDER OF BUSINESS

Supervisor Requests

Ms. Kassel stated the landscape company just started. Will their monthly report begin next month?

Mr. Haskett stated yes, according to their contract.

Mr. LeMenager stated they just started but they sure showed up with a lot of people, just as they said they would. It sure seems like a great start.

Mr. Haskett stated the learning curve will take some time since it is a large property, and I spend two to three hours a day working with them to make sure things are covered, doggie pots are monitored and finding the right liners. It will continue to get better.

Ms. Kassel stated there are a number of bags missing.

Mr. Haskett stated the contract states that they provide the bags. They got one size and they needed to order some additional sizes. They should be here in a week.

Ms. Kassel stated I would like to request that Mr. Belieff regularly check those and let Mr. Haskett know if they need replacement. They run out quickly.

Mr. Belieff stated I am trying to keep up, and they do go quickly. Some residents will take several at a time.

Ms. Kassel asked what is the status at the dog park on replacement of the trash bins and a place for water drainage?

Mr. Haskett stated I have not gotten to the water drainage issue. I have a contractor coming to replace soffit material. We are replacing a couple garbage cans and trying to find a different source for garbage cans that will be less expensive than \$600 or \$700. I will research those items and bring them to the Board at a future meeting.

Ms. Snyder stated I had a request last week on resurfacing the basketball court.

Mr. Haskett stated I have not gotten to that yet but I expect to have proposals at the next meeting.

ELEVENTH ORDER OF BUSINESS

Audience Comments

Mr. Steve Berube asked regarding the electric budget, is that purely for electricity or is there more involved in that?

Mr. Evans stated it will be about \$370,000. The District signed a long-term lease agreement with OUC that provides for utility insulation, poles, lights, replacement of bulbs, and electricity. It is an entire package and it is an amortization of the capital expense for installation, and the electricity that goes with it.

Ms. Kassel stated the developer reduced their own expense by having the utility install everything and we essentially have a mortgage on the lights.

A Resident stated I would like to speak in favor of amenities such as the skate park. I think it is an excellent enhancement to the community overall. It adds to the attractiveness of the community. There is nothing better than for kids to have places where they can interact in a cooperative manner. I hope you do not let that concept and others like it go away forever.

A Resident stated I am thrilled with the drainage after all this rain. I would like to know if we had twice as much rain if they would have worked as well.

Mr. LeMenager stated they worked extremely well during Hurricane Fay.

Mr. Boyd stated we received 14 to 16 inches and the ponds were designed to handle 14 inches of rain over a three-day period. Beyond that, the wetland areas will rise. Once the wetlands rise up, then they are inhibited by the surroundings. The fact that we have not seen that happen leaves me very confident they will operate efficiently. The development has been raised high enough that even if the ponds overflow, all of your lots should be safe.

TWELFTH ORDER OF BUSINESS

Adjournment

The meeting adjourned at 10:35 a.m.

Gary L. Moyer, Secretary

Robert D. Evans, Chairman