

MINUTES OF MEETING HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, August 27, 2009, at 6:00 p.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

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Ken vanAssenderp	Attorney: Young vanAssenderp, P.A.
Steve Boyd	Engineer: Woolpert
Brenda Burgess	Moyer Management Group
Greg Gologowski	Harmony Development Company
Shad Tome	Harmony Development Company
Tim Nicholson, Sr.	Luke Brothers
Jim Kennedy	Luke Brothers
Residents and members of the public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Evans called the meeting to order at 6:05 p.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 July 30, 2009, Meeting

Mr. Evans reviewed the minutes of the July 30, 2009, regular meeting, and asked for any additions, correction, or deletions.

Ms. Kassel stated page 9 should reflect the District had all trees trimmed earlier this year. Page 13 third paragraph from the bottom should read “they” provide a proposal instead of “them.”

On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, approval was given to the minutes of the July 30, 2009, regular meeting, as amended.

THIRD ORDER OF BUSINESS

**Public Hearing to Adopt Fiscal Year 2010
Proposed Budget**

A. Fiscal Year 2010 Proposed Budget

Mr. Moyer stated our budget is broken into administrative, field, landscaping, utilities, and operation and maintenance activities of the District. The budget is put together by management every year. We look at our contracts and the expenditures that we incurred for the same or similar line items in this fiscal year, make reasonable estimates of what will happen next year in terms of cost increases, and then extrapolate that to what the line items should be for the coming fiscal year. Our fiscal year starts on October 1 and ends September 30, as with all municipal governments. The conclusion is we are not proposing that the assessment that the District levies on your property increase this year at all. It will not be any different than what it was last year and it provides the necessary funds to operate and maintain the District.

Mr. Evans stated we appreciate the public attending the meeting because these meetings can be very informative for everyone. There were a number of meetings and a workshop relative to the budget, where we looked at all current expenses and projected expenses, planned expenditures and we examined them on a line-by-line basis. It is a very comprehensive budget and we broke it down into detailed categories. We even track every water meter and light meter so we have a good handle on where our actual expenses occur. This project has a track record of operation and maintenance expenses because of the life of the project.

Mr. Evans stated I will open the public hearing.

Ms. Kassel stated one thing about this budget is, we took considerable care to make sure there was enough reserve in case we ran into an expense, we would not have to charge an additional assessment, while still not raising assessments even one cent. We are trying to be fiscally responsible with your money so that you get the quality, services, and facilities that you want while still looking to the future to make sure we have enough in case something happens and still not raising assessments.

Ms. Carla Poirier stated the operations and maintenance talks about roads and alleys. What are you budgeting for? Our roads are a mess and I cannot imagine any of the road repairs would be only \$40,000.

Mr. LeMenager stated we have a proposal we will discuss later in the agenda for numerous alley repairs. The good news is that \$40,000 is more than the bids we received.

You are correct, repairing the alleys and sidewalks are key to maintain. The streets are County maintained.

Mr. Moyer stated the roads are not our responsibility but the alleys are our responsibility.

Ms. Poirier stated the alleys are falling apart, which is caused by the construction vehicles going in and out. Are we going after construction companies to pay for repairing our alley? There are still trucks going up and down my street and they are causing damage to personal property as well as the roadways.

Mr. Evans stated we will always have traffic coming in to build homes plus the trash collectors. Trying to assess an individual entity for wear and tear is virtually impossible.

Ms. Poirier stated I understand that we are responsible for all the ponds on the property, including the ones on the golf course.

Mr. Boyd stated all the ponds on the property, with the exception of one near the golf maintenance building, are part of the master drainage system that serves the entire community and the Harmony CDD. The ponds closest to the neighborhoods drain the neighborhoods and the roads and the overall wetland system into Buck Lake. They all work together as a system because they are storing 100-year flood storage. We are treating the water so it is clean when it gets to Buck Lake. The CDD has an easement over the portions of the golf course that has those lakes. In the event the CDD has to take corrective action, we have the right to enter onto the golf course to maintain those ponds.

Ms. Poirier asked have we put money aside for hurricanes?

Ms. Snyder stated we did that a couple years ago.

Mr. Evans stated we had a carry-forward surplus one year. Within our budget, we estimated the amount of money we are going to need but because some of the infrastructure was not completed at the time we thought it would come online, we had excess money at the end of the year so we setup a reserve account for that. We also have a self-insurance fund of \$50,000, which helps reduce our insurance premium. We have reserves to do some repairs after a storm event.

Mr. LeMenager stated at the end of the general fund budget, there is a line showing the ending fund balance. We are expecting this year to have just over \$400,000. Next year, assuming we do not have any extra operational expenses, we expect to end up with

about \$440,000, which is not specifically earmarked for anything. That is what Ms. Kassel said about trying to be fiscally responsible in case something does happen.

Ms. Kassel stated a large percentage of that money is going toward the first three months of expenses because of a time lag when our assessments are received. It looks like we have a huge amount of money but a lot of it goes for our bills for the first three months before we receive assessments from the tax collector. We need that cushion for working capital. In regard to the ponds and paying for the cost of maintaining the ponds on the golf course, the golf course pays assessments to the CDD and they are paying us for services they receive.

Mr. LeMenager asked is that a correct statement?

Mr. Tome stated they pay about \$60,000.

Mr. LeMenager asked is that reflected in the District-collected assessments?

Mr. Moyer stated yes.

Mr. vanAssenderp stated I will differentiate taxes from assessments. Taxes are automatically liens. Special assessments have to go through the process to be liens to protect the property owners. We levy assessments. They are compulsory, but the difference is, as this Board has done, you can determine as viewed by the court whether or not there is a basis for the lien. You never do that with a property tax. With assessments, you have to go through the determination of whether or not it is a lien, have the State attorney and the judge review it, and this Board reviews it on a continuing basis. That is why they are more democratic than just property taxes that are automatically a lien. The reason we have the tax collector collect them, there is no automatic loss of property for failure to pay, which is because of the tax laws in Florida. If someone is delinquent, a tax certificate is sold and someone else pays that delinquent person's taxes or assessments and there is no automatic loss of property for a minimum of two years.

Ms. Poirier stated I do not see anything provided for the new wood fence at the front of the property so I do not know where it is incorporated in the budget.

Mr. LeMenager stated that fence is on private property.

Ms. Kassel stated we pressure wash the white plastic fence that runs along U.S. 192.

Mr. Moyer stated that maintenance activity is included in R&M Hardscape Maintenance for \$10,000.

Mr. Winnie Tolentino asked what is the contract for lake and wetlands?

Mr. Evans stated we have to provide treatment on the lakes to treat aquatic plants. That is for the Bio-Tech contract we just awarded. We have to spray for invasive weeds and algae on the ponds.

Mr. LeMenager asked is the new contract amount included in the budget?

Mr. Moyer stated no, it is not.

Ms. Kassel stated the contract amount is lower than what is budgeted by about \$10,000.

Mr. Evans stated we just went to bid for aquatic plant maintenance, and when we prepared the budget, we based it on the original contract. When we rebid that contract, we were able to generate additional savings but we did not lower that amount in our budget.

Ms. Poirier asked are all ponds done at the same time or do they just spot treat them? I have seen some that are in good shape but others look terrible. They have algae growing into the pond about three to four feet.

Mr. Golgowski stated they visit the ponds at least monthly.

Mr. Evans stated a lot of that has to do with the volume of the flow that goes through the lakes. The larger bodies get more flushing because of greater volume.

Mr. LeMenager stated we get a full list of any complaints that you provide through the website or call in, so we encourage you to report problems. It is the primary way that we actually know what is happening.

Ms. Kassel stated it is how we track how things are dealt with. Please call, go on the website, or send an email. That way we know what is going on and can deal with it.

Mr. Tolentino stated those ponds have been overlooked for a while, especially by the dog park.

Mr. Golgowski stated that shoreline growth is not algae. It is a submerged plant that is hard to get at because it is submerged. It grows up and forms a mat, we spray it and it dies. It sinks down and then grows back. It is an ongoing maintenance issue. Most of the ponds have that.

Ms. Kassel asked is there trash in your pond?

A Resident stated yes, although I do try to get some of it.

Ms. Kassel stated that is another issue for the aquatic contractor.

Mr. Golgowski stated we are in the process of changing aquatic contractors, and the current one is probably winding down although we are working to keep them working

diligently until October 1. We asked the new contractor to look at ponds in a systemic fashion instead of applying chemicals to them individually month after month. I hope we will have a better result.

Mr. Evans stated hearing no further comments, I will close the public hearing.

B. Consideration of Resolution 2009-5 adopting the budget for fiscal year 2010

Mr. Evans read Resolution 2009-5 by title into the public record.

On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor, approval was given to Resolution 2009-5 adopting the budget for fiscal year 2010.

C. Consideration of Resolution 2009-6 levying the assessments for fiscal year 2010

Mr. Evans read Resolution 2009-6 by title into the public record.

On MOTION by Mr. LeMenager, seconded by Ms. Kassel, with all in favor, approval was given to Resolution 2009-6 levying the assessments for fiscal year 2010.

FOURTH 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.

Mr. Moyer stated we still have a small amount of assessments that have not been collected, about \$15,000 short that are still subject to tax certificate sales. We will monitor and track that. Overall we are in good shape with the expenditures and we expect to have a pretty good fund balance at the end of the fiscal year.

Ms. Kassel stated the off roll special assessments are under budget by \$76,000 because of a time lag.

Mr. Moyer stated yes, it is that way every month.

Mr. LeMenager stated we are getting basically zero interest, 0.01% on \$3 million. While recognizing we need to be conservative with the public's money, can we do better? We have \$3 million in reserves in debt service and capital projects funds. What can we do to get a better return? What are our legal alternatives for investing these funds?

Mr. Moyer stated there is a trust indenture, and under permitted investments, there is a list of what the trustee can invest in. I will look at that. They are investing in what they consider to be very secure investments that are not subject to investment risk. I agree

0.01% is unreasonable. We will communicate with trustee and try to get them to be more aggressive within their permitted framework.

Mr. LeMenager stated clearly we have to protect the public's money, but surely we have to do better than .01%.

Mr. Moyer stated as it relates to the general fund, we are pursuing a program called Certificates of Deposit Account Registry (CDARs) where we invest the operating money in CDs that are guaranteed by FDIC. We will probably do that in layers so the maturities come due in 3-month, 6-month, and 9-month increments. We will have those funds, as they come due, to pay operation and maintenance costs. By doing that, we will go from .25% to perhaps 1.5%, depending on maturities. It is not a lot of money with these interest rates, regardless of what we do, but we should do what we can. That is a program that our accounting staff has pursued and it does make sense. We will get a little more interest and it is fully guaranteed by FDIC.

Ms. Kassel stated as long as it does not affect our liquidity.

Mr. Moyer stated that is why we will layer the maturity dates so we have monies available to pay our bills.

B. Invoice Approval #112 and Check Run Summary

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

Ms. Kassel stated thank you for totaling the KUA and OUC amounts by vendor. There were a few that were not totaled in our emailed invoices.

Mr. Moyer stated I will provide you with my copy so you can have the totals.

Ms. Kassel stated the Advanced Marine invoice is for the boats, but there are other things for boats that are scattered throughout. For Home Depot and NAPA Auto Parts, they are small amounts, but I would like to get a better idea of what we are spending for the boats. I can add it up myself but I do not always know what is for boat repairs.

Mr. LeMenager stated the check run summary takes the invoices and relates them to the specific line items in the financials. This is a new addition and I think it is terrific.

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

C. Meeting Schedule for Fiscal Year 2010

Mr. Moyer stated we are proposing to continue with the last Thursday of each month. We have identified one evening meeting for the budget hearing in August. The Board

previously discussed having periodic evening meetings, and it is appropriate to discuss that as part of this schedule.

Mr. LeMenager stated I thank everyone for attending. It is a great turnout. I do not think we need to have evening meetings every month, but I hope it is useful for the public to understand how we operate the community. I suggest we have an evening meeting once a quarter.

Ms. Snyder stated I was wondering if we can combine our evening meetings with the HOA meetings so that people attending the HOA meeting might be willing to stay for the CDD meeting.

Mr. LeMenager stated that is a good idea.

Ms. Kassel stated I prefer evening meetings because more people can attend.

Mr. Evans stated I suggest we try quarterly meetings in the evening at 6:00 p.m. and try to coordinate with HOA meetings. We can always adjust it if we need to.

Ms. Snyder stated it depends on when the HOA meeting is. Could we have the CDD meeting first and then the HOA meeting?

Mr. vanAssenderp stated yes.

Ms. Kassel asked can we add two more days instead of just quarterly for months when people are more likely to be available, meaning not during the summer and not during the holidays. I suggest adding January and September because people are back to work and more likely to attend. That gives them half the year to be able to attend an evening meeting.

Mr. Evans stated the next meeting is September 24.

Mr. LeMenager stated if we have quarterly meetings, they would be November, February, May, and August.

Mr. Evans stated let us try that schedule. We can always amend it.

Mr. LeMenager stated I think it is important for the budget hearing to be at night. This year it was very short, but it is an important hearing for the public to attend and important to have it at night. Just go every three months from August for quarterly meetings, which means we will not have them in the summer when people are on vacation.

Mr. Evans stated the recommendation is to have meetings at 6:00 p.m. for November, February, May and August meetings.

Ms. Kassel stated I would like to add two more dates. I approve of those four dates but I would like an extra two days. How will that affect my vote?

Mr. LeMenager stated we can add them later.

Mr. vanAssenderp stated on this motion, you can vote against this motion, you can raise your own motion, or you can move to amend the motion to include yours.

Ms. Snyder asked will we eliminate monthly meetings?

Mr. Evans stated no.

Ms. Kassel stated we will continue to have monthly meetings but those four meetings will be at 6:00 p.m. I would like to add January and September to the other four meetings so we will have six evening meetings instead of four. I know this is the budget hearing, so perhaps there are more people here because of that, but there are many more residents than we normally get during our morning meetings.

Ms. Snyder stated there are more people here tonight, but every other evening meeting, it has been the same number of people as during morning meetings.

Ms. Poirier stated the last meeting I attended, it was summer and only a few people were present. Many people are frustrated because they cannot attend, and we have asked for five years to have more evening meetings. If you have more evening meetings, I think more people will show up.

Mr. LeMenager moved to approve the meeting schedule for fiscal year 2010, as amended to have meetings at 6:00 p.m. in November, February, May and August.
There being no second, the motion dies.

On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor, approval was given to the meeting schedule for fiscal year 2010, as amended to have meetings at 6:00 p.m. in November, January, February, May, August and September.

D. Public Comments/Complaints

Mr. Moyer stated this item is the complaint log that was included in your agenda.

Mr. Evans stated I think this log is very nice to include.

Ms. Kassel stated I see there are complaints from May. Does that mean they are still unresolved and that is why they are still included?

Mr. Moyer stated I indicated that we would keep a running log and we started providing this information since May, unless you want only the previous month's activity.

Ms. Kassel stated I would like you to include this because it is good to see them over a period of time. A number of them are for landscaping, and the chinch bug problem is being addressed.

Mr. LeMenager stated we did receive fewer complaints.

Ms. Kassel stated last month we had 32 complaints and the complaints from August 3 to August 17, should have added at least ten more but there is not a total of 42 complaints. Not all of the complaints from last month are included in this month's list.

Ms. Burgess stated if they were completed on the log you received last month, then I deleted them for this month. If you do not want me to do that, then I will not delete them.

Ms. Kassel stated I would like to keep them on this log for a quarter.

Mr. LeMenager asked if something is still on here from May, that means it is not completed yet?

Ms. Burgess stated it might not. We need to check in with Mr. Tome and Mr. Haskett on some of these older items to see if some of them have been completed.

Ms. Snyder stated I would like to keep them on for a running quarter.

Mr. LeMenager stated we did receive a request from someone who is asking for restitution to replace his own grass because the chinch bugs jumped over the sidewalk. I also noted that someone on Primrose Willow decided they can strip the grass off the CDD property and put in a garden.

Mr. Moyer stated we received a permit application from the Harmony Community School to do their water safety instruction for kindergarten and first grade, which the Board approved last year. This year, the fall dates are October 5 through October 16 from 9:00 a.m. to noon. I presume the Board would want to do this again since you approved it last year. Since I just received it today, I want to bring it to your attention.

Mr. LeMenager stated it is a wonderful program. It is exactly what we want to do with our community pool.

Mr. Evans stated I think it is an excellent idea. Is there any action the Board needs to take?

Mr. Moyer stated I will go ahead and issue the permit, as I do with other permits.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. vanAssenderp stated the Florida legislature added more disclosure requirements on Mr. Moyer in his role as an administrative officer for Districts. It is more disclosure to the public for financial information. There were some other amendments to our charter that do not relate to this District.

Mr. Evans asked do the changes deal with new audit requirements, or are those the same? Does this new law impact any procedures?

Mr. vanAssenderp stated the audit requirements for this year stayed the same.

Mr. Moyer stated the new law says that the chief administrative officer of the District is subject to the same financial disclosure that you Board members are, which I have been doing voluntarily for many years because I thought it was good public policy.

B. Engineer

Mr. Boyd stated we received bids for the water line extension on August 18. We received nine bids. I took the three lowest bidders and summarized them in a bid tabulation that was distributed to the manager, the attorney and the Board. I emailed a memorandum earlier today that discussed the two lowest bids. We identified a few concerns with the lowest bid. One, they did not include a wet tap in their bid on the existing water line. Two, they did not include a TWA maintenance bond. Three was related to their cash reserves of \$2,000, which seems extremely low. After I prepared that memorandum, I spoke with legal counsel, and he informed me that because there were two substantial items left out of their bid—the bid bond and the wet tap—we have to consider that bid as non responsive. Jr. Davis is the next lowest bidder at \$97,774. The bids that came in are below the public bidding threshold.

Mr. LeMenager asked are you familiar with Jr. Davis?

Mr. Boyd stated yes, they performed not all but most of the infrastructure work for the CDD so they are familiar with the project. They did the underground work for neighborhood E, which is where this water line will connect to.

Ms. Kassel stated in your memorandum, you showed the various bids listed and then you showed the engineer's estimated cost at the bottom.

Mr. Boyd stated we included that for information only. We provide our estimate of what the cost will be, and our total estimate is \$136,277 for fixed costs. Most bids came in under that but a couple came in over that.

Mr. LeMenager asked does this mean that the \$227,000 in our capital projects fund will not be eaten up by this project? Is that a fair statement?

Mr. Boyd stated that is a fair statement.

Mr. LeMenager stated we still have some engineering work that will come out of the capital account. Does the \$227,000 reflect the work that you have done so far?

Mr. Moyer stated anything that has been invoiced has already come out of the capital projects fund.

Mr. LeMenager stated we still should have something left in the capital projects fund.

Mr. Boyd stated you will have more than we anticipated.

Mr. Evans stated there are some line items that are not included in the Jr. Davis contract, including preparing a survey for the easement. With the easement preparation, we will need legal documents to be prepared, there will be a conveyance, and there will be a transfer of the finished utility to Toho Water Authority. There are some things that are outside of this contract, but not many that will still be charged against the capital account.

Ms. Kassel asked do you have an estimate of those additional costs?

Mr. Boyd stated I do not have that number now, but I can provide an estimate.

Mr. LeMenager it looks like we can complete this entire project with what is left in the capital account, and it will not cost us anything beyond that.

Mr. Boyd stated that is correct.

On MOTION Mr. LeMenager, seconded by Ms. Snyder, with all in favor, approval was given to award a construction contract to Jr. Davis for the water line extension project in the amount of \$97,774.
--

Mr. Boyd stated at the Board's direction, a couple months ago, we prepared a condition assessment of the alleys. That information was turned over to the District manager, who obtained prices to have the severe and moderate conditions repaired. Two prices were obtained: Albritton Williams for \$20,670 and Jr. Davis for \$22,879.03.

Mr. Evans stated it is my understanding that there are other areas that may need attention in addition to these.

Mr. Boyd stated there are a couple areas in addition to the alley assessment condition report, primarily due to garbage trucks and the turning radiuses. Those conditions are a

little bit more severe. Our thought is, because of the condition of the alleys in those locations and the fact that Jr. Davis constructed them, they are best equipped to make those repairs. Both prices are well under what we anticipated them being, and we recommend Jr. Davis do this work. They have knowledge of the property and the alleys, and they will already be on site since you awarded them the contract for the water line extension so mobilization should be less.

Mr. Evans stated some of these areas have heavy construction traffic in certain areas. Did you look at enhancing these areas with a concrete header curb that will be more beneficial than just asphalt?

Mr. LeMenager asked where will we still have construction traffic?

Mr. Tome stated it is with the garbage trucks, especially in Birchwood and Cypress. There are triangle parks in the alley and the turning radius is very tight. We recommend those two locations to do a concrete header curb which should help because you will not wear the asphalt as they make the turn.

Mr. Boyd stated we have looked at those conditions and we believe that is the proper repair. The condition assessment did not necessarily specify that those areas be repaired with concrete. We would like to go to the firm that is awarded this work and amend the scope to repair those areas with concrete.

Mr. Evans stated in the neighborhoods with these problems, Jr. Davis installed all the infrastructure and is most familiar with that infrastructure in those neighborhoods.

Mr. LeMenager stated that begs the question of why they did not do a better job the first time.

Mr. Boyd stated that relates to the fact that the types of problems you are seeing in the alleys now are not unusual for the age of the alleys and the type of traffic they are getting. In an ideal world, you would not have these types of repairs, but they are not abnormal for alleys that have been in place for as long as these have. In a couple locations, it is not necessarily the contractor's fault; it is the trucks moving through those alleys. Even though they were laid out in a manner where trucks could negotiate those turns properly if they are being careful, they are just not being careful and they are driving off the edge of the asphalt, which causes the asphalt to break apart and then eventually wash away as you get heavy rains.

Ms. Kassel stated they drive fast. I called them to say I was going to call the police if they did not control their drivers and have them slow down. They go so fast, they are tipping going around the curve. The response I received was not satisfactory, to say the least, from the customer service representative.

Mr. Moyer stated Celebration has a lot of alleys and we are faced with the same problems. The garbage company even has special trucks for the community.

Mr. Evans stated these alleys were built before the homes were put in, so those alleys have been subjected to the vast majority of construction of these homes. Those neighborhoods are pretty well built out. I think now is the most prudent time to do the repairs that are necessary.

Mr. Boyd stated there are two or perhaps three additional areas that we will want to add to this scope of work.

On MOTION by Mr. LeMenager, seconded by Ms. Kassel, approval was given to award a contract to Jr. Davis for the alley repairs, as presented, and to authorize the engineer and the manager to approve subsequent additions for other impacted areas, as needed.

Mr. Boyd stated there was one condition of a sidewalk that came to our attention on Schoolhouse Road, and the District manager's staff has since repaired that area. Mr. Tome alerted me to another area on Five Oaks Drive near the hay sculpture. There is a new piece of sidewalk that caved in, and it is close to the OUC box. The repair effort was made there but because of the way the box was built, it is still not in a satisfactory condition. We would like to look at taking out a couple panels and having them repoured.

Mr. LeMenager asked is the OUC box settling? Is that the problem?

Mr. Boyd stated no, the OUC box is not moving and it has not settled. The sidewalk is slightly lower. The repair was to shave off the edge of the box to create a smoother transition, and it is better than it was but it is still a bit of a hazard. The fact that we will have to take out a panel anyway because of the other problem that is a few feet away, I think it would be prudent to do both areas.

C. Dockmaster/Field Manager

Mr. Golgowski 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.

Ms. Kassel asked are the dog park improvements the field manager's responsibility? I discussed with Mr. Haskett about five months ago some kind of drainage or something to drain a pool that we use to cool down the dogs. It gets dirty very fast so we have to dump it and refill it. When we dump the water, it becomes a muddy mess and the dogs start to dig there. I discussed with Mr. Haskett putting in a concrete pad or pavers or something to have a surface where the water can drain out under the fence so it does not create a mud pit in the park where people are walking and where dogs will create a big mess. It has not been addressed and I know Mr. Haskett has been busy with a lot of things.

Mr. Tome asked are you asking for someone to pour the concrete or to find someone who is a contractor to do the work. We are not skilled to lay concrete, but if you commission us to find someone, we will research that.

Ms. Kassel stated Mr. Haskett talked about using paving stones, but I do not know if they will be durable. I cannot imagine it would be very expensive to have a concrete pad with a drain in it to accommodate this.

Mr. Tome stated we offered pavers because we had excess pavers available.

D. Landscaping – Luke Brothers

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

Mr. Nicholson stated we have been combating the chinch bug problem throughout the property. This is the worst year for chinch bugs throughout the State. It is hard to get a handle on it because the heat index and humidity index have been high, which is an ideal situation for chinch bugs. Unfortunately, when they nest, they can eat 400 square feet in less than 48 hours. If they land on Thursday or Friday evening in an area, because the grass is under so much stress, by Monday you will have a large area eaten up. We are combating them by doing a blanket treatment as opposed to spot treatment, which we did in the beginning. A blanket treatment allows me to get the chemical in the grass to avoid the activity.

Mr. Evan asked is it true that by the time you see grass dying, it is already too late?

Mr. Nicholson stated yes. Considering a chinch bug is the size of a head of a pin, it is hard to know until the activity is there. You can address it within 24 hours, but that still is not enough because the gestation period is five to six weeks that you have to address.

Mr. Evans stated obviously we have a problem and we are addressing the problem now. Going forward, is there some kind of preventive maintenance approach?

Mr. Nicholson stated yes, in March 2010, we will do a total blanket treatment throughout the property to avoid any activity right away. We will monitor it with different types of chemicals.

Mr. Evans stated right now is more of a reactive approach.

Mr. Nicholson stated yes and it is somewhat preventive. We do not know they are there, until we see the damage.

Mr. LeMenager was that Luke Brothers on Cat Brier taking out large sections and replacing sod?

Mr. Nicholson stated no, that is a company we hired to do that work. We have our daily routine that has to be accomplished, and I cannot allow that to interfere with our regular maintenance, so we hired a subcontractor to do sod work.

Ms. Snyder asked when you speak of the rest of property, are you talking Harmony or the perimeter streets?

Mr. Nicholson stated I am referring to everything, some we are responsible for and some areas we are not. I am working with Mr. Tome, Mr. Haskett and Golgowski on the other areas.

Ms. Snyder stated we discussed working with the HOA to see about a blanket treatment on the properties.

Mr. Tome stated on behalf of the HOA, we hire Greer to perform self-help work. If it is a situation where it is self help and they notice there are issues with chinch bugs, they can do the applications, but only if it is self help. If you are mowing the lawn but you are not treating bugs, they will not treat those properties because it is not considered self help.

Ms. Snyder stated I thought we talked about going through once and doing this treatment.

Mr. Tome stated it was a discussion but I do not recall receiving authorization to do that. I do not have a cost to do this work.

Mr. LeMenager stated Luke Brothers is telling us that March is the best time to do it. Clearly we can treat our property, but perhaps we should try to coordinate something or offer a deal for home owner's properties. Right now it is a piecemeal effort. We need a

coordinated effort and it sounds like March is the time to do it. We cannot spend any money on private property but there should be some way that we can encourage people to buy this service at a discount because the landscaping staff is here and all the chemicals are here. It saves money in the long run because the bugs do not jump the sidewalk onto our property.

Ms. Snyder stated if all the property is not done, it will be a continual issue where they go to your neighbors and down the line.

Mr. Nicholson stated that is correct.

Mr. Moyer asked if I am a home owner and I want to be responsible so I have a company treat for chinch bugs, is there a problem if I treat the area that you are currently maintaining and you treat it two days later?

Mr. Nicholson stated no, not if you are just treating for bugs. If we are fertilizing, then it creates a problem because then there are double doses of fertilizer.

Mr. Moyer stated a friend of mine does that, rather than seeing his whole yard get taken over by chinch bugs, I suggested to him that for the small amount of money it will cost, go ahead and treat it yourself. Do not let our problem become your problem if you can solve it yourself.

Ms. Snyder stated the other problem I heard about was fire ants.

Mr. Nicholson stated with the rain we have had, one hill will turn into five hills after the rain.

Ms. Snyder stated on Saturday mornings, there are soccer teams using the fields, and I let them use my spreader to treat for ants.

Mr. Nicholson stated we spot treat them, as well.

Ms. Snyder stated there should be some preparation for weekend games.

Mr. Nicholson stated we can only treat the hills we find, and we treat them as needed. They can establish a mound within 16 hours, and it does not need to be a big mound to be serious and have a lot of ants.

Ms. Kassel stated there is a lack of communication, and everyone needs to know more about the care of the section between the curb and the sidewalk and what people are responsible for. They should also know that they should report any fire ant mounds they see in any of the parks to the CDD as soon as possible so they can be addressed. If

residents do not report them, the landscapers may not see them because you are sitting higher on equipment.

Mr. Nicholson stated if it is an established mound and it is really big, my staff reports it to me and I treat it right away. The residents have been great about reporting field issues to me, and I address them right away.

Ms. Snyder stated I think it is excellent that you are on property all the time.

Mr. LeMenager stated there was something on the elevation of trees that I did not understand. You said you will be trimming all the shoots off after summer.

Mr. Nicholson stated we elevate trees at certain times of the year, normally fall or early spring. Elevating means that my staff has to be able to walk or drive under a tree. The shoots we are constantly cutting off every week.

Ms. Kassel stated there are sycamores on the north side of Blue Stem that hang too low.

Mr. Evans stated you submitted a proposal for the Board's consideration. It was a very thorough proposal. I liked the presentation and the detail. I suggest we move forward with this at the next meeting to give the Board members time to review the proposal. Is there a good time to do this?

Mr. Nicholson stated it does not really matter. We have a moderate cold climate here, not a harsh cold, and everything I suggested in the proposal is cold tolerant and relatively drought tolerant. I added some changes because I see green everywhere and I want to break up the lines a little. Where there are strips of sod, we will remove them and put in plants all the way to the curb.

Ms. Snyder stated we will review this proposal and drive through the community before the next meeting.

E. Developer

Mr. Tome stated some doggie pots and trash receptacles have been relocated from the less-traveled areas to more high-traveled areas. They came primarily out of neighborhood G into the community and also in Lakeshore Park. There was a trash receptacle that was moved to the small dog park away from the pavilion. The receptacles will have concrete pads under them shortly.

Ms. Kassel stated the receptacle at the small dog park is between the pavilion and the benches, and we would prefer it be moved to where there are not any benches.

A resident asked could you do the drainage for the dog park at the same time you are pouring concrete pads for the trash receptacles?

Mr. Tome stated we will look at that. We have asked Weekley Homes to pour three-foot by three-foot pads for the trash receptacles, which is just wash-out material that they would otherwise be throwing away. We can look at it but if it is a yard or two yards of concrete material, that is a different issue. We will evaluate that. Mr. Haskett received several proposals for the basketball court. Some submitted proposals just to put a nonskid surface on the court, feeling that will help from a slip perspective but felt it would not do anything to move water. It will just move one puddle to another spot. In that situation, the proposers recommended we blow out and clean out the areas where the stress-fracture cuts were made. That will drain water and it will keep the site from cracking. Two contractors said they did not recommend putting on a nonskid surface. They recommended starting in the center with a three-inch core and move to two inches to the sides. That will create a crowned basketball court. We have bids that range from \$2,000 to \$10,000 depending on their recommendation. I do not think we have enough information yet, and we want to talk to more vendors and have them all come out to figure out the right thing to do, if anything. One recommendation was to do nothing but cleaning out the stress cuts and make sure they are blown out on a regular basis so they can stay clean and water would move.

Ms. Snyder asked has Mr. Haskett contacted the people who put it in originally? I would think something of this size should not have these problems.

Mr. Tome stated you will have some birdbath areas, which is not unusual in a situation when pouring a slab of that size.

Ms. Snyder stated it seems to me that when you build an outside court, it will be used all the time. Sometimes it cannot be used for a couple days.

Mr. Tome stated that is not unusual with the heavy rains we have been having. The courts that I have installed over the years, this is typical. It does require a squeegee, just like they have for hard tennis courts. That is very typical that you will have to push water off a concrete surface.

Ms. Kassel stated the old half court did not have that problem.

Mr. Tome stated we are also looking at a much larger surface. The old one did have birdbath areas. We will continue to look at it, and we are also talking to the original

contractor. At our previous meeting, there was a discussion about looking at the trees in the neighborhoods that are dead or dying within the CDD area. We believe there are about 26 to 30 trees that are 2-inch to 3-inch caliper and 12 to 14 feet in height. We have noted what trees they are and we will be coming up with a cost estimate of replacing them, which we will bring to the Board at a future meeting. These trees are primarily in areas that are not on the main boulevards but on the interior roadways. There was an inspection of the pool that took place as is normal, and there was a small issue that closed the pool for 12 to 14 hours. It turns out that the inspector was incorrect in her evaluation, and her Supervisor had to come out. This is perhaps the third time this happened. It is being addressed to the point where we will get another person from the State to do these inspections because it seems to be a personal rub with us or just the fact that she is not sure of what she is inspecting. In all cases, there was no action we needed to take to correct the issue. It was an interpretation issue. The pool was closed from 5:00 p.m. until about 11:00 a.m. the next day.

SIXTH ORDER OF BUSINESS

Supervisor Requests

Mr. LeMenager stated we all received a notice in the mail about the Comprehensive Development Plan for special sign standards within Harmony. Does this affect our CDD property?

Mr. Tome stated yes. The signage in the community never had approval from a master signed CDP. We went to the County and submitted one for approval for all kinds of signs, existing signs as well as ones that might be used for retail and commercial applications, primarily in the town center area. It was a nine-month process to go through the County to get zoning approval and Commission approval. We just received approval from the Commission. This would include informational signs throughout the community pointing to Lakeshore Park and Buck Lake, traffic signs, commercial signs, resale signs, the A-frames we use for events, meeting announcement signs, and any type of sign you can imagine. We had to submit a plan to get approval for all those signs. There are certain signs you have to get a permit for, such as permanent signs, versus temporary signs that can just be placed.

Ms. Kassel stated if you go online to the Planning Board, you can look at the proposal that was submitted. I noted in the proposal that the standard for street signs and stop signs had a decorative pole for those. Are you considering changing those out?

Mr. Tome stated the signs that are here now are the traditional DOT signs, which are approved without question. We wanted to submit an alternative, just so we had one, should anyone ever want to do something different. They are not cheap; they cost about \$180 per pole, which includes the sign, but we did that to have the flexibility. We asked for a lot of things, such as a cinema sign, so that we would not have to go through this process again.

Ms. Kassel stated this was for the entire 11,000 acres, not just the Harmony CDD.

Mr. Tome stated that is correct.

Mr. LeMenager stated someone on Primrose Willow decided they can tear up the landscaping and they are clearly not putting grass back in that area. It looks like they are installing a different type of plant material. I know we did not approve them doing that. What is our position in what we want to allow people to do in the easement?

Mr. Tome stated currently, in the CDD bylaws and regulations, there is nothing precluding someone to plant an alternative to St. Augustine sod in that area. There is also nothing in the HOA restrictions that precludes someone from planting something else as an alternative. Some things are excluded, but if they are going to plant something like jasmine that is drought tolerant, there is nothing to say the home owner cannot do that. When the home is being built and they are planting that area, they can plant that alternative material on the interior streets. They still have to go through architectural approval with the HOA. They have to provide a plan for an initial installation as well as for any corrections or changes to what is currently installed.

Mr. LeMenager stated this would not apply to the boulevards where the CDD maintains that strip.

Mr. Tome stated that is correct.

Mr. LeMenager stated on the internal roads, if someone wants to get rid of the St. Augustine and do some other landscaping, they have to go to the HOA and get the design committee to approve their changes.

Mr. Tome stated that is correct.

Mr. LeMenager asked has that been done on Primrose Willow?

Mr. Tome stated yes.

A Resident asked what about the brick pavers?

Mr. Tome stated those are there temporarily. Because it will be used as a model home and there is not a parking lot, for access purposes the pavers had to be installed because they are using on-street parking, pursuant to the County. When it is sold to be a resident-owned home, the pavers will be removed and sod will be put back in.

Mr. LeMenager stated we have had a number of builders build homes here, and no one has been allowed to do that before.

Mr. Tome stated I do not know that anyone submitted it for a model for that purpose and been denied.

Mr. LeMenager asked no one has asked if they can put in a temporary walkway?

Mr. Tome stated I was not here at that time, but when I discussed this with Mr. Haskett, he had not been asked for these by builders because they had parking lots nearby for that purpose. In this situation, there is no parking lot and they are using on-street parking to gain access to the model. The pavers are there for that purpose, and that purpose only.

Mr. LeMenager stated we should have been asked about that.

Mr. Tome stated there are documents that allow the developer to make improvements and do things in these areas, as we have done in the past with the fence and with landscaping, as long as we are tasteful and it is an improvement and it does not degrade the property.

Mr. Boyd stated the other thing that makes this unusual is it is a model home, and the County views a model home as a commercial building until it is turned over for private use. They require parking and access to the building in the same manner that they would for a commercial facility. Anytime a unit is designated as a model home, certain improvements have to be done specifically for access.

Mr. LeMenager stated my primary concern is we will have others who live on one of these boulevards will want to put one in.

Mr. Tome stated if they do so on their own, they will receive a letter from the HOA that says (1) they did not ask for permission and (2) they are in violation. They will receive a lien and a fine notice, just the same as those people who do not maintain their grass and leave trash on their front porch. That is the process that is in place and will continue to be.

SEVENTH ORDER OF BUSINESS

Audience Comments

Mr. Steve Berube stated I have made a request maybe three times through the complaint process regarding the restroom at Lakeshore Park. There used to be an electric water fountain. It disappeared six or eight months ago and has not returned. I asked what happened to it. It was a nice water fountain and it is gone. Does anyone know where it went and will it come back?

Mr. Tome stated it was vandalized and destroyed to the point where it could not be repaired. It is an expense if the Board wants to replace it. It appears some kids took a baseball bat to it.

Mr. Evans asked what is the cost to replace it?

Mr. Tome stated when we did the ones at the golf course, they cost \$1,000 to \$1,200.

Mr. Evans stated we need to decide if we want to spend the money and if it is a prudent investment to replace that water fountain.

Mr. Berube stated we have discussed a swing set and a survey went out. The response to the survey was positive. Where might that stand?

Mr. Evans stated we are where we were at that meeting, and this Board has to decide if we want to spend \$6,000 for four seats on a swing set.

Mr. LeMenager asked did anyone review the results?

Ms. Kassel stated I never heard the results.

Mr. Tome stated the final numbers were, of those who responded, about 65% said yes, and about 65% said Lakeshore Park was the place for the location.

Mr. Evans stated they forgot to ask the question of whether or not they want to spend \$6,000 for four seats. That was what we raised at the last Board meeting, is that a prudent investment at this time. The first question is, do you want to spend that kind of money for a swing, and if you do, where would you put it. I think it is premature to spend that on a swing when we have a small amount of capital money and there are a lot of things that we will need to consider as time goes on. We have a fixed amount of money remaining, and we may need some repairs to our existing facilities. I agree it is a great thing to have and I think the skate park would be a great asset to add to the community. We ran the numbers for the skate park and some estimates were over \$100,000. We have to consider how to spend our money and be prudent, especially in today's tough economic times. I suggested at that time we table it, and then they came up with the questionnaire. My response is that we reevaluate it at a later date.

Mr. LeMenager asked when do we have to spend what is left in the capital fund?

Mr. Moyer stated the requirement when you issue the bonds, is you reasonably expect to spend funds in three years. If you do not expend the funds within three years, then you limit the investment earnings on what is left to no more than what the bond rate is. You will not make any money on the investment and you yield restrict the balance. We have expended the vast majority of bond funds within three years, so we are fine. At some point, we have to declare the project complete and have the engineer certify to that. There is no problem where we are now.

Ms. Carla Poirier stated I live on Bracken Fern Drive and I am confused about the grass. I was under the impression that the grass between the street and the sidewalk was mine, but I learn it is CDD grass but I am responsible to maintain it.

Mr. Evans stated the land between the curb and the sidewalk is owned by the District. The District paid for the sod and the trees. In the HOA documents, each home owner accepts responsibility to maintain the landscaping between the sidewalk and the curb. We reviewed those documents with regard to the trees. The District owns those trees, but the home owner does not have an obligation to replace the trees. I reviewed these documents and confirmed with legal counsel to get a clear understanding. The home owner is supposed to mow the grass. The District owns that asset. If a tree dies, the District is responsible to replace the tree to be sure they are consistent in their look throughout the property. At the conclusion of that discussion and the rendering of that opinion, we asked staff to look at trees that need to be replaced that look like they are dead or dying. The HOA will require you and enforce you to mow the grass. The HOA has the right and the obligation to maintain that area. The District has the right but not the obligation. We can elect to do it, and that is where the confusion came in. That is why the District will go back and replace those trees.

Ms. Snyder stated I think we should make it clear that the home owner should take care of up to 10 feet and trim the shoots.

Ms. Poirier stated I have a concern that when Luke Brothers treats for chinch bugs along the main roads, they are not going to treat my yard. I like the blanket approach. My neighbor's house was empty for two years, and I watered and mowed the grass for two years. Then I got to the point where I stopped doing that. The chinch bugs have taken over and now they are in my yard. I am not spending money to replace my lawn when my

neighbor's lawn has not been replaced and been maintained. I think that is a good idea to treat everything because my problem will never go away if my neighbors are not maintaining their lawns. Having them spray along the main boulevards will not solve our problem because the bugs will jump into our yards.

Mr. Evans stated I agree with you wholeheartedly. You go from theory to implementation, and that is the challenge. The HOA can do the blanket spray on the property, even on CDD property between the curb and the sidewalk. The challenge is between the individual property owners and the HOA. I think what we want to explore is in the spirit of community-wide self-help endeavor. Because of the nature of the infestation and how it can go from house to house, all areas will need an application for preventive maintenance. Then we have to address that with who pays and how much. Through the HOA, we may be able to look at a budget amendment. We need to consider what it will cost to spray this area and get everyone supportive of this work effort. If the HOA Board approves it, in the spirit of self help, the HOA has the right of trespass for a self-help remedy. That will be the key. Someone will say they have already sprayed their yard and they do not want us on their property. We need to be able to override that, and the HOA has the right to be on their property. We need to explore that element. On the CDD side, we can address our own property but we need to work on the mechanics of the other property.

Ms. Poirier asked has the carpeting been replaced on the pontoon boat?

Mr. Golgowski stated yes, on both boats.

Ms. Poirier stated under the budget adoption agenda item, you approve a levy of assessments, and we did not know what that was.

Mr. Evans stated there is a two-step process. First, we adopt the budget, which was the first Resolution. Then we take the budget and levy it to all the property owners. We used the same methodology as we have always used.

Mr. Moyer stated that will appear on your real estate tax bill under non-ad valorem assessments.

Ms. Kassel stated it is a technicality of going from approving the budget to the properties being assessed.

Mr. Winnie Tolentino asked regarding the sidewalks, is that a band-aid repair or a permanent panel repair? They shaved my sidewalk and put on a sealant, but it does not look right.

Mr. Boyd stated in order to manage the budget, if shaving the edge will create the repair, that is the preferred solution. In most places, there is a slight differential between panels that causes a trip hazard and shaving will work. In other places if pieces of the panel are broken away or if there is another reason that shaving is not the appropriate solution, then the whole panel will be removed.

Mr. Tolentino stated for the time it took to shave my sidewalk, he could have easily replaced the panel.

Mr. Moyer stated no, that is not correct. All the grinding that has taken place throughout the community cost about \$5,600 and you cannot come close to replacing panels for that.

Mr. Evans stated you also have an additional issue when you replace panels and many times there will be additional settling because the panels are not contiguous to the original pour, so many times you have the same problem in six months.

Mr. Moyer stated there are also tree roots causing panels to raise. It is a constant maintenance issue and traditionally it is done the way we are doing it, by grinding them down. The concern is not so much aesthetics as it is safety.

Mr. Tolentino stated a neighbor had to pay for a tree because there was a gap on our street. The builder forgot to put a tree there when they were building homes on our street, and my neighbor had to pay almost \$175 to put in a tree in front of his house.

Mr. Evans stated originally I think there was a requirement that the owners had to purchase the trees for each house as the house was being built. We are talking about after the fact.

Ms. Poirier stated when we were owners and we bought here, we were not charged for our tree. This guy when he purchased his house was told to pay to put in an additional tree, when it should have been there by the builder.

Ms. Kassel stated that is something you need to take up with your builder. I paid \$200 for each tree on my property.

Mr. Evans stated the builder had to plant those trees when he built the house. The trees were not there in the beginning because of the construction activities, but they were

put in when the house was built and then they were owned and maintained by the District. On the boulevard trees, the CDD paid for those trees.

Mr. LeMenager stated I think the difference we are explaining is, if you had to pay to put in the tree originally, your issue is with the builder because it was his job. But if you have a tree that was destroyed and you paid to replace it, perhaps you should see us because it sounds like we had a few people pay for trees that probably should not have.

Ms. Pam LeMenager stated behind Schoolhouse Road there is a diamond-shaped park in the alleys and there is a drain in the park that is not draining.

Mr. Boyd stated I have a picture of that area, and I will look at it on the way out. I suspect mulch is washing over a drain that may be clogging that.

Ms. LeMenager stated regarding the alleys where you are thinking of putting in curbing around the corners, in Celebration, they curbed the alleys and improved some corners. The garbage trucks come around and run over them and crack the curbing. Think carefully about that because all we will do is start replacing curbing. As far as replacing dead trees, if a home is empty or in foreclosure or the owner is not a resident, can you delay installing a tree? The water has to be turned on in order for the tree to survive. If you are thinking about replacing 60 trees, perhaps we can reduce that to 40 trees to avoid vacant homes.

Mr. Tome stated of the ones we looked at, 60% of them were cases where there was no irrigation at the home, so we will definitely not replace trees for those homes.

Mr. Evans stated it is a case-by-case analysis. We will plant trees in locations where they have a good chance of survivability.

Mr. Jason Shepelrich asked as it relates to the stop signs within the CDD common areas, if a sign is higher than normal, about two or three feet do I bring that up to the District? They are being hidden by tree branches.

Mr. Evans stated the County sets the standards they require, and the contractor installs them. You should contact the County.

Mr. Shepelrich stated there was a lot of discussion about maintenance of the easement area that the CDD owns. What is the Board's position on liability in that area? Relative to our house, we have 280 days where it becomes an open field there because we are by the school. People are lined up and standing in the grass. It is not my property, but I have the obligation to maintain it. What happens if there is an incident there?

Mr. Moyer stated the simple answer is that the owner has liability and that is the society we live in. The reality is that we have a couple things in our favor. As a unit of special-purpose, local government, we are entitled to the State grant of sovereign immunity that limits our tort liability exposure. We also insure around that risk.

Mr. Shepelrich stated our property is unique and no one else has that problem. Barring someone falling over on a skateboard or something, it needs to be addressed because it is a heavily-trafficked area.

Ms. Kassel stated I suggest you go to the County and ask them to put cones out so people cannot park there.

Mr. Shepelrich stated we park our own cars in the front to stop other cars from standing there and idling, but I cannot stop people who are not doing the proper walk through with the cars, which is against school policy. I met with the principal, and it is a problem. It is bringing in more traffic to that area and onto CDD property, so you should be aware of that.

Mr. Dave Leeman stated regarding paving of the alleys, you approved the general contract and to move forward with additional work. I presume they have to come back to the Board and get the additional work approved, not just go ahead and do it.

Mr. Evans stated they have the authority to make the necessary repairs within the budget framework.

Mr. Leeman asked so the additional work is the curbing and the staff can decide that on their own without coming back to the Board?

Mr. Evans stated yes.

Mr. Leeman asked do we expect them to do it anyway? Or are you allowing them to move forward and do whatever it costs and we will pay the extra?

Mr. Evans stated the District Manager has the authority to make decisions within the financial limitations of the budget.

Mr. Leeman stated we have been here for five years and the alleys have not been here much longer than that. We are spending about \$25,000 to fix them. How long do we expect this repair to last? Are we budgeting \$5,000 every year for five years to do repairs every five years? Or will this repair last ten years and we will not have to budget quite so much?

Mr. Moyer stated alleys are difficult to maintain, and yes, the Board will have to continue to budget and set aside amounts for this type of repair.

Mr. Leeman asked so we will be looking at this amount of money or more in another five years?

Mr. Evans stated I do not know that anyone can state specifically how much it will cost.

Mr. Leeman stated I am not looking for a contract but an estimate. This alley suffered a lot because of all the homes that were built, and can we expect this repair to last longer this time?

Mr. Evans stated I think it is a reasonable assumption because of the frequency and heaviness of the vehicles.

Mr. Leeman stated I understand we have to do it on a general basis over the years, but I wonder if it will be this much or a little less because the traffic will be less for the next five years.

Mr. Evans stated I would hope it would be less, but at that time, we will do an assessment to make that determination.

Ms. Snyder stated we will keep watching the alleys.

Mr. Leeman stated up until this year, we would see a sign on the dog parks at least once a year not to use the parks because they are spraying for ants today. Then the ant mounds would disappear because they sprayed the whole park. Then we did not have to worry about ants. I am not sure if it was fertilizer or pest control, and I do not remember if it was once or twice a year. They sprayed it, the parks were closed for a day and that took care of the issue. Can we explore that? Spot treating will not work because the ants will come back and we will be spot treating them again.

Ms. Snyder stated that is a good idea.

Mr. Leeman stated it was said earlier that we sold bonds for the capital funds.

Mr. Moyer stated that is correct.

Mr. Leeman stated so we borrowed money and we are paying it back. If we have \$50,000 left over when we are done with this last capital project, would it be smart to retire some of those bonds or a portion of those bonds? Or is that illegal to do that?

Mr. Moyer stated the process that the Board will go through is to determine if there are other capital needs that fall under the engineer's report that may be beneficial to the

community. At the end of the day, if we end up with \$50,000 and there are no other capital projects that the Board wants to undertake on the residents' behalf, then we will call those bonds. We are permitted to call those bonds at par under the trust indenture.

Mr. Leeman asked so we would see a significant savings if we did that?

Mr. Moyer stated no, not significant. It is \$50,000 related to \$24 million. It would not be something where you would see a big difference.

Mr. Goldberg stated on the 2004 and 2001 bonds, we are paying 6.75% to 7.25% in interest, and we have \$3 million sitting in the bank. Rather than going with 1% or 2% in a money market account, why not pay \$1 million on each to save approximately \$120,000 per year.

Mr. Moyer stated when a government sells bonds, as an inducement to the bondholder, one of their concerns is what happens if we have an economic environment like we have now and for some reason there are a lot of people who do not pay their real estate tax bills and assessments. Then there will not be enough money to pay the bondholders their annual principal and interest, so they setup a fund as part of the original issuance that if that scenario ever happens, for a period of time, generally it is a year, there are monies available to pay the bondholders with the hope and anticipation that tax certificates will sell and the reserve funds will be replenished. It is really a bondholder protection issue. There is nothing we can do since this is required by contract. This is not just for us; every government that issues bonds has this type of surety so the bondholders have some level of comfort that they will get paid their principal and interest on an annual basis.

Mr. Goldberg asked is \$3 million the minimum?

Mr. Moyer stated it is based on a formula, but generally as a rule of thumb it is 10% of the principal amount of the bonds.

Mr. Goldberg asked does that decrease each year?

Mr. Moyer stated as the principal of the bond is paid off, the reserve fund decreases. The trustee looks at that in the normal course of business. When it gets to a certain amount, which is in \$5,000 increments, we will call bonds.

Mr. Goldberg asked there is no prepayment penalty?

Mr. Moyer stated that is correct.

Mr. Goldberg asked can we get a better rate than 7%?

Mr. Moyer stated if the project were more built out and we had more rooftops, we would go to the credit agencies and get a stand-alone credit rating on these bonds. When a new community with no homes and the bondholder risk is fairly high, these bonds are not rated. In the normal course, you are right, that as the community matures, it will be in our interest to refinance these bonds, depending on the interest rate environment at that time. If we did a bond issue today, first, I am not sure we could do one, and second, it would be at 7%. That is where the market is. If we have more rooftops and the exposure and bondholder liability for non payment is spread out over a bunch of home owners, that is much better than having a concentration of that risk with just one or two landowners when we first started with the developer.

Mr. Goldberg stated you indicated that we pay principal once a year. Is that by rule or can we pay twice a year? That will also reduce our interest.

Mr. Moyer stated under the bond contract, it is typical to pay principal once a year and interest semi-annually

EIGHTH ORDER OF BUSINESS

Adjournment

The meeting adjourned at 8:10 p.m.

Gary L. Moyer, Secretary

Robert D. Evans, Chairman