

MINUTES OF MEETING

HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, September 24, 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

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Tim Qualls	Attorney: Young vanAssenderp, P.A.
Steve Boyd	Engineer: Woolpert
Thomas Belieff	Dockmaster
Brenda Burgess	Moyer Management Group
Greg Gologowski	Harmony Development Company
Todd Haskett	Harmony Development Company
Shad Tome	Harmony Development Company
Tim Nicholson, Sr.	Luke Brothers
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 August 27, 2009, Meeting

Mr. Evans reviewed the minutes of the August 27, 2009, regular meeting, and asked for any additions, correction, or deletions.

Ms. Kassel stated on page 20, "caliber" should be "caliper."

On MOTION by Mr. LeMenager, seconded by Ms. Kassel, with all in favor, approval was given to the minutes of the August 27, 2009, regular meeting, as amended.

THIRD ORDER OF BUSINESS

District Manager's Report

A. Financial Statements

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

Mr. Moyer stated we are \$15,000 under collected from the tax collector assessments. We will probably not receive that since the tax collector has gone through the tax certificate sales process, once in June and once in August. We are fine in terms of total revenue and the expenses are under budget on many line items, so overall we will be fine.

Mr. Evans asked is it a matter of timing as to why we are under budget on some of our line items?

Mr. Moyer stated some of them are due to timing. When we rebid the landscape maintenance contract, we will be significantly under budget on those line items because the bid came in well under budget.

Ms. Kassel stated the \$15,000 is assessments that are in arrears by various owners. We discussed how unpaid taxes become automatic liens, but the assessments have to go through a process to become a lien. Is there any action we need to take?

Mr. Qualls stated that was done a long time ago. The process for collecting the money is those tax certificates that are not sold are struck to the County, Now, anyone can purchase them at 18% interest, so there is a good chance those assessments will be paid. It will just take a while. Those are first-lien priority assessments because the District already went through the necessary steps to make that happen.

Mr. LeMenager stated I noticed that our investment yield went down to zero.

Mr. Moyer stated that bothered me, too, so I wrote our finance director and asked him to write to US Bank to get investments that are yielding more than zero.

Mr. LeMenager stated we discussed this last month, so every month that goes by, we have \$3 million not earning anything.

Mr. Moyer stated part of the problem is that under the laws of the State of Florida, US Bank is not a qualified public depository, which is part of what we are wrestling with as far as the limitations in what they can invest in as part of the trust indenture. Clearly we ought to be investing in something that yields more than zero. We will get that straightened out.

Ms. Snyder stated it was 0.01%, and I wondered if it was rounded off to zero.

Mr. Moyer stated the interest rate is set on the Federal Reserve rate, and as that rate changes, banks adjust their rates. This is a strange interest rate environment.

Ms. Kassel asked what is it that takes time to do? You said you would work on it last month, and now it is a month later.

Mr. Moyer stated the trustee has to research what the investment will be. Under the bond trust indenture, that is his responsibility. They are working on that, and I expect it will be done shortly. The types of investments we are talking about that are within the trust indenture will probably earn less than 0.5%.

Ms. Snyder asked can they invest in a CD or series of CDs?

Mr. Moyer stated there is a program to do that, CDARs, which is what we are doing with the operational money. The trust money is more complex and I will get a written report from the finance director. I will email that report to you as soon as I have it rather than wait for the next meeting to provide that to you. I can tell you that he is working on it, so the report should be forthcoming.

B. Invoice Approval #113 and Check Run Summary

Mr. Moyer reviewed the invoices and check summary, which are included in the agenda package and available for public review in the District Office during normal business hours, and requested approval.

Ms. Kassel stated we had some invoices from Aquatic Systems. Do they go through October?

Mr. Golgowski stated they go through September 30.

Ms. Kassel asked is the invoice from the City of St. Cloud for electricity?

Mr. Moyer stated I believe so.

Ms. Kassel stated I wondered why it was so low, for \$926.62. Did we pay it twice last month or will we pay it twice next month?

Mr. Evans stated it could very well be a timing issue of when the invoices were received. The invoices do not include electricity for the street lights.

Mr. Moyer stated that is correct.

Ms. Burgess stated normally your meetings are a few days later in the month. This meeting is as early in the month as it can be, so that moved our deadline a week earlier for agenda materials and invoices to be received.

Ms. Kassel stated then we will probably receive two invoices for street lighting in the next agenda.

Mr. Evans stated it is hard to say for sure until we receive all our invoices for this fiscal year, which wraps up next week.

Mr. Moyer stated we will not know our final year end figures until November because some of the expenses we incur in September will not be received until late October.

Ms. Kassel stated we spent over \$3,000 on the pools last month for various expenses, including chemicals, janitorial and other expenditures. Is that typical for a month? Does the line item for pools include all the maintenance and all expenses on the pools?

Mr. Evans stated it includes pool inspection fees.

Mr. Moyer stated you have regular pool service in addition to janitorial services.

Ms. Kassel stated I divided the expenses by 12 to see what an average monthly cost will be, I came up with \$3,000, and it seems like a lot.

Mr. LeMenager stated in the financials, if you add pool expenses plus pool supplies, the total is \$37,000 for 11 months, so \$3,000 is actually a little below average.

Mr. Moyer stated we rolled all that together into one line item for the 2010 budget, and that total line item is \$45,000. For this current fiscal year, we anticipate spending \$36,000, and we will be a little over budget.

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

Mr. Moyer reviewed the complaint log as contained in the agenda package and is available for public review in the District Office during normal business hours.

Mr. LeMenager stated I think this shows that the system works. This is a great idea and I think by us continuing to remind people that the best way to get action is to get it logged in. It is also an indication that people are doing just that.

Ms. Kassel stated one entry indicates the public phone was removed.

Mr. Haskett stated it was not a public telephone. Several years ago, it was connected to the development office and I am not sure what the purpose was. It has not been connected for the past three years. Since it has been vandalized, we chose to remove it to get rid of any questions or false sense of security.

Ms. Kassel stated another entry indicated someone's son cut their hand on the pool tiles.

Mr. Haskett stated that happened the same day we removed the phone. Some of the tile is cracked around the pool edge. The repair was made with an underwater epoxy that covers up the sharp edges, which is acceptable to the Health Department. There is a new rule in the Florida Statutes that says if there is a sharp edge on a tile, there is an immediate closure of the pool, so we keep a close eye on that and address it as needed.

Ms. Kassel asked how do pool tiles get broken?

Mr. Haskett stated kids or adults playing around, but it appears that the rocks in the plant beds are used as projectiles.

Mr. Belieff stated there is also some settling of the pool area.

Ms. Kassel stated I thought we replaced some tiles recently.

Mr. Haskett stated no, the tiles were cleaned and a few have been repaired, but they were not replaced.

Ms. Snyder stated Mr. Belieff mentions in his report that he inspects the tiles regularly.

D. Consideration of Revised Meeting Schedule for Fiscal Year 2010

Ms. Burgess stated when the Board discussed evening meetings at your last meeting, I did not check the calendar to see if those dates conflicted with any other meetings. The November meeting conflicts with another District that meets on the third Thursday at 6:00 p.m. My suggestion was rather than being disjointed in your morning and evening meetings, to make the even months evening meetings and the odd months morning meetings. Then your meetings will alternate back and forth between morning and evening.

Ms. Kassel stated as long as the August meeting is in the evening.

Ms. Burgess stated that is what drove the alternate months.

Ms. Kassel stated my primary goal was to have six meetings in the evening.

On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, approval was given to the revised meeting schedule for fiscal year 2010.

FOURTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Qualls stated we drafted the contract for aquatic plant maintenance to be executed prior to their commencement of services on October 1, 2009.

B. Engineer

Mr. Boyd stated the contracts for the water line extension are ready for execution. We have issued the notice to proceed to Jr. Davis. They have submitted shop drawings and we will have a pre-construction conference in the next week or two. We are working with Jr. Davis on the alleys based on the scope we previously provided. At the last meeting, we discussed adding concrete around some of the corners to that scope of work. Their original price for the alley work was \$22,879.03, and they provided an additional price of \$3,625 to put a 12-inch header curb in several locations, which total about 2,500 linear feet. We are getting contract documents from them for this work and we will provide it for execution at a later date.

Mr. LeMenager stated at the last meeting, there was a comment made by Ms. Pam LeMenager that the problem is these big trucks will drive over the corners and destroy them anyway.

Mr. Boyd stated that is the purpose of the adding a 12-inch header in certain areas. There will still be cases where a careless driver will run off the pavement, but a 12-inch header in the locations where that is a problem keeps the asphalt from breaking off and becoming a maintenance problem. If the wheel leaves the edge of the pavement, it does not destroy and break off the asphalt. A 12-inch header is a strip of concrete, not a curb, that is 12-inches wide and 18-inches deep, and its purpose is to hold the asphalt in place.

Ms. Kassel stated right now the asphalt abuts sandy ground, so you will reinforce it with this concrete header, and there will be less likelihood of it cracking and breaking.

Mr. Boyd stated that is correct and it adds 12 inches for the wheel to track over.

C. Dockmaster/Field Manager

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.

Ms. Snyder stated I have heard a lot of positive comments about his job and the way he is interacting with people and the job he is doing.

Ms. Kassel asked what is the bottom picture with the screen?

Mr. Belieff stated there were a lot of dead hedges in the back and I removed those and installed some protocarpus and black silt fence until it grows up more. It was all grass inside there so I put in some lirioppe to xeriscape it.

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 made some changes with the crews to get things more fine tuned. Sod has been replaced and I am working with Mr. Golgowski on some irrigation issues. Irrigation technicians are out here more frequently so things are being taken care of on a regular basis. I have a proposal that I am working on with Ms. LeMenager and Ms. Kassel, but we need to make some minor changes based on the plant palette guidelines that Mr. Haskett provided to me related to the guidelines on some proposed plant change outs. Fertilization will start this week and the changing of annuals will be at the end of the month.

Ms. Snyder stated I want to thank Ms. LeMenager and Ms. Kassel for donating their time.

Mr. Nicholson stated they have been a great asset to me, and it is a pleasure working with them.

Ms. Kassel stated the proposal did not include a stretch of park area in Long Park from the pavilion at the northern end of Cat Brier on the golf course side almost to the circle. We are looking to include that area because it has needed new landscaping for two years.

Mr. LeMenager asked do they come with a warranty?

Mr. Nicholson stated we warranty any plants that we install on the property for the life of our maintenance contract.

Mr. LeMenager asked will you be purchasing them locally?

Mr. Nicholson stated not necessarily. We deal with several nurseries and if they do not have the quality that I believe this community wants, then I will not purchase them. I am very particular on where I purchase my plant material.

E. Developer

Mr. Haskett stated the concrete pad at the small dog park is formed and it will be poured within the hour. It is 10-foot x 10-foot in size and is located to the left of the meter box and the pavilion. It is flush with the ground. It will have a center drain, which will drain out the back through the hedge and taper down 1.25 inches from the edges, so it will provide plenty of drainage and pools should fit perfectly on it. They are also

pouring a couple trash can pads, one for Lakeshore Park and one for the trash can that is in the park itself that was relocated to the Cypress gate area outside the transfer gates. A home owner mentioned in a previous meeting about the drinking fountain at Lakeshore Park. It was reported that it had been vandalized, which is why it was not replaced. I received a price for a vandal-resistant fountain—the one that was there previously was not—for about \$850 including installation.

Ms. Kassel stated I seem to remember that there was a fountain outside of the restrooms.

Mr. Haskett stated that is the one I am referring to.

Ms. Kassel stated there is another one between the pavilion and the fountain.

Mr. Haskett stated the one on the restroom building is chilled water. It was designed that way where it just plugs into the wall and is a simple one-line connection. I am looking for direction on replacing that drinking fountain.

Ms. Kassel stated that is the only fountain that is chilled water.

Mr. Evans stated I think we should replace it.

Mr. LeMenager stated I agree.

Ms. Kassel asked would it pay to have a faux camera installed that is high enough were vandals cannot get at it?

Mr. Haskett stated we can do whatever the Board desires. There are many to choose from that will deter some vandalism until word gets out that they are not operative, which will happen over time.

Ms. Kassel stated they are pretty inexpensive; it may be worth \$15 or \$20 for the protection it will offer.

Mr. LeMenager stated we use functional cameras at the pools. Do we have any kind of surveillance at all at Lakeshore Park?

Mr. Haskett stated no, the closest surveillance would be at Buck Lake at the dock area. There are four cameras down there.

Mr. LeMenager asked why not get a real camera? We have a lot invested here.

Ms. Kassel stated they do vandalize the soccer nets.

Mr. LeMenager stated perhaps you can get a camera that sweeps. It is worth looking into.

Ms. Kassel stated it is also expensive.

Mr. LeMenager stated we have a system now that is monitored.

Mr. Tome stated you will need a separate DVR system. You would not be able to tie back to the dock. The cost is probably \$4,000 or \$5,000 just to protect an \$800 item.

Ms. Snyder stated it would also encompass the soccer field.

Mr. LeMenager stated I was thinking of protecting more than just the drinking fountain.

On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor, approval was given to replace the drinking fountain for \$850 and research the cost of installing a camera.

Ms. Snyder asked would you also look into quotes on having it monitored so we can have real surveillance?

Mr. Haskett stated yes.

Ms. Kassel stated I like Mr. LeMenager's idea of having it sweep so that it includes the soccer field, the playground, the basketball courts, and the whole field area.

Mr. Haskett stated the dock at Buck Lake, many times people will jump over the aluminum fence that is there to prevent people from gaining access who should not be there, especially at night when mischievous activities occur. It is hard to pinpoint on certain individual. I think the best remedy is to put a boat slip gate or dock gate toward the floating dock to protect the boats. That is where most of the damage is occurring. There is no other vandalism that is taking place at Buck Lake other than the boats. I would like to isolate the area by putting a gate right on the dock at the end with wings that stick out, similar to a marina, that has separate key access from the pools. The dockmaster will have the key since he checks people in and out, and I think that would remedy some of the damage. If you want to move forward, I will get some proposals.

Ms. Kassel asked has there been any damage to the kayaks or the canoes?

Mr. Haskett stated no.

Mr. Belieff stated I think a six-foot fence across the whole front will deter everyone.

Ms. Snyder stated I thought of the same suggestion, putting it where you go in.

Mr. Haskett stated I looked into six-foot chain link fence that was black, vinyl, commercial grade for \$5,300. Aesthetically, it is not appealing and it looks like a

compound. The lake is there for residents and their guests to enjoy. It is not the image that I think the community would appreciate.

Ms. Kassel asked what kind of fence or gate are you proposing?

Mr. Haskett stated there are various styles. It can be an aluminum bar with slats like the pool gates, all the way down to a wire mesh or chain link. I would go for an upgraded look.

Mr. LeMenager stated something that fits in with the fact that it is a marina.

Mr. Haskett stated that is correct.

A Resident asked if they jump over the first fence, why will they not jump over the second fence?

Mr. Tome stated we are proposing a six-foot fence, but you can get them taller than that.

Mr. Evans stated I think it is a good idea, and I would like you to look into it.

Ms. Snyder asked do any of the cameras scan that area?

Mr. Haskett stated yes, but because it is such a distance away, about 75 feet, you can see people but you cannot pick up faces, especially in the dark when most of it happens. It was mentioned last month about the signed CDP that the Development Company went through at the County to get all our signs into compliance. There were three signs that I submitted on behalf of the CDD, the estate sign and the two Harmony entrance signs. The County said that we had to have these permitted. The permits totaled \$807.48, and I am requesting a check from the CDD to the Board of County Commissioners to finalize the permitting.

<p>Mr. LeMenager moved to approve the permit fee of \$807.48 to be paid to the Osceola County Board of County Commissioners for permitting of three District signs. Ms. Snyder seconded the motion.</p>

Ms. Kassel asked the original work that was done to get this through, was that paid for by the CDD or by the developer?

Mr. Tome stated the developer.

Ms. Kassel asked what is the CDD paying for?

Mr. Haskett stated the signs that are on CDD property.

Mr. Tome stated there are some signs that need permits and some do not, depending if they are permanent or non-permanent signs. These are monument signs that are permanent that still require a permit to be achieved, even though we have a signed CDP that covers all the kinds of signs we are allowed to have. We have a lot of signs for the Development Company that we also have to permit that are included in the development plan. Temporary signs do not need a permit if they are for temporary purposes.

Mr. Haskett stated I argued with the County for over a year because they said the signs were never permitted and it goes back to the structure itself, which was not correct. It boiled down to the fact that it is a sign when you put a letter on it, no matter if it is a structure that you had permitted. Everything was permitted properly but they changed the rules midstream and we had to get these signs themselves permitted.

Ms. Kassel asked if something happens to those signs, who is responsible for maintaining them?

Mr. Tome stated the CDD, which has always been the case. They are power washed, just like the fence and they are maintained if there are cracks or whatever may occur.

Mr. Evans stated those are monument signs, which were built by the District. The plans were submitted and approved showing the signs before they were built. The County came back later and said we now need a sign permit, in addition to the permit for the physical structure.

Upon VOICE VOTE, with all in favor, approval was given to the above motion.

FIFTH ORDER OF BUSINESS

Supervisor Requests

Ms. Snyder stated several neighbors have asked about the house on Indian Grass that has fallen down. Will anything be done to it?

Mr. Tome stated those are HOA matters with regard to unsafe conditions and if they are not performing under the documents. I know the HOA has been addressing those.

Ms. Snyder stated it just does not look good to have some of these kinds of houses when people are coming here and looking to buy a home.

Mr. Tome stated we totally agree, but as the developer, we have very limited ability to enforce those types of matters. We are trying to do that through the HOA.

SIXTH ORDER OF BUSINESS

Audience Comments

A resident asked does the developer have continued interest during the construction phase of a house that the property be cleaned and a silt fence installed? It seems the developer does have an interest in that and not just the neighbors.

Mr. Tome stated we do have an interest, but we have limited ability to act as the developer. We cannot walk onto someone's property. The HOA has the ability to do so. We can write letters but if someone cannot or does not have the desire to do something, we are not a policing body. We do not have that authority to do that. County code enforcement and the HOA do have that authority. If people do not do it on their own, the HOA will do it for them and fine them and hope to get their money back. That is what we are trying to juggle with the HOA as far as how much we want to spend. We could spend a lot of money in reference to that kind of issue.

The Resident stated it seems to me that a builder has a contractual obligation with the developer during the building phase. There must be some angles of enforcement ability.

Mr. Tome stated that is correct, which means that builder cannot purchase future lots. Given the financial condition of most, if not all, the builders, they are not in the process of purchasing new lots. That is the reason you do not see much activity today because the banks are not willing to fund their activities or the clients they were working with have gone away. We have a tremendous interest and we are sending all the letters that we can, but we do not have someone on the other end who can remedy the situation, not because of desire but because of financial ability to do it.

The resident stated the house that Ms. Snyder referenced is not just an aesthetic issue, but there is a real safety issue. Kids are playing there and it is no longer structurally sound because there has been so much water coming through the roof and the floor boards are significantly deteriorated.

Mr. Tome stated we have the same concerns and we are trying to address it. Code enforcement can help, but I am sure they are inundated with calls throughout the County. It is not going unnoticed. As the developer, we want to do as much as we can because it is in our interest to sell lots and homes.

The resident stated I think all our interests converge in the sense that we want a pleasant thriving community.

Mr. Dave Leeman stated Mr. Haskett mentioned a vandal-proof fountain. I do not think people who vandalize the fountain are actually reading the minutes to see

references to an inoperative camera. I raised a question at the last meeting for Luke Brothers after they left. The previous landscaping company would put up a sign once or twice a year at the dog parks saying they are spraying the park and the park will be closed for 24 hours. That resolved the fire ant problem and they did not have to spot treat every month. Is that a possibility for you to do? I am sure that was done on a regular basis by the previous landscaping company.

Mr. Nicholson stated we spot treat the community based on the scope of services in the contract.

Mr. Leeman stated if you sprayed the parks once or twice a year, you would not have to spray on a continuing basis, so that may be a cost savings.

Mr. Nicholson stated I will work on that with Mr. Haskett.

Mr. Leeman stated last month I raised the issue of money remaining from the waterline construction project. I said that if we retire the debt, perhaps we could save money and that was dismissed as being not much of a savings. But if there is \$50,000 left over, that is \$50,000 we do not have to pay at 7% interest. Our other money earns essentially zero, so we are losing money that way. If you pay 7%, it is \$3,500 per year. Even if there is only 10 years left to pay on the bonds, that is \$35,000 plus the \$50,000, which is \$85,000 you can save for the town if you retire the debt. The general idea is that any debt that is retired saves money we would pay back later as well as the interest we are paying on that. I simply do not think that is insignificant.

Mr. Moyer stated my comment was that to the degree there are other facilities that are needed within the community, we cannot get a loan in this market for \$50,000 to do something the residents might request. I was warning the Board that I think we need to be cognizant that if there are other capital improvements that this community wants, that money should be left in the account to do them. If not, I agree with you 100%. If there are no other capital projects that the Board wants to pursue, by law and by the trust indenture, we have to call those bonds.

Mr. Leeman stated I would ask the Board to consider it as a policy, and now I find out that it is a rule, that you do need to retire debt as quickly as possible. It does save us a lot of money. If things get worse, we will run into trouble collecting money to pay that debt.

Mr. Evans stated the wish list of improvements that we have seen far exceeds the balance of funds that we will have in the capital improvements funds.

Mr. Leeman stated other than the skate park, I have not heard a lot of what you want to spend money on.

Mr. Evans stated we only know about a small portion of them. There will be other park improvements that we need to do throughout the rest of the community, and we have not even touched on those. We may not have money to do those items. That is why we are so carefully watching those funds because we know we are at the end of those funds and we want to get the best value from that money.

SEVENTH ORDER OF BUSINESS

Adjournment

The meeting adjourned at 9:50 a.m.

Gary L. Moyer, Secretary

Robert D. Evans, Chairman