

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 26, 2010, 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
Steve Berube	Supervisor
Kerul Kassel (<i>by phone</i>)	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 (<i>by phone</i>)	Moyer Management Group
Greg Golgowski	Harmony Development Company
Todd Haskett	Harmony Development Company
Jason Shafer	Luke Brothers
Shad Tome	Harmony Development Company
Residents and members of the public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Evans called the meeting to order at 6:00 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 29, 2010, Regular Meeting

Mr. Evans reviewed the minutes of the July 29, 2010, regular meeting, and asked for any additions, correction, or deletions.

Ms. Kassel stated page 16, the last paragraph should read "Mr. Berube stated it seems illogical."

Mr. Berube stated that is correct.

Ms. Kassel stated page 31, first paragraph should refer to ponds instead of lakes.

Mr. Evans stated I think it is the terminology. The intent was about the stormwater ponds as opposed to Buck Lake. It would be more accurate to refer to them as ponds.

Mr. LeMenager stated page 23, fourth paragraph should read “not lowering our assessments” as opposed to “out.”

On MOTION by Ms. Snyder, seconded by Mr. LeMenager, with all in favor, approval was given to the minutes of the July 29, 2010, regular meeting, as amended.

THIRD ORDER OF BUSINESS

Subcontractor Reports

A. Landscaping – Luke Brothers

i. Monthly Highlight Report

Mr. Shafer 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. Shafer stated I think we had a good month. August is one of the toughest months of the year and we had a lot of rainfall this month. We stopped our rotation which allowed us to stay on top of everything. Our detail crew was coming from Orlando and we were losing about three hours each day of productivity from that crew, so we hired our own detail crew and we gained a lot of time by doing so. We have been applying fertilizer to the property, including the soccer field which is now weed free.

Mr. LeMenager stated last month you indicated that the tree trimming up to ten feet would be done, and I see from my morning walks that it is not quite complete.

Mr. Shafer stated we do have some more work to do on that tree trimming.

Mr. Berube asked the annuals that are being planted at the west end of the traffic circle, is that part of the quarterly annual replacement or part of the upgrade that was supposed to start next month?

Mr. Shafer stated that is part of the quarterly replacement. I discussed it with Mr. Haskett, and he thought the annuals looked pretty good, so we are making that replacement.

Mr. Berube stated it looks good.

Mr. Haskett stated they have also been dealing with the chinch bugs on Schoolhouse Road.

Mr. Shafer stated we had someone come out to help us better control the chinch bug problem with an alternative chemical. He did say that our chinch bug problem is minor compared to what was happening out here last year. We have applied that chemical and I am checking it daily. Due to the rain, we are seeing a lot of leaf-spot disease on the St.

Augustine, so we are attacking it on all fronts. As a whole, the turf in the community looks great.

ii. Tree Replacement Proposals

Mr. LeMenager stated a few trees have been removed from the secondary entrance road. Where are we with respect to the replacement of those trees? Who is taking responsibility for the trees?

Mr. Haskett stated I spoke with Pete Lucadano at Luke Brothers. He and Mr. Shafer met with me, and there are a lot of different opinions about a different manner of application of the chemical could have damaged the trees. We came up with a proposal for the replacement of six oak trees that have completely died, at a cost of \$3,870. The other 30 to 50 trees that were affected that have minimal damage, Luke Brothers agreed to come in at no cost to the CDD and do all the pruning of those trees. They have taken on some responsibility but not complete blame for six dead trees. I believe this is a good compromise. There is also a proposal for eight trees. There are quite a few trees that have died off over the years. They have just not been healthy along certain areas of Cat Brier, so there is a proposal to replace eight river birch trees for \$960.

Ms. Snyder asked was there an opportunity we discussed last month about getting a better deal if we purchased a certain number of trees?

Mr. Haskett stated that is a separate issue. The trees that you are speaking of, although they are nice trees along the main boulevards, we really need to replace them with something of substantial size. These are 22 feet tall, compared to the ones we are looking at that are 10 to 14 feet. Since this is for Cat Brier, it is appropriate to go with larger trees than what we discussed last month.

On MOTION by Ms. Snyder, seconded by Mr. Berube, with all in favor, approval was given to the proposals from Luke Brothers for the replacement of eight river birch trees in the amount of \$960, as discussed.

Ms. Kassel stated I know there have been conversations about the demise of the existing trees. What was the response to that?

Mr. LeMenager stated Luke Brothers said it is not their fault but they will do some trimming of other trees without compensation.

Mr. Berube stated that is why I asked for this item to be considered separately. I do not think that is right for a number of reasons. We have some other trees that have died in

the interim, not live oaks. We have discussed who is responsible for the dead live oak trees. We have had six to eight that have died only in the Luke Brothers service area. There an equal number of live oaks that are planted in similar conditions and none of those have died. We know about the potential issue of herbicide that was sprayed in and around the area of these trees, and apparently there might be enough thought process that the herbicide might be the problem. Now Luke Brothers does not use it here anymore but we are being asked to pay for trees that have died. I think I would be shirking my fiduciary duty if I agreed to replace these trees and pay for them. It does not seem right to me. In a month from now, this company's contract is going to increase by \$15,000 for the year. I do not think it is right that we pay for these trees.

Ms. Snyder stated I thought when we first had the discussion, there was no proof that it was anyone's fault. It could be due to too much rain after they applied the chemical or issues with the soils.

Mr. Evans stated there is a whole series of events that took place that you could point to. There was no common denominator. Luke Brothers manages the whole site, they applied the same chemicals to the entire property, not all the trees died but only select ones, so there was no way we could conclusively say it was their fault. The end verdict was inconclusive so Luke Brothers is innocent. We just do not know. Trees die.

Ms. Snyder stated we have a lot of trees and they treated all of them the same.

Mr. Shafer stated that is correct.

Mr. Evans stated to penalize Luke Brothers for something, of which there is no proof that they committed any kind of defect or fault, is not fair. I think your offer to work with us going forward in doing other things shows your commitment to work with us on the whole project. It is tough providing landscaping. I have been in this business for 30 years, and I know how difficult it is. I have a lot of respect for the staff who are out there in the heat and the rain doing this job every day. I have not seen anything conclusive saying that those trees died and it was the fault of Luke Brothers. I think it is the responsibility of the Board to replace those trees.

<p>On MOTION by Ms. Snyder, seconded by Mr. LeMenager, with all in favor except Mr. Berube, approval was given to the proposals from Luke Brothers for the replacement of oak trees in the amount of \$3,870, as discussed.</p>

Mr. Evans asked what is the status of the trees staff was going to purchase in bulk?

Mr. Golgowski stated we talked with the vendor and he was offering \$50 per tree instead of \$55. Mr. Haskett located 20 locations within neighborhoods that need dead trees to be replaced. We also discussed last month that there are another 30 areas within parks and other areas in the community that need trees.

Ms. Snyder asked if we install the trees and they die, can they be transplanted?

Mr. Golgowski stated yes, these trees come in pots so we can stockpile them.

Mr. Berube stated I think she means if it is two years later, can we plant them now and transplant them later to replace trees that die.

Mr. Golgowski stated you can probably do that. I think they will be fine in the pots for two years.

Mr. Evans stated you can make those replacements gradually over time. Are we getting the trees?

Mr. Golgowski stated yes.

Mr. Berube asked do we have that much of a mortality factor on trees where it warrants stockpiling all these trees?

Mr. Tome stated on the internal roads, not the major boulevards, where the irrigation is controlled by that individual home, is where the issues are happening because the utilities are turned off.

Mr. LeMenager asked can we lien some of these homes that are in foreclosure for tree replacement? I appreciate that the HOA does not have any funds, but we do.

Mr. Qualls stated I need to think about that.

Mr. LeMenager stated it does not even have to be a home that is foreclosed on. There is a tree on a street that suddenly died in my neighborhood. Someone put something on that tree to kill it. Can we go after the home owner and have them replace the tree because they killed it?

Mr. Berube stated that comes to the same issue Mr. Evans raised with the six oak trees as to proof. How do we prove it?

Mr. LeMenager stated it does not matter. They are supposed to take care of the tree.

Mr. Evans stated we had this conversation a long time ago about the responsibility for these trees. We have the right but not the obligation. It is the responsibility of the home owners to maintain those easement areas. Nowhere in the documents does it say that they

are responsible to replace the trees if the trees die. We reviewed the HOA documents and the CDD documents. The CDD Board decided that the CDD will be responsible for the replacement of those trees, but because there may not be any irrigation because there is no electricity to those homes, those areas are not getting irrigated. It is not prudent to replace a tree that will not have the proper irrigation until someone moves into that home. We do not have the authority to fine or levy a lien against that home owner to replace something that we have the right to but not the obligation. We cannot prove that they have the obligation to replace the tree because it was not clean in that regard.

Mr. Qualls stated I recall reviewing the home owner documents and the home owner is responsible for the maintenance, but the documents are silent as it relates to the trees. At that time, I recall that this Board made the policy decision that the CDD will maintain and replace the trees, but I will review the minutes to be sure.

Mr. Evans stated that is also how I recall the discussion.

Mr. Qualls stated I get nervous when the District contemplates trying to fine or send letters to put a lien on a property. I am not clear if the District has that authority; in fact, I do not think the District has that authority, but I will research that issue.

B. Aquatic Plant Maintenance – Bio-Tech Consulting

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

C. Dockmaster/Field Manager

i. Buck Lake Boat Use Report

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

Mr. Belieff stated some of the pylons have worked themselves loose in these past couple storms, and we might need to look into getting them repaired or replaced soon.

ii. Proposal to Purchase Two Kayaks

Mr. Golgowski reviewed the proposals for two kayaks in the amount of \$2,045.90.

Ms. Kassel asked are these identical to the two kayaks we have already?

Mr. Golgowski stated yes.

Ms. Kassel asked does that include shipping or delivery?

Mr. Golgowski stated yes, we will pick them up.

Mr. LeMenager stated I do not see how I can possibly support buying two more kayaks when we have such limited use of them. We have two kayaks and five canoes

plus the solar boat, two pontoons, one fishing boat. It is a nice facility but we had four uses of kayaks this month.

Mr. Berube stated the request originated from Ms. Rachel Garwood. She is a frequent user of these boats. She indicated that if we had four kayaks, they would be used more often. They do not like the canoes because of the stability factor.

Mr. LeMenager asked who owns the dock area?

Mr. Golgowski stated the developer.

Mr. LeMenager stated the solution is simple to me. If people want more kayaks, let them store their own kayaks there. I understand they will have to carry them in and I appreciate that the developer says we cannot store them there, probably for some insurance reason. The bottom line is, it is not this Board that is preventing storage of extra kayaks at the dock; it is the developer. Let us be clear on this issue. I do not see that the CDD should be spending money on a facility that will get pretty limited use.

Ms. Snyder stated I think it will get more use with more kayaks.

Mr. Berube stated I agree. I am not one for spending money just because you can, but the boating budget came in at least \$12,000 under our anticipated expenses this year, which is very good. I think there is a potential use and I believe Ms. Garwood that more people will use these kayaks.

Ms. Snyder stated I am in the group that uses them, and they will be used more if there are four of them. People often will not go because there are only two.

Mr. Evans stated there was a lot of discussion on the utilization and maximizing the utilization based on the number of units that we had.

Mr. Berube stated if we had only one, the usage would be terrible. Two get more use, and the theory is that more will result in more usage. I do not mean to go out and buy 12, but for only \$2,000, we will be able to see if the usage will increase. I think we could put that money for worse use than for two kayaks.

Ms. Snyder stated I agree.

<p>On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor except Mr. LeMenager, approval was given to the proposal to purchase two kayaks in the amount of \$2,045.90, as discussed.</p>
--

iii. Assistant Field Manager Proposal

Mr. Berube stated I prepared this proposal for the Board's consideration. It appears that the community might be large enough to have an assistant field manager to back up Mr. Belieff all the time. Right now we do not have one. We had a part-time assistant, but this proposal anticipates having a full-time person to cover for Mr. Belieff on his days off and also removing the refuse removal portion of the Luke Brothers's contract and canceling the contract with Jan Pro, both of which we are not sure if we can do but we are reasonably sure that we can. The proposal includes the purchase of a cart for this employee as well as a dumpster. The gain will be having a full-time staff member to backup Mr. Belieff. It will also help Mr. Haskett with the endless series of duties that we assign him, as well as monitoring contractor performance such as pool cleaning service and pool deliveries. If we hire the right person who is a handyman, there is always something that needs to be done like painting columns and other things around the property. I have vetted this with the District manager and development personnel, and I think they will be in support of this as being positive. The first year is almost a zero cost savings largely because of the startup costs and purchasing costs. Ongoing savings should be \$10,000 to \$11,000 annually. The real gain is another person to assist Mr. Belieff so that someone is here every single day. This will require hiring another person through Severn Trent.

Ms. Snyder asked for Jan Pro and Luke Brothers refuse removal, can you cut contracts like that?

Mr. Berube stated we can remove and add things to the Luke Brothers contract at will as long as we give them reasonable notice. We do not know about the Jan Pro contract, but there have been changes to their contract in other areas. We need to ask that question.

Mr. Moyer stated all of our contracts for that type of service provides for 30 days' cancellation.

Mr. Evans asked is this a reasonable expectation of what it would cost to hire someone for that scope of work?

Mr. Moyer stated yes.

Mr. Berube stated this anticipates 40 hours per week at \$12.50 per hour. We may not need them for 40 hours per week. We do not know what the needs are but we can probably keep someone busy for 40 hours each week. Perhaps the person we hire is a retiree who lives here and does not want to work 40 hours. There is a lot of flexibility in

these numbers, and this proposal is the most conservative at 40 hours per week. The other gain is that we can empty trash cans as needed rather than on a three-day-per-week schedule. Sometimes on weekends, the trash cans are full and they can be a mess, especially if someone has a big gathering. If we had a staff member, they can remove the trash right away. The restrooms would be cleaned as needed rather than on a set schedule, whether they need it or not. I realize it is a big change from the way we are doing things, but I think we are big enough now to support a second field person.

Ms. Kassel asked would this person and/or Mr. Belieff be considered a representative of the CDD if we needed to call the sheriff for some kind of violation?

Mr. Berube stated yes, that is the thinking. Monitoring the swimming pool areas has become a big issue. We are coming into the winter months right now, so that usage will decrease, but summertime has proven that we need some additional pass throughs at the swimming areas. If we change the key system, there will be a need to issue these keys and it will be nice if there are a couple people who can issue key cards. We cannot shift all that to the welcome center.

Mr. Qualls stated the Statute says that the District has the ability to work with the District Manager, who shall manage the works of the District, that is why the management company hired Mr. Belief. Whatever ability Mr. Belieff has, including the ability to call the sheriff, that would apply to this new individual.

Mr. Moyer stated that is correct.

Mr. LeMenager stated it was a pleasure to read my agenda package this month and seeing such a good idea that pays for itself.

Ms. Kassel asked is there someone we have in mind for this position?

Mr. Berube stated no.

On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, approval was given to the assistant field manager proposal, as presented, subject to contract revisions for Luke Brothers and Jan Pro.

Mr. Moyer stated Mr. Marks submitted a question on this agenda item dealing with the conversation about trees. The question is for Mr. Qualls. Can the CDD be fined for breaking HOA standards?

Mr. Qualls stated no.

Mr. Marks asked does the District have any accountability for the areas looking nice?

Mr. Qualls stated no, the law describes common areas as an HOA function, whereas this District's single purpose is to maintain infrastructure. Part of that infrastructure, while not common areas, includes areas such as the parks that falls under the parks and recreation power that the District has and things of that nature.

Mr. Marks asked regarding those standards, is there any course of action this Board has to take?

Mr. Qualls stated the appropriate body that would address that is the HOA.

Mr. LeMenager stated if a CDD area looks bad, then we hold Mr. Shafer accountable.

FOURTH ORDER OF BUSINESS

Public Hearing to Adopt the Fiscal Year 2011 Budget

A. Fiscal Year 2011 Budget

Mr. Moyer stated we made a couple changes, most of which were discussed by the Board. To Mr. Berube's credit, when the original budget was put together, we had not increased the Luke Brothers contract in accordance with their renewal provisions. The amounts shown in this version of the budget include their 3% increase. We did incorporate the discussion the Board had last month in terms of reserves and the way we budgeted for our contribution for the irrigation improvements has been moved above the line where it is no longer a reserve but is an expense. The monies to cover that come from the \$43,000 of a self-insurance reserve that you will see no longer exists. That money for the most part was used to pay the \$30,000 irrigation project expense and the balance went to the increase in the landscaping contract. Overall it had a diminimus effect on the budget. The conclusion for the public is that this budget does not anticipate or require any additional assessments from what you are currently paying.

Mr. Berube asked is there still a 0.16% decrease to the assessments?

Mr. Moyer stated yes, that is correct.

Mr. LeMenager stated I would like to compliment Mr. Moyer and his staff. I think they did a good job this year. We all received our trim notices and now our CDD assessments are higher than our property taxes. Do keep in mind that two-thirds of the assessments are actually for the retirement of the long-term bonds. Even if the Board was able to substantially reduce the operating costs, that would not result in a substantial reduction in the overall assessments.

Mr. Evans stated I will open the public hearing for comments from the public.

A Resident asked what is the increase in the landscape cost?

Mr. Moyer stated there was an adjustment made to the budget because under the contract with Luke Brothers, which may be renewed in September 2010, there is a provision that they increase their fees 3%.

The Resident stated in light of the current economy and the fact that people are starving, I am sure that there is no sense in having an increase.

Mr. Moyer stated we build the budget around our contracts and historical costs. If this Board agrees that we do not think an increase is warranted, we could go back and negotiate that with Luke Brothers. To the degree that it is not successful, then our option is not to renew the contract. Then we would have to go through a very cumbersome process of putting this back out to bid through an RFP. To their credit, these Board members spent the better part of two months reviewing materials and discussing the contract. It is a very cumbersome process which does not mean that it cannot be done.

The Resident asked so we are giving them a 3% increase because going out to bid is a cumbersome job?

Mr. Moyer stated we do not know what the bids will be when they come in. We do know with certainty what the cost will be for the renewal of this contract.

The Resident stated I am looking at the economy. I am looking at the house I purchased three years ago for \$700,000 and yet this year my property taxes are based on a value of \$300,000.

Mr. Moyer stated we sympathize with you.

The Resident stated I sympathize that you want to give them 3% to avoid a cumbersome situation that might be able to save us some money.

Mr. Evans stated the Board entered into a contract with Luke Brothers that had a provision that the Board can elect to renew their contract for one year under those conditions. Contractually the Board can either not renew by the end of September which leaves us with no one to care for the landscape and trying to find someone between now and then to mobilize while we go through the formal bid process, or to move forward with certainty.

Mr. LeMenager stated we can still terminate their contract with 30 days' notice. Your comment has been noted.

The Resident asked should this have been addressed a couple months ago when we knew September was approaching so that we did not put ourselves in a 34-day predicament?

Mr. LeMenager stated we are not in a 34-day predicament. You misunderstood. Should we agree to the 3% increase, it could be as little as one month that we have that increase because we can terminate their contract with 30 days' notice any time?

The Resident asked would it not behoove us to look at other opportunities? I am getting ready to put an addition on my house, and I will consider proposals from more than one person.

Mr. LeMenager stated we did look at various landscaping companies. I have noted your comment, and I intend to bring it up during Supervisor requests.

B. Consideration of Resolution 2010-03 Adopting the Budget

Mr. Evans read Resolution 2010-03 by title into the record.

On MOTION by Mr. LeMenager, seconded by Mr. Berube, with all in favor, approval was given to Resolution 2010-03 adopting the budget for fiscal year 2011.

C. Consideration of Resolution 2010-04 Imposing and Levying the Assessments

Mr. Evans read Resolution 2010-04 by title into the record.

On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor, approval was given to Resolution 2010-04 imposing and levying the non-ad valorem assessments for fiscal year 2011.

FIFTH ORDER OF BUSINESS

Acceptance of the Audited Financial Statements for Fiscal Year 2009

Mr. Moyer stated the independent auditor's letter states that in their opinion, the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities and each major fund of the District as of September 30, 2009. That is referred to as a clean audit opinion, which means that the books and records that the District provided to the auditor at the close of fiscal year 2009 did fairly represent our financial position as of that date. The other reports I want to highlight are in the back of the audit report, starting on page 22, which is a report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing*

Standards. As it relates to material weaknesses, there are several paragraphs that define a material weakness. The report states that the auditor did not identify any deficiencies in internal control over financial reporting that they consider to be a material weakness. On the compliance section, dealing with compliance with laws, ordinances, rules, contracts and things of that nature, the report states that the results of their tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Page 24 is the management letter. Pursuant to the rules of the Auditor General of the State of Florida, there are certain reports that the auditor has to include in this audit. One includes the recommendations that are not material weaknesses but nonetheless that we can do to improve our financial reporting, and they do not have any recommendations, nor did they have any recommendations in the prior fiscal year. On the compliance issues, I will call to your attention the disclosure on page 26, paragraph 8 where it states that the District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes. Saying that another way, the District is not in a state of financial emergency, which is a defined term under the Statute and the rules of the Auditor General. If you do not do certain things, you can trigger a financial emergency, and this report says that we have not done any of those things. On that same page in paragraph 9, the report states that they applied financial condition assessment procedures pursuant to Rule 10.556(7), and no deteriorating financial conditions were noted. There is a discussion of that in the beginning of this audit in the management discussion.

Mr. Berube stated page 18 shows that the total amount of money that is needed through 2014 to go to retire bonds is fairly low, but in 2015 and thereon, it jumps up markedly. Am I looking at this with alarm needlessly?

Mr. Moyer stated that is for five years, not a single year.

On MOTION by Mr. LeMenager, seconded by Ms. Snyder, with all in favor, approval was given to accept the audited financial statements for fiscal year 2009 and to authorize staff to file it with the appropriate State agencies.
--

Mr. Moyer stated to expand on Mr. Berube's question for the benefit of the audience, the payment of the principal and interest on these bonds is much like your home

mortgage and it is level, essentially the same every single year. You will not see swings in what you pay for principal and interest on the bonds.

Mr. LeMenager asked is it possible to renegotiate the rates?

Mr. Moyer stated you can reissue bonds and there are some thresholds that need to occur first. One is, it will be difficult to do it now because of the concentration of debt. When the neighborhoods subject to the Series 2001 bonds are substantially built out and there is a higher number of rooftops, then you could go back and refinance that because it then would be investment grade. We could get them rated through a rating agency. Then it depends on what the bond market is at that point in time. As you are all aware, those interest rates vary widely, depending on the economic health of our system. Because of the rates now, it would not make sense to do that, plus you would not be able to get it rated. There is also a 10-year call protection period, so you cannot even consider it until after next year on the 2001 bonds. On the Series 2004 bonds, you cannot consider it until after 2014.

Mr. LeMenager stated our window of opportunity will start next year. Are we paying 6.5% on the Series 2001 bonds?

Mr. Moyer stated I believe they were 7% or 7.25%.

Mr. LeMenager stated that might have been reasonable in the 2001 market. If there is some way we can refinance them, we should consider it.

Mr. Berube asked is there a cost in doing that?

Mr. Moyer stated yes, there is a refinancing cost, but all of the costs to do that are included in the analysis of whether or not you have lower principal and interest payments at the end of the process.

Mr. Berube asked would it not make as much sense to prepay?

Ms. Snyder stated I did that on mine.

Mr. Moyer stated that is up to each individual home owner. The documents do provide that residents can prepay their debt assessment, and that goes into a sinking fund that will be used to call bonds at the appropriate time, which is every six months. I can provide the pros and cons of that. One of the cons is if you owe \$8,000 and you want to pay that off but you sell your house next month, it is the market that determines what you sell your house for. You will not sell it at market plus the \$8,000.

Ms. Snyder stated it can be an asset because you have less to pay toward your assessments. That is what I did with my homes.

SIXTH 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.

B. Invoice Approval #124 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.

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 2011

Ms. Kassel stated I would like to make a request that we move all our meetings to the evening so that more residents can attend regularly. I know some residents do attend in the morning. Anyone who works a daytime job is not able to attend half our meetings.

Mr. Evans stated I prefer having them all during the day.

Mr. Berube stated I agree.

Mr. Evans stated having them during the day does not place such an inconvenience on the staff members who are here, especially from the development side.

Ms. Snyder stated I have also noticed that more people attend the morning meetings than those who attend in the evening.

Mr. LeMenager stated that sometimes varies.

Ms. Snyder stated perhaps we can consider having them the same nights as the home owners association or when there is another meeting scheduled.

Mr. Evans stated I have heard comments about having four of the evening meetings to be concurrent with the quarterly home owner association meeting, where their meeting will take place prior to our meeting and follow it with the CDD meeting, and then move the other eight meetings to the morning.

Mr. LeMenager stated I think the proposed schedule of every other month works well. Every time we have had an HOA meeting precede this meeting, we have started late. This is a governmental meeting, not a meeting of a non-governmental body. When

we have a scheduled start time, it is nice to begin at that time and not later. The HOA should probably not meet before our meetings, but that is an issue for them to consider. I understand Ms. Kassel's comments. I tend to agree more with Ms. Snyder because I think we get different people. Yes, we have a certain group that attends in the evening, but when we meet in the morning, we have different people attend. Clearly people are working different schedules. I think that by alternating between morning and evening meetings, we actually get more people involved.

Ms. Snyder stated I prefer the alternating meeting schedule.

Mr. Berube stated I like having them during the day but I see the reasons for having them at night. My personal preference is for the daytime.

Ms. Snyder stated I definitely prefer having them during the day and there are more people who attend during the day, but for the sake of those people who cannot attend daytime meetings, I can make a concession for evening meetings.

On MOTION by Mr. LeMenager, seconded by Ms. Kassel, with all in favor, approval was given to the meeting schedule for fiscal year 2011 as presented.
--

D. 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 my wife has reported problems with the sprinklers in the park behind our home and she did not think they were repaired yet, but the report says they are completed. Have they actually been out and looked at them?

Mr. Haskett stated they inspected them and reported to me that they have been fixed. Whenever I get a report on sprinkler heads, I forward it to Luke Brothers and ask them to take a look. I cannot verify if any new ones have been repaired.

Ms. Snyder asked would you check the area around the basketball court?

Mr. Haskett stated yes.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being nothing to report, the next item followed.

B. Engineer

Mr. Evans asked did you get that issue sorted out on the easement?

Mr. Boyd stated we will check that.

Mr. Moyer stated we discussed Mr. Boyd's report last month about sidewalks and the need to grind those sidewalks. The young man who did that in the past at a very good price did a very good job, but he was not available because he was in college. He ended up being back here for a week recently, so I took the liberty of employing him through my company to grind those sidewalks at a fee of \$2,922 for 77 locations.

C. Developer

Mr. Tome stated we appreciate the Board having half of your meetings during the day to facilitate our staffs' schedules.

SIXTH ORDER OF BUSINESS

Supervisor Requests

Mr. LeMenager stated I would like to raise the issue this resident mentioned during the budget hearing. I would like to ask that Mr. Moyer approach Luke Brothers with respect to negotiating the renewal of their contract at no increase. All they can say is no. In that case, we can tell them we will go through the process again.

Mr. Evans stated anytime you are in the marketplace and you hire a contractor to do a project of this magnitude, the industry as a whole looks at you and your decision-making capabilities. They view us as customers in the same way we view them as contractors. If this Board keeps going through a lot of contractor changes, there is a perception in the marketplace of who is right and who is wrong. Are the employees in the field having a hard time, or is the Board having a hard time trying to make decisions. It is a two-sided street. I do not disagree that we can ask them about their increase for fiscal year 2011, and I value the comments that were made that these are tough economic times and conditions right now. They have been consistently difficult for a number of years. I do not think we should automatically say we are going to go rebid the work to get another price. We all know Luke Brothers went through a learning curve that placed an enormous burden on Mr. Haskett, who is not an employee of the District. He spends a lot of his time holding their hand and walking them up that learning curve. To change contractors just because it is a great idea, there has to be a balance and you have to consider that. Is it worth it to hire another contractor, knowing that we are going to go through the exact same learning process that we went through and took months? I am not trying to sway the Board one way or the other, but I do want you to take that into consideration, all the things that go into rebidding this contract every year. Let us find a contractor that we like and work with them. They are no different than any of us. We all have jobs and we all do

the best we can with what we have, and we all make a conscious effort to do the best job that we can. I think that applies to everyone we hire. Arbitrarily getting another bid does not necessarily better our situation; we could actually make it worse just by that act.

Mr. Berube stated to expand on that and what we just approved with the assistant field manager, that will take a substantial amount of money from the Luke Brothers's contract, about 7%. That portion of the contract to remove trash is \$32,576 per year, but they may or may not have been making a lot of money on that particular work effort. A piece of their contract is coming out and coming back to us where we can hopefully generate some savings. I am in favor of carefully studying Luke Brothers, as this Board is well aware. I cannot argue that their invoice will increase, but they are improving. We had our differences but they are working on it and the community does look better, and we are taking a piece of that away.

Ms. Snyder stated we are removing \$32,000 but we will only be increasing it \$15,000.

Mr. Berube stated the \$32,576 was the figure for fiscal year 2011, which had the 3% increase. The overall contract is increasing almost \$15,000 with a 3% increase for the entire year.

Ms. Snyder stated they will only recover half of what they are going to lose.

Mr. Berube stated that is one way of looking at it, on a scope of \$500,000. I cannot argue with Mr. LeMenager, but I agree with Mr. Evans. We are at this point with them and we do have a contract. We agreed to the contract and we are going to make a modification to it. I think we leave it be and let Mr. Haskett, who is in communication with them every day, guide us as to what we need to do as the months roll along. We have asked for his guidance several times, and he has suggested that we stay the course.

SEVENTH ORDER OF BUSINESS

Audience Comments

A Resident stated we are having such problems with the pool and I do not know who to contact and what can be done to help the pools. They are being destroyed. It is both pools and it is damage due to misuse.

Mr. Evans stated that is why the Board approved hiring an additional staff member to provide another presence and to keep an eye out on those areas. It is also another person who can call a deputy to try to keep a better handle on the activities that are happening in those pool areas.

The Resident stated they climb over the fences.

Ms. Snyder stated if you see any vandalism or anything like what you are referring to, please call the sheriff and they will come out.

The Resident stated I have called them but I was not sure if I should do that.

Ms. Snyder stated they encourage you to call them.

The Resident stated I have called the CDD and reported that there is feces in the pool and something should be done. People should not be able to go in there and act freely.

Mr. Berube stated we have recognized several problems at the pools. Some of it is due to unauthorized people getting in that area. To that end, we may change the locks on the pool gates. This is a much more difficult process than I ever anticipated. We are looking to change the access to the gates to eliminate all the extra keys. There may be an identification card. We may upgrade the cameras so that there is constant monitoring rather than sporadic. There may be some landscaping upgrades taken along the fences to prevent people from climbing over the fence that you are seeing. All of these should provide a much better pool experience before the next swimming season. We will be doing an upgrade this winter to replace the damaged tiles and a general sprucing up of the pool. We do not want to do any of this now because the pools are so heavily used. We have seen what you are talking about and we agree with you. I hope that by next spring, all of this is complete and everything looks nice and we do not have to give you another excuse.

A Resident stated the trees on Blue Stem have been dead for almost three years and I have lived here six years.

Mr. Haskett stated if the home is occupied, it is slated to have the trees replaced, but not if it is not occupied.

The Resident stated the home was rented previously and it is rented again.

Mr. Berube stated we just purchased about 100 trees, and they are scheduled to be installed but only in front of houses that are occupied so that there is irrigation. It does not matter if it is an owner or a renter. You will be seeing this tree replacement activity in the next couple weeks.

A Resident asked will there be an area in the future designated for boat trailers?

Mr. Evans stated no, the CDD does not have any property for a public trailer area.

Mr. Berube stated neither the CDD nor the HOA has property for that purpose.

Mr. LeMenager stated we just had a big issue about the fire station being closed, and this has nothing to do with the CDD, but I had a thought of asking the fire department if they wanted to make some money and rent the space behind their firehouse.

Mr. Evans stated I do not think they have any space back there.

Ms. Snyder stated it is the Harmony Institute.

A Resident stated I live in the townhomes and there is a dead tree behind our unit that has been dead since 2009 when we moved in.

Mr. Haskett stated that is the responsibility of the sub association. You should contact Century Management Company and I will provide their contact information to you.

A Resident stated with respect to the pools, I would suggest a simple education process with a reminder of the rules in the next newsletter and to request help from the residents in enforcing those rules. The last time we were at the pool, it was sunset when the pool was closing, but there were some teenagers who wanted to get in but they did not have any keys. I told them first of all they needed to have a key and secondly the pool was closing. Perhaps a reminder ad encouragement will help. It is our pool and our community so we should take care of it and help each other. With respect to the resident's report about feces in the pool, I know that accidents happen, but is there a place or a number to call to report this?

Mr. Haskett stated there is a phone number on the doors to the restrooms as well as on the gate for the District office. They communicate those items to my office as well as to Mr. Belieff, and we will contact the pool company.

The Resident asked regarding landscaping, is it possible to get them locked into a longer term?

Mr. Evans stated when we negotiated the contract, that is what we did. It was for an extended period of time to get the prices locked in.

Mr. LeMenager stated we have three more years of guaranteed prices under our contract.

A Resident asked is it true that a number of trees have been dying from a lack of water?

Mr. Evans stated we may not ever know why some of the trees die. It could have been a lack of water. But before we replace them, we need to be able to irrigate them to ensure their survivability.

The Resident stated typically there are trees all over Florida that are not irrigated, but they do not die.

Mr. Evans stated when you plant trees and you do not irrigate them so that the root system can get established, their chance of survivability is very low because those conditions are very tough on them.

A Resident asked does the dockmaster work for the CDD?

Mr. Evans stated yes.

The Resident asked is he also contracted by the HOA for the pool?

Mr. Evans stated no, the pools are owned by the CDD.

A Resident stated it looks like there are a lot of diseases in the grass in Ashley Park from the sidewalk onto the road, and it is spreading. Is that something you are aware of? Is it chinch bugs?

Mr. Haskett stated that area is the responsibility of Century Management. They were chinch bugs and I saw Vila & Son spraying for that a week and a half ago.

A Resident asked what is being done about pet owners not picking up feces from their dogs?

Mr. Berube stated that is an ongoing issue.

The Resident asked are you sending letters to owners and renters? How do you get a letter to a renter?

Mr. Berube stated you send a letter to the house. Those letters do not come from this Board. They come from the HOA, but when a letter is sent, it goes to the renter and the owner of the property.

A Resident stated the baseball fields were built in front of my house. Who is in charge of that?

Mr. Tome stated the developer is managing that, not the CDD. The actual field itself is being maintained by the developer but was installed on the school grounds to be used by the school.

The Resident stated there are some high school kids using that field and I am concerned about balls breaking my windows.

Mr. Tome stated the closest house is far enough away that they will not ever hit a ball that far.

EIGHTH ORDER OF BUSINESS Adjournment

The meeting adjourned at 7:20 p.m.

Gary L. Moyer, Secretary

Robert D. Evans, Chairman