

MINUTES OF MEETING HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, March 29, 2012, at 9:00 a.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Robert D. Evans	Chairman
Mark LeMenager	Vice Chairman
Steve Berube	Supervisor
Kerul Kassel	Supervisor
Ray Walls	Supervisor

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Tim Qualls	Attorney: Young vanAssenderp, P.A.
Steve Boyd	Boyd Civil Engineering
Wendy Andrews-Fine	Luke Brothers
Greg Gologowski	Harmony Development Company
Todd Haskett	Harmony Development Company
Mike McMillan	Luke Brothers
Larry Medlin	Bio-Tech Consulting
Nestor Nazario	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 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 January 26, 2012, and February 23, 2012, Meetings

Mr. Evans reviewed the minutes of the January 26, 2012, and February 23, 2012, regular meetings and requested any additions, correction, or deletions.

Mr. Qualls stated page 20 of the January minutes, second paragraph of item E should read, "My understanding is that the combined ad valorem and non-ad valorem special assessment notices..." and the last sentence should read, "The tax collector was awesome to work with."

Mr. Evans stated page 4 of the January minutes should read, "the proliferation of planting in Celebration and those canals was to the limited ~~the~~ depth of the water in the canals because they are not really wide."

On MOTION by Mr. LeMenager, seconded by Mr. Walls, with all in favor, unanimous approval was given to minutes of the January 26, 2012, regular meeting, as amended.

Ms. Kassel stated page 10 of the February minutes, the first sentence should read, “So you will actually get more contaminants.” Page 28, sixth paragraph should read, “You have no standing to go prosecute these 19 owners.” Page 43, fifth paragraph should read, “Mr. Evans stated Mr. Berube was involved in purchasing the mule.”

On MOTION by Ms. Kassel, seconded by Mr. Berube, with all in favor, unanimous approval was given to minutes of the February 23, 2012, regular meeting, as amended.

THIRD ORDER OF BUSINESS

Audience Comments

There being none, the next order of business followed.

FOURTH ORDER OF BUSINESS

Subcontractor Reports

A. Aquatic Plant Maintenance – Bio-Tech Consulting

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

Mr. Medlin stated we will have two treatments for the ponds in the month of March. The first was on the 13th and the second will be today. I have no problems to report. The water levels are pretty low right now, but that is a good thing for the plantings we have completed. This is the time when they like to fill in the bare areas and spread out a little bit. Some rain soon would be nice, but other than that, I think we will be in good shape. We had a lot of good growth over the winter from the plants we installed, and they are looking really good. Going into the summer, we are in good shape.

B. Landscaping – Luke Brothers

Mr. McMillan 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. McMillan stated at the last meeting, there was a lot of discussion about the number of employees. This past month, we have had 14. As of yesterday we dropped down since we terminated one of them, so we are at 13. At the end of my landscape meeting with the crews, I discussed the improved appearance of the property, which I

think is good. We had every intention of finishing the mulch by the end of this month, and I know we can finish by the 13th, but I want to be sure there is good quality. We are taking care of everything during this process so that we do not have to go back. I am working with Mr. Haskett to make sure we check items as work is completed.

Mr. Berube stated there were two invoices in this month's agenda package dated August and September 2011. They are both noted that they were mistakenly billed to the development company so it did not show up on a recent outstanding invoice list. I have several problems with that. Not only does this look like sloppy work because these have been outstanding for six and seven months, sitting on the developer's books, not the CDD's, but this is a different fiscal year than we are currently in. This creates havoc, and it is \$5,000. In January, we received invoices for \$15,000 that were outstanding for most of last year. In a three-month period of time, you have affected our budget and record keeping by \$20,000. This is unacceptable. If it was my decision to make, I would tell you to take these invoices and give them to someone else. It is just too late to come back, multiple times, and this is not unusual for your company. I do not understand how you stay in business sometimes with all these late invoices. On top of that, one of them is for 15,600 square feet of Bahia sod replacement. I believe this is where we replaced St. Augustine with Bahia along the golf course. Is that the area?

Mr. Haskett stated that is correct.

Mr. Berube stated it just irks me that Luke Brothers has a hard time keeping St. Augustine turf alive. So to avoid that, we are replacing it with Bahia. Then nine months later, you come back with an invoice to replace and downgrade from St. Augustine to Bahia. This goes along with everything else I say about Luke Brothers. I would dispute the fact that you have 14 people assigned to this property. I have been watching and counting, and I cannot find more than eight people. Today there are six cars parked in the compound, and yesterday there were seven. Unless everyone walks here, gets dropped off or they carpooled, there are not 14 people. If there are 14 people assigned, I do not know what work they are doing because I can only find eight people on the ground doing any kind of work. That is how it has been all month. I drove around this morning and saw six people all working out front here sprucing things up. There has been a lot of sprucing up going on this past week in anticipation of this meeting. In addition, this entire strip was mulched just yesterday. This is the area where people come to the information and sales

gallery, and this is prime real estate out here. There has not been any mulch on those trees in months, which is terrible. The Estates has not been done, and you have indicated that you are late again on the mulch for the third year. You were late starting it and you will be late finishing. We are mulching this community six months out of the year, year after year. In the three years that Luke Brothers has been here, we have had three different supervisors and multiple different people on the crews. I think the staff has turned over multiple times. We are always in a learning curve with Luke Brothers. As we discuss and anticipate potentially replacing Luke Brothers, comments are made that it could get worse because we will have a learning curve. We have been on a learning curve with Luke Brothers since the beginning of the contract. We have never gotten everyone trained. Supervisors turn over after a year, and the crew members turn over all the time. We had a problem with the live oaks and discussed that we do not know whose fault it is, but a bunch of trees died after Round Up was sprayed in the area. We have had this replacement of St. Augustine with Bahia and other areas where you could not keep St. Augustine alive. We installed planter beds to try to avoid the problem of St. Augustine dying. People who live here seem to be able to keep their St. Augustine lawns alive, but a professional landscape company cannot.

Mr. LeMenager stated I would take issue with people being able to keep their St. Augustine alive.

Mr. Berube stated there is a certain amount of difficulty, but we have had some widespread replacement. There was fertilizer in the streets again last week at the entrance to the Estates. There was a green paint strip three-quarters of a mile long down Five Oaks Drive. It is a major street with green dye and fertilizer in the street. The contract calls for changing the mowing patterns to avoid rutting. When you look at this property where Luke Brothers mows, it is all rutted. There is a lack of proactiveness. The highlight reports constantly refer to "per the contract" every month, but per the contract, you are supposed to be proactive on weeds, disease control, and fertilizer. What I read in the reports is reactive. What I see out there in the field is reactive. We wait until chinch bugs show up and then we treat them. Now the grass is dead. On and on it goes. It gets so bad that we removed trash pick up from your contract. It got so bad with irrigation that we removed that from your contract. There are weeds everywhere. We have had a number of disputed billings. Constant guidance is needed from Mr. Haskett. What else is not getting

done? I read that we are going to the schedule of mowing the sport turf once a week. According to the contract, sport turf is supposed to be mowed 72 times per year, which is 1.5 times per week. I said a year ago that we are going to get fed up with Luke Brothers and we are going to change contractors, and I am saying it again. Last week, I noticed a man in a white pickup truck at the entrances looking at new plantings. I looked at the plantings and thought they looked really nice. I came back and saw the guy in the white truck taking pictures and counting plants, who happened to be from LandCare. I saw Mr. Haskett right after that, so I asked him if it was right that someone from LandCare should be taking pictures and counting plants. Mr. Haskett informed me that he was taking pictures and counting plants because LandCare did that work. That is why it looked good, and the man was taking pictures of the work his staff did. The developer paid for that work. When the developer's personnel pay to have landscape work done, they have now switched to LandCare, not Luke Brothers, and to me, that says it all. What am I saying here? I am tired of arguing over Luke Brothers. If I was not on this Board and was a property owner sitting in the audience, I would be in that audience every month, yelling about the quality of landscape overall, and we are hearing it from various people who live here. I received a couple emails this week, one from a very outspoken person. Luke Brothers addressed that issue, perhaps at Mr. Haskett's urging, on the Buttonbush Loop area. There have been other comments from residents. I will grant you that everything is bright and green and starting to fill in, but there are still a lot of areas where they fall short. I do not know what else I can say. I have had enough.

Mr. Walls stated I think Mr. Berube covered it.

Mr. Evans stated this has been a hot topic and has not gone away.

Ms. Kassel stated that is correct and it comes back every month. Some months it is worse than others, and it has not gone away. We would incur a significant amount of unbudgeted expense if we were to rebid the contract. If we do rebid it, we do not know if we are going to get anyone who is better or even if we will get prices that are comparable to what we are paying now. I think our main concern is that the work be done pursuant to the contract to our satisfaction on a regular basis so that we do not have to revisit it every month and spend 30 minutes at every meeting discussing it. Mr. LeMenager thinks we will incur \$50,000 in legal, engineering and other fees in order to rebid this contract.

Mr. LeMenager stated \$50,000 seems high.

Ms. Kassel stated I thought that was the figure you mentioned last month.

Mr. LeMenager stated I may have thrown out a number to get your interest. I do not think it would be more than \$20,000.

Mr. Evans stated I do not think it will be even that high. Honestly, a lot of people are not happy, for whatever reason. It may be going down the path to explore getting someone else. Mr. McMillan hears this every month. He hears all the issues, and a lot of people are not happy with the result. At the same time, we have to understand if we are getting what we are actually paying for. If we want a certain level of service that we thought we were going to get at one price, will it cost more to really obtain the level of service that we want. The only way to find that out is to rebid the contract. We will start our budget process for the next fiscal year in May and June to get ready for the following year, and we will need to decide on our costs. If we are going to make a change, when do we need to solicit for bids before we get into a fire drill type of scenario. Other companies will be able to come out and spend some time looking over the site and evaluate it and give us some suggestions. We may find out that we still have the best deal that we can have, even though it is not perfect, or we may find out that there are other options that we are better suited for.

Mr. Berube stated I thought about that and we are already at the end of March. Their contract expires October 1, 2012, which gives us about six months. If we are going to put this out to bid, I think we need to do it pretty soon because we will need at least one or two workshops to sort through whatever happens with the responses to the bids, based on past experiences.

Mr. Evans stated that is my point, that we need to be able to evaluate what our options are. We discussed the option of finding a new company. I know Mr. Haskett spends an enormous amount of time with Luke Brothers on landscaping, and there are a lot of other things he needs to be doing for the development.

Mr. Berube stated I agree, and that is part of my proposal based on how much hand-holding he has to do. It is unfair for this Board to shoulder Mr. Haskett, even though he is kind enough to do it and the development company lets him spend the time. We should not have a contractor that requires that much time. If Mr. Haskett has to stand over every supplier that we have here, he would have nothing else to do all day except monitor our suppliers. That is just not right. What happens when Mr. Haskett disappears for some

reason, if he goes to another development company or whatever the case. He is the only person who knows what is going on. We cannot have suppliers that require constant intervention. It is not fair and it is not the right way to do it.

Mr. Evans stated when we went through the bidding process previously, we put together a pretty extensive RFP. That work is already done, and we have done some tweaking to the RFP with the irrigation and trash pickup. We compare the RFP to our contract, and I think we have a pretty good contract. If we need to expand upon the narrative or if we need to expand upon our expectations on items that are raised, such as frequency of mowing and inspections, we can embellish that and we have enough time to do that and start working toward it. Let us seriously consider preparing an RFP because we have the time. This issue has to get resolved. I think there has been an enormous amount of patience. It may be that it works out fine, but right now, I am tired of sitting in these meetings every month and the vast majority of our conversations are relative to the landscaping.

Ms. Kassel stated we are not looking for perfection. We are just looking for the contract to be fulfilled. We are not looking for anything over and above, and we are not even looking for everything to be 100% all the time. It is just that we have requested this improvement over and over again, and it does not really seem to get better consistently. One of the things that really started to convince me was when I asked Mr. Haskett what his opinion was, and he said he would support whatever the Board wanted to do. He did not try to defend Luke Brothers as he has done in the past and said they are trying and he thinks they will be able to do it. This time, he said he will abide by whatever the Board wants to do. To me, that says he is also tired of the hand-holding and supervision that is required.

Mr. Berube stated a prime example of not meeting the contract requirements is the mulching that is occurring right now. The contract is very specific: between November and March. They have had three years to get this process down pat, and by Mr. McMillan's own admission, it is not done again.

Mr. LeMenager stated to an extent, we are having the same conversation that we have every year at this time. What I found most disappointing last month was the acknowledgement that they allowed their staff to be reduced over the winter. That was 100% not the deal with Mr. Lucadano. The deal was that they were going to stay staffed

so that we would not have the conversation we have every spring. To me, that is still the heart of the matter. I do not know if it is any different with any other landscape company. They make their money over the winter because of reduced staffing. Luke Brothers downsized their staff, and I am assuming they all do it, so they play catch-up in the spring. Mr. Berube is correct that we have this conversation every spring. I do not know that we have it every month but certainly we have it every spring. It is disappointing because that was not the deal that I thought we had when Mr. Lucadano was here last.

Mr. Berube stated I think what we learned from this experience is, as part of the RFP, we can add several questions. The first question can be, how many people will you put on staff here, five days a week, 40 hours per week, all year round.

Mr. LeMenager stated that was the part of their proposal that we liked.

Mr. Berube stated it was part of the RFP but it did not make it into the final contract. It needs to be blended in. The second question is, what are you paying your crew members and what is your base labor rate. I do not think they pay people enough to retain them. How much are they paying them to start and how much are they paying them at the end of the year? The problem is that we are in a constant learning curve due to constant turnover. A third question that I would suggest is, will your project manager come from within your company or will you hire someone new, and how long has he been in this business.

Mr. Evans stated Mr. Berube raises a good point. The other thing we need to look at is the operation of an actual company. We have a fixed price. Fuel prices have doubled in the last three years, and that is an enormous component of their actual costs to maintain this project. You cannot expect any company to work for free. You can say they have a contract, but they will not work for you and lose money. They cannot stay in existence because if they do not have enough money to pay their bills, then they go out of business. Are they trying to adapt to this fixed-price contract because they are locked into these fuel prices that have gone up dramatically? A lot of costs have gone up, and that is reality. We are considering rebidding this contract, and we will do that in today's marketplace. With the cost of fuel doubling, our prices could increase 20% for this new contract. Labor and fuel are big components of the contract. I do not want to lose sight of that, either. There are a lot of things that we need to take into consideration.

Mr. Berube stated you are absolutely right. We have reopened this contract several times since it was initially bid, and we have worked with numbers, both increases and decreases, as we changed the scope of responsibility. If Mr. Lucadano felt that he was not properly profitable, he has had opportunities to tell us that there was a problem, and we have never heard that. In fact, he just offered a 5% decrease for a contract extension, which tells me that he has at least 5% of profit in here. When we go to the 5% decrease in September, he certainly will not be taking a loss.

Mr. Evans stated you assume that he has that built-in profit. It may be a factor that he is trying to keep his staff that he has working. He wants to keep the work, but he may only be able to keep half the people out here so there is a skeleton crew. I do not know and I do not want to get into their internal operations. It is all assumptions.

Mr. Berube stated most of his staff is local. I think Mr. McMillan works at the corporate level, but all the rest of the staff were hired locally around here for just this project. I do not think it is a matter of keeping staff, but I do not know that.

Mr. Walls stated I would like staff to begin working on the RFP for landscaping services.

Mr. Evans stated I think we should circulate a copy of the RFP to the Board so we can review it. Mr. Berube has spent a lot of time in the field, and so has Mr. Haskett. There may be nuances that we want to embellish so that there is no room for misunderstanding what our expectations are. Then when someone bids it, they will know exactly what we are looking for. At the next meeting, we can provide our comments and suggestions for the RFP.

Mr. Qualls stated Section 190.033, Florida Statutes, requires an RFP if it exceeds the threshold amount in category four. Section 187.017, Florida Statutes, has increased that category from \$150,000 to \$195,000. I still think this exceeds that category. The District's rules of procedures indicate you can either do an invitation to bid or an RFP. An RFP allows you to choose the lowest responsive and responsible bidder, so it is not just a cost factor. Another thing to keep in mind is that your rules require a newspaper notice that allows seven days for prospective proposers to respond. I will send a memorandum that explains all this information.

Mr. Berube asked if we approve the RFP or the invitation to bid at the next meeting, can the process be completed between that meeting and the following meeting? Can that be accomplished within 30 days?

Mr. Moyer stated yes.

Mr. Berube stated I think timing will be a factor. To be clear, Luke Brothers may end up retaining this project. I tend to doubt it, but I do not know. There are a lot of factors to consider. I do not think it is all about the money. To me, it is not. It is not all about the money; it is about the quality of service on the ground and I am hearing more and more complaints from residents.

Mr. Nazario stated I want to make a few comments based on the feedback from Mr. Berube. We have been working here for three years. There have been three managers working on this property. The manager who left just before Mr. McMillan—Mr. Jason Schafer—made a career change to switch from grounds maintenance to golf course maintenance, which is something he had prior experience in and was passionate about and wanted to do. Mr. McMillan will have been here one year in April, and I know he has intentions of staying with our company and having a long career with our company. Regarding the labor and labor wages, I can share the industry standards. We pay our people well and we have good benefits. We perform background checks and drug testing for all employees who are approved to work here. I think the main reason why there is turnover in this industry is the environment. It is the type of work and the heat that breaks you down. We see a lot of people changing careers and trying to find jobs at Best Buy or other places where they can work indoors that is more pleasant than being outside. We do see that a lot, but I do not think that is a reflection on how we approach our employees or our systems. I think that happens to all landscape companies. I want to thank everyone for the opportunity you have given our company over the last three years. I know we have had some obstacles and we have worked together to overcome a lot of those issues. I know Mr. Haskett has been instrumental with his communication and in making a lot of our improvements a possibility. We appreciate his time and his involvement. We are fully committed to this community and to this contract. We are not going to say that we are perfect, but we are willing to listen and do anything that we must in order to continue making improvements day by day. We want to become better and more efficient, and we want to reduce the phone calls and issues that are making your phone ring. It takes time

and it takes commitment. We are definitely committed. I think that regardless what company ends up being your landscape contractor, there will always be a degree of people who will not be happy regardless. I know we have improved a lot since the beginning, and we want to continue doing so. Regarding the 5% reduction that was mentioned, we are not that good at analyzing profitability at our company, to be honest. We want to build relationships that are long lasting so we can keep employees and staff careers, as well as ours, intact for many years. We view it more as a token of gratitude and a thank-you for you to give us the opportunity to be better and to give us an opportunity to overcome those challenges so we can continue to be here.

Mr. Evans stated Ms. Kassel raises very candid points. We do not believe we are unrealistic, and we do not believe we are overly demanding for what your contractual obligations define. We have heard these speeches from various people at Luke Brothers for three years, and they all said the same thing, that you are committed and are going to do better. All we are looking for is specifics. Mr. Berube raises the point about the mulch. You have five months to apply the mulch. It is a very defined scope. It is not a variable. There are a certain number of areas and it takes so many tons of mulch. It is very defined, and it has not been accomplished within the defined scope. It is not like you had to worry about irrigation breaks or chinch bugs or any of these uncontrollables or Acts of God or nature. It is a performance issue. We keep hearing these same assurances, but we do not see the results and we do not see an affirmative plan that this will be done by this date. When we walk out on that date and look around, it is not done but there has been an attempt. We see bits and pieces starting to happen, but that is our frustration. We are not seeing a completed project within the timeframe that we have been told it would be done.

Mr. Nazario stated I understand that. I know we recently did a tree pruning event throughout the property, and that was completed on target. The crepe myrtles were completed on target. The flowers were completed on target. I believe the contractual turf activities were completed on target. We fell short on the mulch, and I will blame myself, too. I had a meeting with Mr. McMillan when we were substantially complete because we wanted to make sure we hit our target. Mr. McMillan assured me that we were going to be in good shape, and we fell short but only by less than 10%. We are over 90% complete. I do not want you to get the feeling that we have half the property yet to go. In between all that, we are still mowing, trimming, spraying and doing our other contractual

obligations. Not to make excuses, but as the aquatic contractor mentioned in his report, we have been dealing with above-average temperatures for the better part of the first quarter. It is an environmental issue. It has been hot and things have been growing, including weeds. We have to be reactive to that. In years past, we were not really used to those patterns. Normally it is cold in February and everything is dead and not growing. That has not been the case this year. We are working around that, while still having an emphasis on our target date. In this one particular activity, we fell short, and we are admitting that.

Mr. Evans stated one thing you are hearing in our comments is there is a lack of confidence that has developed. It will be very difficult for you to overcome that because we have heard these speeches in the past and seen the lack of performance. You may be hitting some of these targets all of a sudden, but it cannot be in one month. It has to be on a consistent basis. That is what we have tried to communicate to Luke Brothers; we want consistency. Yes, there will be issues that you will miss things. It happens in everyone's industry and everyone's scope of work. But we have seen inconsistency through the majority of these elements, so there is a lack of confidence. Once you lose that confidence, it is hard to get it back so you will really have to work to get it back. The deck is stacked against you. It is not because we have not communicated. Mr. Berube is a great communicator about his dissatisfaction, whether it is from himself or someone else.

Mr. Nazario stated I know Mr. Berube is a straight-shooter, and I do not discount that. I respect him for that.

Mr. Berube stated we had one of these meetings with Mr. Lucadano about 16 months ago, and we spoke about mulch at that time. My direct question to him was, last year he did not meet the mulch target and I will bet he will not meet it this year again. He sat right there and said they will meet the mulch target this year. That was last winter, and you did not meet it. Here we are again discussing this issue. Mulch is a big deal. I would argue that you are 90% complete. If you look carefully, you will see that you are not 90% complete. Look at the size of the mulch pile still sitting over there and then look around the property. You are far from 90% the way I count 90%.

Mr. Haskett stated I am not here to come to the defense or accusation of Luke Brothers. I will simply list the pros and cons that I see throughout the community. First, the good points about the performance of Luke Brothers over the past few months. The

overall condition of the turf is exceptional. There are some weeds out there and they have applied their insecticide, pre-emergents and post-emergents. If you go to Google Earth, you can see images of the property a year and two years ago, and it is a vast improvement in the condition of the turf. There are minor weeds in the turf that they are working to control. It was brought to our attention about fire ants, which were all over the property. That is due to the dry, warm weather, and Luke Brothers has done a good job of getting those under control. There are still ant piles out there because ants like to move around, so they are still working on that. The areas that they have mulched so far are in good condition. They need to go back to the ones they started in December and do a little weed control because they are growing again. The overall condition that they have gotten to is good. Luke Brothers implemented a program last summer for the shrubs, especially the azaleas, with a special fertilizer. I discussed it with Mr. McMillan at the recommendation of their pest control supplier, a specific product for the azaleas, and you will see that they are blooming more this year than they have since I have been here, so the shrubs are healthy. Some of the negative points include the mulching. Could they complete it by the end of March, which is in two more days? I think they could. Would I be happy with the condition of what they finish? No, I would not. I told Mr. McMillan that he needs to come to the Board and admit they did not get it complete by the end of March. April 13 is a good target date to make sure that what they are doing remains quality work. As we go to areas of the property where they have mulched, the issue last year was they missed trees throughout the property and were missing large areas. I think they have overcome that thus far. There are areas along Cat Brier, especially in front of the dog park where the turf had been replaced, that did not quite take and is weeding out. Mr. McMillan is aware that needs to be replaced at their cost. There are small patches along Cat Brier that need to be replaced, and they are aware of that. As you can see with the program for turf fertilization that they implemented last year, it recovered quickly this year with a nice green appearance, but they still have some areas that need fertilization touch ups. Mr. Berube brings up the issue of 14 people that we keep talking about. On March 21, Mr. Lucadano presented the Board with the proposed staffing levels and an operation plan. That had 14 people in it, including Mr. Lucadano. If you take out the irrigation technician, who is no longer in their contract, that brings it down to 12 actual people on

site. I can confirm that there have been 12 to 14 people throughout the past month. They do carpool, so counting the cars is not an accurate consensus.

Mr. Berube stated but driving around and counting feet on the ground is accurate.

Mr. Evans stated we are going to start working on an RFP to help us better define what our expectations are. I will ask that it is sent to all the Board members to review before the next meeting, and we will start that process.

Mr. Berube asked is it safe to assume that this RFP will be largely providing the current contract without the dollar figures?

Mr. Moyer stated yes.

Mr. Berube stated so most of the work is already done, but it is a matter of putting in some blank lines.

Mr. Qualls stated and updating a few things.

Mr. LeMenager stated we had an RFP when we went to bid last time.

Mr. Berube stated we have a pretty well-defined contract now that has been modified a few times.

Mr. Moyer stated it is based on the RFP that was issued last time.

Mr. LeMenager stated without judging the RFP, my first priority is not to have an increase in assessments. I would prefer not to go to the property tax payers who live here and tell them that we want an extra \$100 per year. To an extent, I would like our project to be set up in a fashion that we have a certain amount of money to spend and see what we can get for it, as opposed to wanting this community to look like Celebration, even though we have 2,000 residents and not much money where Celebration is "rich." Perhaps, think in terms of a target that keeps us from increasing assessments, which is not a good idea in the current environment.

Mr. Walls stated I do not want to raise assessments, either. I think for these things we create a wish-list of things that we want to see. We get prices for them, and then we start deciding what to do or not do.

Mr. LeMenager stated we will determine that once we review the RFP. I think we have a two-month process to actually define what we want for the RFP. I definitely have a few things in mind. Ms. Kassel and I were involved in this process last time, and for sure, there are things that I want to do differently.

C. Dockmaster/Field Manager
i. Maintenance and Field Activities Report

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

Mr. Haskett stated we made one change at the request of Mr. Berube. The Lakeshore Park project was well under budget for the restrooms, and the doors were in question. They really needed to be replaced. After staff attempted to renovate them, it was found that it would not be sensible to do that. So the doors are in stock, we already received them, and they will be installed next week for a cost of \$895, which is not bad for a commercial door. That will complete the Lakeshore Park restroom project, and we will move onto the Ashley Park cabana and trellis area around the pool, which is in need of attention. Since we stayed under budget for Lakeshore Park by about \$2,000, we want to shift those funds and continue with some patch work at the cabana and some rust remediation and repainting in that location. We are probably looking at repainting that building within the next two years due to cracking and various other weather issues.

Mr. LeMenager stated there are a few places where we have gone over budget. To the extent we have gone under budget in a particular category does not necessarily mean we should spend in another category.

Mr. Haskett stated I completely agree with you. The categories where we are doing well are in equipment, common area maintenance, and things like that, and we are about \$10,000 or more under budget. We are watching the bottom line and trying to make up for those other areas where we have gone over budget.

Mr. Berube asked would the cabana at Ashley Park be under parks and amenities?

Mr. Haskett stated either there or common area maintenance.

Mr. Berube asked if you are going to repaint that building and spruce it up, where would that fall? Is that common area, or is it parks and amenities?

Mr. Walls stated it could be either.

Mr. Berube stated to Mr. LeMenager's point, both of those line items are on budget. Where we are really over budget is irrigation and miscellaneous services. If the Ashley Park cabana needs painting because of cracking, it looks bad and it is out of date with the colors, we need to determine where it comes from.

Mr. Walls stated the bottom line is that we need to take care of it.

Mr. Berube stated I agree. Do not put off painting it if it needs it now, rather than waiting two years. The Lakeshore Park building looks really good and contemporary. I do not think you need to hold back waiting to do Ashley Park.

Mr. Haskett stated we monitor the condition of everything. If it gets to the point where it needs to be done sooner, we will do that, but in the meantime, we are trying to keep up the appearance of it.

Mr. Berube stated you are making some improvements both on our property and on yours. I would not want this Board to hold back on painting that building and having it look lousy. If you look at it, it is a little outdated. I am fine in moving ahead in painting it, and I see some other Board member nodding their heads.

Mr. Haskett stated it has been there six years.

Mr. Berube stated make it look pretty.

Mr. Haskett stated I distributed proposals for drinking fountains. As we discussed in the budget meetings last year, I mentioned that our drinking fountains were getting to a point where they need to be replaced. We budgeted for that in this year's budget under equipment. The reason I am bringing it to your attention today is I wanted to get your opinion and approval to change the style of the drinking fountains. Currently we have three powder-coated steel units. Two are at the dog park and one is at the Town Square. They are 10 years old and are falling apart. We are constantly wasting water due to the valves sticking, and the metal is rusting. They have been renovated once already, and it did not help. The proposal is for an aggregate unit with all stainless steel components. It is \$1,000 per unit, which is surprisingly less expensive than the powder-coated steel, which is \$2,500 each.

Ms. Kassel stated I went online to do a little research, and a lot of these are \$2,000 for one unit.

Mr. Berube stated one of our vendors, Miracle Play Equipment, also sells these.

Mr. Haskett stated most hardscape vendors deal with these. There are only a few manufacturers. As noted on the proposal, we would be able to qualify for getting onto a contract with Charlotte County School Board. Because we are a governmental entity, we can take advantage of other governmental contracts.

Mr. Berube stated I do not see any sort of warranty information.

Ms. Kassel stated I did not see it, either.

Mr. Berube stated I am willing to bet the Charlotte County School Board bid has some sort of a warranty.

Mr. Walls asked does this include installation?

Mr. Haskett stated staff can install them. It is a simple removal and remount. I do not have the warranty information, but I will find it and let you know. I knew they were getting to the point where they needed to be replaced, and we were trying to hold off as long as possible. I think we reached that point.

Mr. Berube asked can we do this without the attorney having to get involved?

Mr. Qualls stated this is just a proposal, not a contract. As long as it is insured between here and there and the shipment is taken care of, I do not have any comments or issues to address with it.

<p>On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to the proposal from Southern Park and Play Systems for the three drinking fountains, in the amount of \$4,937.35, as discussed.</p>

Mr. Berube asked what budget line item will these come out of?

Mr. LeMenager stated he said earlier that it was budgeted in equipment.

Mr. Berube stated I do not know that we specifically budgeted any money for it since we did not know how much it was going to cost. But I know we discussed it.

Mr. Moyer stated we still have capital outlay of \$15,000 where we have not spent anything yet. We can use that fund.

Mr. Berube asked that qualifies as capital?

Ms. Kassel stated I would think so since it is a replacement.

Mr. Moyer stated yes since it will last a minimum of three years.

Mr. LeMenager stated it will last a lot longer than three years.

ii. Buck Lake Boat Use Report

Mr. Haskett 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.

FIFTH ORDER OF BUSINESS

Developer's Report

i. Developer's Comments

Mr. Tome stated there was a comment made earlier about Mr. Haskett not speaking up, and I want to clarify that I encouraged him, short of just telling him, to answer the

question with that answer. We know these meetings drag on and we know it is your decision. As Mr. Haskett did, he listed the pros and the cons. It is not perfect and there are pros and cons. Regarding LandCare, we did not choose them just because Luke Brothers cannot do a good job. We also chose LandCare partly because Luke Brothers is doing our models and the condominiums for the Ashley Park Association, and there has been some sensitivity about having Luke Brothers doing too much. It does help with pricing in keeping everyone honest. We went through a bid process with four different landscape companies who primarily do installations, so that we could see what their pricing is and do a side-by-side comparison. We also chose LandCare as another way of raising the bar and encouraging Luke Brothers to do better on their pricing and on their installation and the timing of that installation, to get it done within a week rather than waiting three weeks. We also chose them for the quality of the installation.

Mr. Berube stated it stood out, and that was my point in saying that.

Mr. Tome stated I do not want you to think we chose LandCare because we did not believe in Luke Brothers anymore. It is also a way for us to continually help introduce new opportunities. For this scale of work, LandCare does installs, not maintenance. On the golf course, we deal with turnover quite a bit, unfortunately, below the management level. It is partly due to the fact of the type of work it is, but some of it is also due to the location, for crew members to get here and the cost of fuel. Some of them have girlfriends or wives drop them off because they do not have a license or they lost their license. Unfortunately, those are the people who are in those jobs, so we struggle with it also, and it has been a real ongoing challenge. In December, we had several greens—3, 6, 9 and 14—that were horrible and we spent a lot of money to restore them. We had several weeks of great greens, and now 12 and 16 have turned on us. We see it in our surveys, in our reduction of rates and all those things. It is an ongoing battle, and this is a \$2 million business for us, so we have a vested interest to do whatever we can to make it look as good as we can. We apply fertilizers and everything else we need to do. I am not defending Luke Brothers, but I am just saying it is an ongoing battle with the seasons and everything else. To Mr. LeMenager's point earlier, I totally respect and understand your fiduciary responsibility to the residents. One thing I wanted to share with you is that we have been fortunate enough to make some headway on the home building front. For a long time, we have been trying to introduce new builders to the community and get

pricing to start moving up. Weekley Homes has been here and has partnered with us to start moving things up. We started to have conversations with other builders, which is something that takes time for them to make decisions today since everyone is sensitive about pricing and location. It is a little different scenario than it was four or five years ago. I shared some information with you, and the graph shows the line for Harmony is trending up. The blue line that shows a downward trend is Osceola County as a whole. The red line going across the page is the MSA as a whole, which is metro Orlando encompassing Seminole County, Orange County, Osceola County, and Lake County. Those are the four Counties that get put into this chart. What you see is the MSA as a whole is a consistent line over the last four quarters. Osceola County has trended down, and it includes places like Reunion, ChampionsGate, and the west side of the County, as well as Harmony on the east side and others in the middle. The whole part of battling against short sales, foreclosures and similar things in the community is that by getting more consistent new home closings, when bringing these builders out to the community on a regular basis, one thing that we have heard as we try to sell them lots in the community to build models is the fact that they feel like the community looks good. I do not know that any of them have said it looks great, but they said it looks good, and it looks consistently good. To Mr. LeMenager's point earlier, while you may not be getting perfection, the fact is that these builders are looking at a lot of other places where they could make commitments and do business. While pricing has to be good for them and trending up so they can cover their costs and make money, they want to go someplace that looks good and a place that they know over time looks good so that they can feel confident to do business in this type of community. I share that because it is not only what we do as the developer to entice them to come here but it is also things that the CDD does to make sure the community looks at the quality level that it does. I am saying that it is looking good. The second page that I distributed to the Board shows these four Counties and the top 31 builders within the MSA. Each of these builders on the total numbers to the right, four years ago would have been doing four times that amount. This would have been for one quarter rather than for one year, but that is just the environment that we live in today with the market. Park Square Homes is #8 on this list, and they just signed a contract with us and will be building a model and two spec homes. They are closing on three lots initially in the G neighborhood. We had to get good pricing with

them on the lots and a good structure for terms, but they were very complimentary. This is one of those groups that we have been trying to court. I am confident and excited by the fact that they will do well here and I am excited that we landed one of the top ten builders in the MSA. We did not print Brevard County, but Lifestyle Homes built a home on Schoolhouse Road, and we courted them and partnered with them to build a house here as a way to learn this community. They had never built in Osceola County and had never come west before. They are a builder who is doing a great job in that market up and down the I-95 corridor. They have decided they will build a model in the D-2 neighborhood. Part of what caused that to happen is the quality of the community. They just recently landed a contract on a lot that had gone through a tax sale and was put on the market by the new owner. They purchased that lot, they are under contract and they are going to start building in 30 days in Drake 1. They have another contract on a similar type lot that they are negotiating right now that we are confident they will get that contract. While we are not out of the woods with what is going on in the marketplace, we are starting to see things come our direction. I think it is a statement of the quality of the things that are in the community and the things that are being done. Can it be better? I would definitely agree with that, but things look good. I think it is important to note that because sometimes I think there is a sense of walking away from a meeting thinking this place looks awful and is not that nice, but it is. To the point of the G, or Green, neighborhood, where we are seeing more activity, we are getting ready to build more spec homes and looking to build a new model. Park Square Homes is going to come in and build a model. We are seeing more activity there and we discussed doing some enhancements two meetings ago with some landscaping and birdhouses and other things. One of the things that has come up is play equipment. The District from the Green neighborhood to the dog park where there is a little playground or to Lakeshore Park is quite a walk. For families with young children, they prefer something in their neighborhood. There are areas in the Green neighborhood that are designated common areas or park areas for linear parks. One of the things the developer wants to do is put a playground there with equipment similar to what is at the dog park and use that as the gauge. If there is an opportunity to use the CDD to piggyback a contract, like you just did with Charlotte County, where we can get better pricing and not have to pay sales tax, it

will be on CDD property. We would then discuss the mechanism for how the developer would then pay the CDD for that equipment.

Mr. LeMenager asked are we allowed to receive gifts?

Mr. Tome stated on the developer's side, there will be other things in the future that we will want to continue.

Mr. LeMenager stated I am looking from a tax perspective. I think that is how you would get the good prices is doing it as a gift to the CDD.

Mr. Evans stated they could just reimburse the CDD. We would actually pay for it and enter into a contract for the acquisition of the improvements. I think Mr. Tome is referring to the parcel that was platted and is yet to be owned.

Mr. Tome stated yes, there is another park that is similar in size adjacent to that and is already improved with plenty of space.

Mr. LeMenager asked are you talking about the corner?

Mr. Tome stated no, there is a triangle park where the wooden structure just went up. It is a large area.

Mr. LeMenager stated clearly it is appreciated that the developer puts in nice features and amenities. I would simply say, however, that we are the ones who are going to pay for their long-term maintenance. Please do not install items that will rot.

Mr. Tome stated it is pressure-treated material.

Mr. LeMenager stated I appreciate that, but it is still wood.

Mr. Berube stated to be clear, the developer will use CDD-owned land and install a playground on it.

Mr. Walls stated the CDD is going to install the equipment.

Mr. Berube stated the equipment will be on CDD land.

Mr. Tome stated yes.

Mr. Berube stated the only long-term item we will have is replacement of said playground equipment in 15 or 20 years, should we decide to continue.

Mr. Tome stated the only other maintenance item will probably be the mulch because it needs to be the safety mulch. We are also exploring the possibility of coming up with something different for the surface, such as the mat surfaces that are available.

Mr. LeMenager stated there is a playground at Lakeshore Park, but that means getting in the car for most people to get to that park. There is a playground at the dog park which covers the B and C-1 neighborhoods.

Ms. Kassel stated the dog park playground can also cover D-1 and D-2.

Mr. Berube stated it would be a stretch for residents in the D neighborhoods.

Mr. LeMenager stated residents in C-2 can go to Lakeshore Park.

Ms. Kassel stated that is correct, and for some people, it is much closer to go to the playground at the dog park.

Mr. LeMenager asked you want a similar playground for the G neighborhood?

Mr. Tome stated yes, similar to the playground at the dog park.

Mr. LeMenager asked it will be the same size and include something for younger kids?

Mr. Tome stated yes.

Mr. LeMenager stated that does not sound like a bad idea.

Ms. Kassel asked in that playground proposal, will it include a canopy?

Mr. Tome stated we discussed using shade trees. To Mr. LeMenager's point, which is a good one, we will make sure we plant cypress trees because they grow quickly and shade it well.

Mr. LeMenager stated the community where my nephew lives in Tarpon Springs has wonderful playgrounds and granted the trees must be 50 years old, but that is all they need.

Ms. Kassel asked the cost of the trees and the installation will be borne by whom?

Mr. Berube stated the trees are nice in certain applications, but the big yellow canopies make a big statement to people who drive through. They say "look at me." At first you think they are bright and gaudy, but they really are not. They show a commitment to the playground.

Mr. Tome stated it is a sizable play area at Lakeshore Park and is much bigger than the area we are discussing.

Mr. Berube stated when you look at the canopy, it says this community is committed to their play structures and it stands out. You cannot miss that playground when you drive by.

Mr. Tome stated you are correct.

Mr. Berube stated it is not a negative statement, either.

Mr. Tome stated I agree with you wholeheartedly.

Mr. Berube stated I like shade in any form, but the canopies look really nice.

Mr. Evans asked are you looking for authorization to commence with this work, or were you just briefing us and will come back with a proposal with what you would like to do at the next meeting? Did you want to do something prior to the next meeting?

Mr. Tome stated we would like to have permission to get onto a bid with the State or another municipality so that we can get the best pricing we can, with the understanding that it will go in the triangle park in the G neighborhood, essentially the center of the G neighborhood. It will be similar in design with the same intent as what you see currently at the dog park playground.

Mr. LeMenager asked is that the park area where you will have houses around the park?

Mr. Tome stated that is correct. We are getting ready to start building. Two lots have already sold there.

Mr. LeMenager stated those are seriously good lots. That is going to be adorable.

Mr. Evans stated at the next meeting, the Board will vote to approve the proposals that you present since the Board has to authorize that acquisition. The Board will vote to approve the acquisition of whatever the component parts are for the scope of work. Then in turn, on the basis that the developer will reimburse the CDD for the cost, but it will be the CDD that will enter into those purchase agreements.

Mr. Berube stated we will have some minor costs for mulch or some other little things. Will that be included as part of the overall proposal next month?

Mr. Tome stated yes.

Mr. Berube asked will this area be fenced or will you leave it open?

Mr. Tome stated it will not be fenced. The backside can be blocked along the street and it will be open in the other direction.

Mr. Berube stated if you have looked at the fence at the dog park, it is constantly being damaged from kids climbing over it. The fence was a good idea in the beginning but it turned out not to be such a good idea.

Mr. LeMenager stated Mr. Berube made a brief comment about it, but I want to re-emphasize that probably the best piece of equipment we have ever installed is the swing

set. If you can figure out a way to get even a two-seat swing set in the park, I think that would be very popular.

Mr. Berube stated it is always in use. Kids were lined up waiting to use the swings.

Mr. LeMenager stated I think that idea originally came from Ms. Nancy Snyder.

ii. Consideration of the Harmony Community School Recreation Facility Use Application

Mr. Moyer stated the Board has entertained this use application in the past. The reason I included it in this agenda is so the Board can discuss if you wanted to continue with that type of a program. In an abundance of caution, I included it in the agenda for your consideration.

Mr. LeMenager stated it is absolutely the kind of thing we want to continue, no question. Can we waive their damage deposit? I think we did that for the sheriff's department request.

Mr. Moyer stated yes.

Mr. LeMenager stated I do not think we need to ask the School Board for a security deposit.

Mr. Qualls asked has the Board approved this same use application previously?

Mr. LeMenager stated yes. It is swimming lessons for kindergarteners to teach them how to swim.

Mr. Qualls stated we also entered into an interlocal agreement with the School Board.

Mr. LeMenager stated that is correct. I am sure we want to do this again.

<p>On MOTION by Mr. LeMenager, seconded by Mr. Berube, with all in favor, unanimous approval was given to the Harmony Community School use application for swimming lessons at the Swim Club for kindergarten students, as discussed.</p>

SIXTH ORDER OF BUSINESS

District Manager's Report

A. Financial Statements

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

Mr. Moyer stated we are 56% collected on our non-ad valorem assessments that are collected by the tax collector. A year ago at this time, we were 57% collected, so we are pretty much where we anticipate we would be. I anticipate within the next several days

that we will have received the vast majority, if not all of that, since there is really one entity that pays the majority of our assessments and we collect it at the end of March.

Mr. Evans stated we discussed doing a projected cash flow statement. When you look at the statement of revenue and expenditures, we are looking at operations and maintenance, but we are seeing there are substantial variances that are predicated on there being an equal monthly allocation to these expenditures. Some of these expenditures do not apply in that certain way. We may allocate \$50,000 for a major project but then we do it in one or two months, but the financials automatically show that we are way over budget and it skews the report. When we look at this, it is a little misleading.

Mr. Moyer stated that is why we include the notes to the financial statements to explain why we are over the prorated amounts, exactly for that purpose. Every time we know we are going over budget, we could do a budget amendment, but we usually wait to do those budget amendments until later in the fiscal year when we know with certainty where we are going to be at the end of the fiscal year. It is the Board's call on how you want to have these financials does. I like the way it is done because it does highlight that we are doing major projects and had major expenditures so that we do not forget that we have undertaken those major capital improvements, or for whatever reason there are overages. We can prepare this any way the Board would like.

Mr. Berube stated the only thing that is wrong then, when you do the narrative, the parentheses are not around the unfavorable balances. They leave that out in the narrative. If the variance is unfavorable, they usually put it in parentheses. The narrative does not show anything being negative or unfavorable.

Mr. Evans stated if you look at pools, we budgeted \$70,000. Year to date, we have spent \$41,000 but yet it shows an unfavorable balance of \$12,000 because it is equally allocated on a monthly basis, when in fact, it is a little misleading to where we stand with the adopted budget.

Mr. Walls stated I look at the budget numbers compared to actuals. When I look at the actuals, I can see that the fund balance is increasing and is not a negative. I can see there are negative variances in the budget, so then I can check it out further. It has its positives and negatives in how it is presented, but it would take a lot of work to go through each line and provide it on a cash flow basis.

Mr. Evans stated most of these are monthly expenditures, such as electricity, street lights, utilities, and we have allocated a certain dollar amount on a monthly basis.

Mr. Berube stated the ones I get concerned about are where the year-to-date actual is over the annual adopted budget, and there are a couple of those.

Ms. Kassel stated it would be helpful to put parentheses around unfavorable variances in the notes. Right now, the notes indicate it is unfavorable, but there are no parentheses around any dollar amounts.

Mr. Moyer stated what they need to do is remove “favorable” and “unfavorable” because it makes no sense in that context.

Mr. Berube stated that is correct.

Mr. Moyer stated if it is 237% over budget, then it is 237% over budget. I will take care of that for next month.

Mr. Berube stated in recent months we have picked on Severn Trent a lot, and I want to make a few comments along those lines. I understand there is a difference between Moyer Management Group and Severn Trent. Most of my venom is aimed at Severn Trent. I think the people in Mr. Moyer’s office do a good job: Ms. Rosemary Tschinkel, Ms. Brenda Burgess, and Mr. Moyer. With the Severn Trent staff, there are a lot of things that keep adding up and adding up. We discussed the huge 2006 assessment issue and worked it all out and made an agreement for a deal. Now we have \$6,000 in legal bills dealing with that issue this month, and the issue is not completely wrapped up yet. We received a settlement from Severn Trent for \$13,000 because they admitted they made a mistake. Most of that settlement will be eaten up in legal fees. I know Severn Trent is aware they created the problem, but by the time the legal fees are all paid, we did not receive anything from the \$13,000 settlement. Along with other things that irk me about Severn Trent, last month, the checks for Supervisors did not get processed. Three weeks after the meeting, I contacted Ms. Burgess to check on the status. I guess they just forgot. These are the wrong checks to forget the process. Then there are the OUC bills. Severn Trent struggled getting the tax-exempt situation straightened out with OUC. They went back and forth for months, they came to an impasse, Mr. Moyer took it back and gave it to Ms. Burgess and within three days, she had that worked out and got us a \$500 credit from OUC. The employee hiring situation takes too long because they have all their

processes to go through. Mr. Haskett ended up hiring the staff and we do most of that work locally.

Mr. Moyer stated on hiring, that is the way it has to work.

Mr. Berube stated I understand.

Mr. Moyer stated I do not like to nuance things. We are hiring people specifically for Harmony that goes through Mr. Haskett's interview process. Severn Trent is responsible for all of the personnel exposure that goes along with having employees. I do not know how to do it any differently and get to the same point. Mr. Haskett is the person we look to hire the staff, and they need to be the right fit for the Harmony group. Severn Trent posts it on their international website that there is a position open in Harmony, and we do not want to go through all that. These are specifically targeted employees. Frankly for Severn Trent to step up and hire them and fit that into their system is really doing a customer service for us. It just does not fit into their business doing it this way.

Mr. Berube stated I understand it is a big deal and there are personnel matters, and so forth. The whole process of getting that done goes around and around in a circle for three months, and we have gone through this process a couple times. It is the same thing where it ultimately lands on Mr. Haskett's desk and he gets it done. It is very frustrating. You made a comment last month about a situation with a complaint against an employee. I was under the impression that our employees worked at the behest of this Board. It seemed to me that Severn Trent was an intermediate agent just to pass through the salaries and benefits. As clearly explained last month, this Board does not have a lot of control over the employees that we hire and pay for. They clearly do not work at our behest; they work at the behest of someone at Severn Trent. I am not sure we all realized that before. I think we knew it was happening, but that bothers me a little.

Mr. Moyer stated you get great protection from that system.

Mr. Berube stated I know.

Mr. LeMenager stated as far as I know, there is only one person who works for this Board, and that is Mr. Moyer. He is our only employee.

Mr. Berube stated but we are providing the basics for the job. With Severn Trent, not Moyer Management Group, these are things that I have been thinking about over a period of time that are little things but they keep adding up. They become frustrating over a

period of time. My comments are complimentary to Mr. Moyer's staff. What do you think about getting Severn Trent to pay some of the legal bills for the assessment issue?

Mr. Moyer stated I will ask them.

Mr. Berube stated we have to do what we have to do.

Mr. Moyer stated I agree.

Mr. Berube stated it has gotten to be fairly expensive. I think we agreed to the settlement without thinking about the legal fees. I think it is a reasonable request.

Ms. Kassel stated I totaled the February and two March invoices, for a total of \$11,202.75 so far in legal fees. I do not know if we had any billing in January because I did not look back that far, but that is the total for February and March so far.

Mr. Moyer stated I will ask Mr. Qualls to go back and look at all those records and put a summary of legal fees that were incurred by the Board in regard to that issue. I think it has been a good learning experience.

B. Invoice Approval #143 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.

Mr. Walls stated in last month's minutes, we discussed the Robert's Pool invoice for when the pool was out of service. I did not see where we received any type of credit. I want to be sure we follow up on that.

Mr. Haskett stated I followed up on it, and I had already put through that month's invoice, so it will be reflected in the next invoice where they will discount for those weeks.

Mr. Walls stated Mr. Berube mentioned the Luke Brothers invoices for sod, and we know what area that was for. But there was also an invoice for pine trees.

Mr. Haskett stated those were pine trees that were installed at Clay Brick in Ashley Park.

Mr. Berube stated that whole area along the easement up to U.S. 192 looks like the Buttonbush Loop area and is a little sloppy.

Mr. Haskett stated it needs some attention.

Mr. Berube stated there was an invoice from Advanced Telecom Services for \$800 for networking, DVRs and wireless services.

Ms. Kassel stated I thought we already approved it.

Mr. Berube stated I am not sure. Do we now have cable television access to the cameras at the pools? Is that what this networking is for?

Mr. Haskett stated that was networking the security system in with the cameras all together. That was something beyond my scope of ability, so I hired out that work.

Mr. Berube stated that is fine; I just want to know what we did. Does that provide a website address if someone wants to see what is on the cameras? Do we have a website address?

Mr. Haskett stated yes. The question was asked if we can do just one or two cameras, and no, we cannot do that. There is not the technology to be able to do that. You can do all of them or none of them. My concern in allowing someone to view all the cameras is they will know exactly what we can see and find the areas to lurk in the shadows.

Mr. Walls stated they can also tell what areas are covered at what time.

Mr. Berube asked do you have the ability to look at the cameras?

Mr. Haskett stated yes. If someone calls me with an issue, I can look right on my iPhone and see the pools and the people who are there. I can look at it at night to see if people are in the pool at night, and then I can make some calls at that point.

Mr. Berube asked the wireless routers that were installed, was that in the pool areas?

Mr. Haskett stated yes.

Mr. Berube asked are they secure?

Mr. Haskett stated yes.

Mr. Berube asked could we give people the ability to have wireless access at the pool?

Mr. Haskett stated yes.

Mr. Berube stated I think that is a good idea because a lot of phones want to go on 3G or 4G if they are not on a regular network. It will not be a cost to us, so if we can let people know it is available at the pool.

Mr. Haskett stated I will see if we can do it without having to enter a password. If not, we will set up a separate password.

Mr. Berube stated I want to compliment Mr. Haskett on the BrightHouse networks issue. Our bills decreased 60% per month on two of them. I know that was a big challenge.

Mr. Haskett stated it always is with utility companies.

Mr. Berube asked does everything work well?

Mr. Haskett stated yes.

Mr. Berube stated they still do not have it right, though. One invoice has up to one static IP address for \$10 and another one gives up to five static IP addresses for \$5. It does not make sense.

Mr. Haskett stated I will check into it.

Mr. Berube stated it is not a big deal.

Mr. Haskett stated it is, though. It does not make sense.

Mr. Berube stated Mr. Golgowski indicated to me in an email that the Century Link landline phones were shut off.

Mr. Haskett stated there is an invoice in this list that I brought to Mr. Moyer's attention this morning, for \$300 for Luke Brothers that needs to be removed. It is actually an invoice for the development company.

Mr. Moyer stated it is page 113 in the invoices. We will delete that from the approval.

Mr. Berube stated in Severn Trent's invoice, there is still overtime for all three employees. I am not necessarily complaining about overtime for employees if it is needed, but it is also creating an overage on the budget, as noted in the narrative. We walk a fine line, but I would think with three employees, we could certainly manage the overtime. Mr. Haskett may have already addressed it, but I am not terribly sure we need all this overtime.

Mr. Haskett stated I totally agree. What is occurring with overtime is when vacations are taken, someone has to cover, and that has been what is happening. That should back off now, since the staff had to take their vacation days or lose them. They can roll over only 40 hours of vacation as of March 31. Two are on vacation right now so they do not lose the hours.

Mr. Berube stated that was one of the gripes that I heard from the employees was this apparently was sprung on them at the last minute and suddenly we need to have guys out on vacation right now, take it or lose it. That would not make me very happy not knowing it was coming, and I do not think it made them very happy.

Mr. Moyer stated I am sure it was in their personnel manual.

Mr. Haskett stated that is the first thing I said to them.

Mr. Berube stated you may be right, but you know how people can be.

Mr. LeMenager stated remind me again why we have so many electric meters.

Mr. Berube stated everywhere there is an irrigation zone, there needs to be an electric meter. Every place there is a light, there is an electric meter. There is a meter for everything, and many do not get used, but we still pay a meter fee every month.

Mr. LeMenager stated that was sort of my question. The invoice from Fulsome Services is dated July 2011. What was the delay and what was the service provided? It was not very clear.

Mr. Haskett stated it was for lightning that hit the light at the flag pole and needed to be repaired.

Mr. LeMenager asked why did it take so long for us to receive the invoice?

Mr. Haskett stated because they were doing their books in January.

Mr. LeMenager asked did they notice they never billed us for that work?

Mr. Haskett stated yes.

Mr. Berube asked is there a system that someone can verify this? That is a long time ago for Mr. Haskett to remember. Is there some way to go back and check that we did not already pay that?

Mr. Haskett stated yes, I check before I ever forward them to Severn Trent. I do not like seeing them come this late, either, because they can be a problem. I am doing everything I can with spreadsheets to avoid this from happening in the future.

Mr. LeMenager stated the lower water bill was very nice to see.

Mr. Haskett stated you can thank our irrigation technician for that.

Mr. LeMenager stated our irrigation technician may pay for himself very quickly with water bills like this.

Mr. Walls asked did we also get a rate decrease?

Mr. Berube stated yes.

Mr. LeMenager stated we obviously pay US Bank a lot of money. This invoice is \$4,700. Are these competitive rates that we are paying for them to manage our money?

Mr. Moyer stated yes, and keep in mind that is an annual invoice.

Mr. LeMenager stated essentially it is \$400 per month for this bank account.

Mr. Berube asked is that the one that has a 4% additional cost included?

Ms. Kassel stated yes.

Mr. Moyer stated what irritates me about trustees, and they are all doing it, is if you look at the yield on our investments, it is ridiculous. There is nothing we can do about it.

On MOTION by Mr. Berube, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to the invoices, deleting the \$300 Luke Brothers invoice on page 113, as discussed.

C. Public Comments/Communication Log

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

D. Website Statistics

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

Mr. Berube stated a surprising number of people go to the website.

SEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Qualls stated the contract with Insight Irrigation is complete and that work will start on April 3, 2012. I want to make a comment but not belabor the issue of this Yahoo exchange. I do not know exactly what that is but it was in the minutes. Mr. LeMenager mentioned there was a discussion on the news group.

Mr. Berube stated it is the community news group.

Mr. Qualls stated I just want to remind everyone that electronic communication like that, if two or more Supervisors were to be communicating back and forth outside of a meeting, that would be a Sunshine violation or could be construed to be a Sunshine violation. Just keep that in mind. The way to handle that is for only one Supervisor to monitor those and make comments but not more than one.

Mr. LeMenager stated the most recent communication that happened was Ms. Kassel asking for a propane provider, and I recommended one to her. A lot of the communication is that kind of stuff, and it is not a Sunshine violation.

Mr. Qualls stated it is absolutely great and important for you to communicate with your constituents, which is acceptable and necessary. I just want to make sure you remember not to comment on District-related issues.

Mr. LeMenager stated we should never reply to any posts another Supervisor makes.

Mr. Qualls stated that is correct.

Mr. Berube stated I have a comment about the legal invoices, which are going to be over budget.

Mr. Evans stated keep in mind that he only responds to our requests. If we call Mr. Qualls and request a legal opinion on something or information, he is only responding to our request. You have to balance that. We set the budget based on what we thought we were going to deal with, and he merely responds.

Mr. Qualls stated thank you for the communication. We need that communication. If you remove the dollars for the assessment matter, we are not even close to being over budget. Beyond that, we do not set the budget but we will work with you as best we can, as we have done in the past. Just to remind you, litigation is expensive, and we provide preventive maintenance.

Mr. Berube stated my concern is, we do a lot of things like proposals and quotes and authorize people to do things. I think it is pretty cut and dry, and I have seen a shift toward everything needing to have legal approval, which generates bills. I do not know what the Insight Irrigation matter will cost, but that was a \$6,000 package that was pretty well detailed. I know you had some input in getting it modified and getting it executed. It seems that virtually everything we do has a legal component. Mr. LeMenager commented last month about the RFP for landscaping and joked that it might cost \$50,000 in legal bills. That was an exaggeration, but I am sure we will spend \$4,000 or \$5,000 or \$10,000 on that. I am not necessarily complaining about the attorney's involvement, but you are expensive to have here and everything you do generates money. Mr. Ken vanAssenderp has input on a lot of issues, as well as the work done by paralegals. I know you are aware what your bill is every month, and so are we. I understand you are selling preventive maintenance, but I am not sure how much preventive maintenance we need.

Mr. Qualls stated I understand. We would have to agree to disagree. I think the more you do up front, the more you will save. Just look at my hourly rate and compare that to other attorneys. I have kept the same rate since I was an associate fresh out of law school, and I have lowered it after comments from Mr. LeMenager when I was fresh out of law school. In any event, I understand your concerns, and I hear you. If there are any line items that you have a problem with, call me and we will do our best to work with you. For me, you are a very important client and I want to keep you happy.

Mr. Berube stated there are no complaints with the services, and it is not particular line items this month. It is the aggregate picture of what happens here. I think we are pretty detailed in how we move forward, and I am not sure how much legal oversight is required.

Mr. Evans stated when everyone took their oath to be on this Board, I typically have a little speech that I give. The moment you took that oath, you took on an enormous amount of personal liability. A lot of people think we are invincible, but we are not. the moment you step outside your role or if you do something that is not within the realm of your authority, you can be held personally liable. That gets seriously ugly. To have an attorney, such as Mr. Qualls, is well worth the insurance that he keeps everyone on the straight and narrow for the authority that we have. It is very narrow. The moment you step out of that realm, you have to cover your own legal bills because the District will not cover you. If you do something outside the realm of what we are supposed to be doing, it can be very serious. There was an elected official in Escambia County who was prosecuted criminally for some acts that he did that he probably thought he was within the right to do and he was not. Sometimes it is like assuming you have too much insurance until you need it.

Mr. Qualls stated I cannot do my job if it is on a limited basis. I will work with you on individual bills, but if you try to limit me and have me look at one thing but not another, I could not do my job. That opens me up for malpractice. Keep that in mind also. We will work with you, but I have to be able to do what the firm needs to do in order to keep you out of harm's way. I cannot do that by not looking at everything.

Mr. Evans stated he is trying to keep us out of jail.

Mr. Berube stated I understand.

B. Engineer

Mr. Boyd stated I wanted to attend this meeting on my own time and thank the Board for assigning the engineering contract to my new company. It has been a real pleasure to serve the Board over the last several years. I am excited and happy to be able to continue to serve you. When you do need my assistance, I will be glad to come and participate in the meetings. If you need me for any reason, my new email address is Steve@BoydCivil.com (*caps only for readability*).

Ms. Kassel stated congratulations on your new business.

Mr. LeMenager stated yes, congratulations.

Mr. Walls stated good luck to you.

Mr. Berube stated glad to have you working with us still.

EIGHTH ORDER OF BUSINESS

Supervisor Requests

Mr. Haskett stated I do have one more issue for you to discuss. When it comes to the access card process, we process maybe 30 to 40 cards per month in addition to the 800+ that have already been issued. What we are running into now is regarding tenants who are on a month-to-month lease. That wreaks havoc with us trying to monitor that. We have asked that they provide a regular lease each time it expires, which we track on a monthly basis, but there are a few individuals who are saying they are not renewing their lease but are on a month-to-month basis. What that would entail is on a monthly basis, we would have to contact the renter or have them contact us to say they are still renting for the next month. The other alternative is to delete their card from the system until they come to us and say they are still renting. That means we have to reactivate their card each month.

Mr. Evans stated I do not believe we can accept a month-to-month lease. I think it needs to be a minimum of seven months.

Ms. Kassel stated someone who lives there for a year and their lease expires, the landlord wants to renew for another year but the tenant is not sure and wants to go month-to-month. They have lived here for a year, and that is legal.

Mr. Berube stated I think there is a fair number of people who just rent a month at a time.

Ms. Kassel stated I do not think it is those people he is talking about.

Mr. Walls stated we had this discussion and Mr. Qualls commented that just because they are violating HOA rules, if they live here in the District, we cannot tell them that they cannot have access to the facilities.

Mr. Qualls stated you can regulate access; you cannot restrict access to any public facility. I always think of a City swimming pool. People have to be able to get in, but they also have to follow the rules. The minute you bring in a glass container, you are out of the pool. That is the answer; you can regulate access, which you have done through your rules. You cannot just say someone is restricted from access unless they have somehow violated those rules.

Mr. Evans stated if they are in a contractual arrangement under the provisions of their lease, as Ms. Kassel indicated changes to month-to-month, they are still under a lease. By being under that binding lease provides them the opportunity for access.

Ms. Kassel asked what if we required a landlord to provide a letter on a quarterly basis saying that they have agreed to extend their lease by another three months?

Mr. Haskett stated what I am trying to get to is, the lease is what triggers us to know whether they are actually still a resident or not, which is the whole point of the cards. We could have 300 cards issued to people who used to rent, which we do. I have a stack of cards from people who have moved and new tenants move in. The only way that triggers for me to know they have moved is if the house is rented again and I can match the address, whereas if they have just left the community and took the card with them, they can still use the facilities, and that happens, unless we have a mechanism to tell us they are still here.

Mr. Evans stated in essence, you are not prohibiting them but you need to see something in writing to validate the status of the lease.

Mr. Haskett stated that is correct.

Mr. Evans stated I do not think that is an unreasonable request.

Mr. Walls asked is your concern the workload that creates every month?

Mr. Haskett stated yes.

Ms. Kassel stated that is why I suggested every three months.

Mr. Haskett stated what several residents have told us is that they are on a month-to-month lease and they do not have a renewed lease. We have their original lease that states the lease term. In my eyes, that lease is no longer valid once it expires because it does not say anything in the lease about going month-to-month or what the process is after it expires.

Mr. Walls stated our rules state that they have to show their lease.

Mr. Haskett stated that is correct.

Mr. Walls stated if they do not show a lease, then they do not get a card.

Ms. Kassel asked do most leases have a provision that says after the lease term, the tenant and landlord may agree to continue the lease on a month-to-month basis?

Mr. Qualls stated I have seen some with that provision.

Mr. LeMenager stated that is not in the standard Florida lease between the landlord and the tenant, which is the one you should be using. They would need to have an addendum to it.

Mr. Qualls stated they should get an addendum to their lease. If they do not have it, then they are not following the rules.

Mr. LeMenager stated if they did not do an addendum, then they do not have a lease.

Mr. Berube stated the reason this is coming up is because the HOA mailed out letters to houses that they believed were being rented, about 150 letters. Some people got a little riled up when they received the letters. I anticipate that there will need to be some action taken with people who are renting houses but do not have a lease. Mr. Haskett wants to know what this Board's thought is as to enforcement of the access card regulations. I think our rules say if you do not have a lease, you do not get an access card.

Ms. Kassel asked what if they have an agreement with their landlord that states that they are continuing their lease for three months, for example? If they bring in a letter from the landlord that says they are extending their lease for three months or whatever term, then you can reactive their card for three months. Once that period is up, their card is deactivated and they will need to come in with another renewal for another three months.

Mr. Haskett stated we are trying to avoid the reactivation/deactivation process. Ms. Tschinkel sent an email to these people giving them 10 days to either provide their new lease or an explanation if they are still living here. Out of 32, we received five responses. Within the next seven days, we will be deactivating cards.

Mr. Evans stated our policies have not changed. We are just looking for something in writing to validate that it is an active lease and they should be here. If they do not want their cards, that is fine.

Mr. Berube asked is that the answer you were looking for, that if they do not have a lease, they do not get a card?

Mr. Haskett stated yes.

Mr. Berube stated a couple months ago, Mr. Haskett mentioned the shade for the swing set and he was going to look into it.

Mr. Haskett stated we looked into trees, and we will install some trees. I have been waiting for Luke Brothers to get caught up with their contractual obligations. I already have pricing. We will most likely try to install them with our playground equipment.

NINTH ORDER OF BUSINESS

Adjournment

The next meeting will be Thursday, April 26, 2012, at 6:00 p.m.

The meeting adjourned at 10:45 a.m.

Gary L. Moyer, Secretary

Robert D. Evans, Chairman