

# MINUTES OF MEETING

## HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, May 30, 2013, at 9:00 a.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Steve Berube	Chairman
Ray Walls	Vice Chairman
David Farnsworth	Supervisor
Kerul Kassel	Supervisor
Mark LeMenager	Supervisor

Also present were:

Brenda Burgess	Asst. Manager: Moyer Management Group
Tim Qualls	Attorney: Young vanAssenderp, P.A.
Steve Boyd	Boyd Civil Engineering
Greg Gologowski	Harmony Development Company
Todd Haskett	Harmony Development Company
Greg Lanzano	Bio-Tech Consulting
Brock Nicholas	Harmony Development Company
Garth Rinard	Davey Commercial Grounds
Jon Rukkila	Davey Commercial Grounds

### **FIRST ORDER OF BUSINESS**

#### **Roll Call**

Mr. Berube called the meeting to order at 9:10 a.m.

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

### **SECOND ORDER OF BUSINESS**

#### **Approval of the Minutes of the April 25, 2013, Regular Meeting**

Mr. Berube reviewed the minutes of the April 25, 2013, regular meeting and requested any additions, corrections, notations, or deletions.

On MOTION by Mr. Walls, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to the minutes of the April 25, 2013, regular meeting.

### **THIRD ORDER OF BUSINESS**

#### **Audience Comments**

Mr. LeMenager asked why do we not have wifi in this building anymore?

Mr. Nicholas stated we are putting in a new system this week.

Ms. Kassel stated I had the same problem last meeting.

Mr. Nicholas stated that was what identified the need to replace all the equipment.

Mr. Dennis DeMaria stated the Ashley Park pool area needs to be painted and the grout cleaned.

Mr. Berube stated I had that discussion this week. It is on the schedule to be done. It is a mess, no doubt about it.

Mr. DeMaria asked does that include resurfacing of the pool?

Mr. Berube stated it includes painting of the building and general sprucing up. It does not include resurfacing of the pool but probably a cleanup of the pool surface. There is a lot of black staining, but it is a matter of timing with available field staff. Summer is not the best time to be painting, and we do not want to tie up the pool when people want to use it. After fall, it will definitely get straightened up.

Mr. DeMaria stated my second item is regarding the trimming of the oak trees on Five Oaks Drive. I ride my bicycle a lot, and I tend to zone out sometimes. Occasionally, I will hit my head on some of the overhanging branches, which pushes me to the sidewalk where I hit my head on more branches. Will that be trimmed all the way down?

Mr. Berube stated yes, you will hear a presentation from Davey Tree in a few minutes. I suspect the tree trimming project will have a little discussion.

Mr. DeMaria stated the online reservation system for the boats seems like a really good idea. It seems like we desperately need it. I think the current reservation system needs some attention. Once a reservation is accepted and we show up for the boats, what the staff does is incredible. They are very experienced and they go out of their way to help everyone out. That part is working great. It is the front end that needs attention, where we have to make a reservation. We tried to make reservations for Sunday, and I was really disappointed in the way it was handled. I think the online reservation system will take care of a lot of these issues.

Mr. Berube stated I agree. Having it done by long distance does not necessarily get it done.

Ms. Burgess stated it is a manual process.

Ms. Carol DeMaria stated I called to make a reservation the other day, and they took down my information and said they would call me back in 15 minutes. I waited over an hour and never received a phone call, so I called back. I indicated I had not been called back about my reservation, and the young man said I had the reservation for 9:00 a.m. I

asked why he did not tell me that when I first called. I was never put on hold. I was promised a call later on.

Ms. Burgess stated Ms. Rosemary Tschinkel has been on vacation this week, so I apologize the rest of the staff did not confirm that reservation with you. They should have done that.

Mr. DeMaria stated it is not an issue with Ms. Tschinkel. It is the idea of having a reservation system that can be accessed via the web. When we want to reserve a boat, we can find out the status of all the boats, and it includes the whole database with our deposit information.

Ms. Burgess stated that is more flexible so you are not required to call our office between 8:00 a.m. and 5:00 p.m. You can do it at your convenience.

Mr. DeMaria stated it is a great step forward.

Mr. Berube stated our aim is to get this system electronically based and take the people aspect out of it and have something relatively simple and transparent that is a lot less problematic than what we have now with signing boat agreements and credit card updates. We have never charged anyone for damage to a boat, so why do we require this deposit? We will have a rules workshop to simplify things. As time goes on, we realize there are certain issues to address.

#### **FOURTH ORDER OF BUSINESS**

#### **Subcontractor Reports**

##### **A. Aquatic Plant Maintenance – Bio-Tech Consulting**

##### **i. Monthly Highlight Report**

Mr. Lanzano 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. Lanzano stated everything is looking pretty good. I am filling in for Mr. Jon Avance for the meeting, and he has been taking care of the torpedo grass and algae. I reviewed the ponds before the meeting and did not see anything.

Mr. Berube stated the ponds look good to me.

Ms. Kassel stated there is a pond I believe on the golf course that looks like it had extensive growth covering it, and I wonder if that is cosmetic or something else.

Mr. Lanzano stated there is a pond over here with some torpedo grass that was dead. It looked like he sprayed it on the 14<sup>th</sup>.

Ms. Kassel stated what I saw was still pretty green, and I saw it yesterday or the day before at the edges of the pond, but it looked like it was coming into the pond a lot.

Mr. Lanzano stated I will treat them today so I will take care of that.

Ms. Kassel stated I do not know if it is cosmetic or if it is a problem. If left unchecked, it will cause problems.

Mr. DeMaria asked is the intent to keep the grasses high around the ponds? We were getting a lot of alligator activity, and I have seen a lot of alligators come up on the tee boxes and other areas. There is a lot going on with alligators this time of year. I notice that we have a lot of grass growing up along the edges of the ponds. Is that intentional?

Mr. Golgowski stated it is intended to keep them in a rough state, but it is probably time for a seasonal mowing of the banks before we get too much into the growing season. We will get them mowed.

Ms. Kassel stated it is somewhat intentional to have higher grass around the edges. First, it catches a lot of garbage before it goes into the ponds, where it is easier to retrieve. It also acts as a filter for runoff coming into the ponds, so they absorb the fertilizer and other chemicals to prevent them from getting into the ponds, which will cause problems. That is the idea behind it.

Mr. Berube stated some ponds have been clear cut, and I think aesthetically it looks a little cleaner, but it is hard to tell what it does for the water quality. Water quality is a long-term issue and it is hard to measure. You have seen ponds in different states. Some are clear cut all the way to the edge, and some are allowed to grow. It is a moving experiment. Overall, they all look pretty good.

Ms. Kassel stated the idea was not only to have some growth for filtration but also for a wildlife habitat.

## **B. Landscaping – Davey Commercial Grounds Management**

### **i. Monthly Highlight Report**

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

Mr. Rinard stated for the most part, we are tracking pretty well. For fertilization, the report shows this week, but it has been moved to next week mostly due to rain and weather conditions. There are three specific areas—the soccer field, the large dog park on Cat Brier, and some spots in Town Square—that have some nagging weeds within the

turf. We have performed some applications, and Mr. Rukkila has done some supplemental applications. We are seeing sketchy results right now, and I am not sure why. We are working on a resolution on that. It might be rates. Typically this time of year when the temperatures increase, we reduce our rates. Maybe the technicians are reducing them too much so that the rate that is being applied is not enough to be able to affect those target areas. Everything else is pretty routine. Last month there were some concerns expressed over where we were. As a general summary, there was a feeling that we were getting behind in some areas. Mr. Berube and I met the beginning of this month and discussed those items. He expressed the concerns of the Board as well as residents in the community. We have taken that to heart, and I think over the last four weeks, you have seen improvements. We will continue to move those things along and stay active on that. Hopefully this is just a blip on the screen, and we will keep moving forward.

**ii. Tree Trimming and Other Landscaping**

Mr. Rinard stated we have two aspects going on: the canopy work that is part of normal maintenance and a modified class 1 pruning throughout the community. For whatever reasons, we have not been able to stay on schedule with the tree canopy work. We targeted the modified pruning to happen in the fall and winter months when the foliage was down and the trees were dormant, partly so you can see what is going on with that work and see the progress. At this point, we picked up the pace for the elevation trimming. We will address the areas today that Mr. DeMaria mentioned. Regarding the modified pruning, I would like to suggest that we defer that work and move it to later this year. We need to take care of first things first and do that work later in the year.

Mr. Rinard stated we completed the west entry landscape. The Lakeshore Park improvements are not complete and we have some additions to finish next week. There are some street trees being installed next week, and we may end up expanding that a little more beyond the original scope. Those trees are designated for Cupseed replacements, as well as a tree at the main entrance and a couple additions to the Lakeshore Park improvements.

Mr. Berube stated you mentioned finishing the pruning later in the year. Does that mean winter?

Mr. Rinard stated yes, essentially, when the trees go dormant and the leaves drop. I think the question for us at this stage, now that the trees are fully flushed and the work that is involved, much of it is interior trimming. I do not want the question to come up

when we submit invoices and say the work is done that you have any question whatsoever that the work was done. I think historically, the Board, the residents and the community have become used to seeing that work done during that time of year. I think we should keep the same schedule.

Mr. Berube stated I am fine with that. Certainly there is a learning curve here, and this is the first year you have been here for a project of this scope within this community. I think there has been some learning on both sides. I am fine stopping the modified pruning but raising the elevations where they need to be, and then we can revisit the entire street tree program again in the winter. I think that only makes sense, and I expressed that to Mr. Rinard last month. We watch the crews doing a lot of work trying to clean up these trees because they are flushed. I watched them several times, and I think waiting is a good idea.

Ms. Kassel stated essentially we are saying that we have a contract with them that they have been working on but they have not completed, and we are deferring the completion of that contract until later this year.

Mr. Berube stated the reality is, in my mind, there will be a restart this winter.

Ms. Kassel asked is that a restart with a new contract?

Mr. Rinard stated we will hold to where we are as far as that is concerned. It is basically a deferment, which is how I see it.

Mr. Berube stated effectively we had several hundred trees trimmed for free this winter because by next winter, they will need to do most of that work again.

Mr. Rinard stated those trees will not be as heavy. Plain and simple, we botched it. We did not get the work done in a timely manner.

Mr. Farnsworth asked will the billing increase?

Mr. Rinard stated I do not see it increasing. I do not know that I can stand here and say that for sure, but I can say the chances are very well that we can hold to the same price.

Ms. Kassel stated my biggest concern is, the purpose in thinning the canopy is to let air through for when hurricanes pass through. If the trees have not been trimmed when we have contracted for them, that means we may lose trees that are maturing. I do not know what we do about that.

Mr. Rinard stated I do not know that you have anything at great risk. Historically, you have done ongoing pruning. I think the discussion we had when we presented the proposal to the Board was whether or not they needed to be done this year. There was discussion about rotating it on a two-year basis or three-year basis, whatever your desire is and what your budget supports. It is not something that necessarily has to be done on a year-to-year basis. The trees that you have here, and from my experience with storm-damaged trees, we run the risk of maybe having trees laying down. There is a risk, but I do not think even under a modified pruning that you will eliminate that risk entirely.

Mr. Berube stated I appreciate Mr. Rinard's straightforwardness and honesty. I am absolutely fine with revisiting this later in the year. I would like to see us start earlier in the fall.

Mr. Rinard stated yes.

Mr. Walls stated my concern with the hurricanes is one thing. But we have certain trees on a two-year cycle. If we did some and waited until winter to do more pruning, then those trees are now off that cycle. Now we have three areas that have different trimming cycles, whereas we had two cycles before. It just gets harder to manage. I think waiting until winter is a good idea, but I would like to revisit how we do this and when we do it. He cannot guarantee the price right now, so we will look at the price and service and those kinds of things specifically for this tree trimming.

Ms. Kassel stated from my point of view, he is requesting to defer a contract that we already approved, and we have an agreement. I do not see why the price should differ. It is a contract that we have together that you began but have not completed. I am not sure why the price should change.

Mr. Rinard stated if we consider this from a deferment standpoint, then I will hold the price.

Mr. Berube stated we will discuss this in October or November. The point is, the project will stop right here and we will discuss what things look like in October.

Mr. Rinard stated our focus will continue to be the elevations and canopies for now.

### **iii. Neighborhood Landscaping Improvements**

Mr. Rinard stated Ms. Kassel and I had the opportunity to meet to discuss specific areas of neighborhood improvements. We spent the better part of a morning a few weeks ago walking Cat Brier and some of the neighborhood parks. I have a good understanding of Ms. Kassel's perspective. I have some ideas to introduce, primarily native landscape

and some color within these areas. I am about 60% or 65% through that process right now. I do expect to have a proposal for the Board next month. With that proposal, as we discussed, it will be pretty encompassing. One of the things we discussed was the budget, which may not necessarily support it but perhaps it can support breaking it out and doing a little month-by-month.

Mr. Berube stated the work that we originally discussed was a replacement for the \$8,000 that we budgeted for the circle at Schoolhouse Road. I think the budget for these projected improvements is \$8,000.

Ms. Kassel stated no, the \$8,000 was originally just for that area. We decided that we could spread that around and that area looked acceptable, and we had more money in the budget, about \$12,000 or \$15,000 that we can use for these general improvements for landscaping. We would do it on a phased basis, taking materials from areas that are really full and dividing them up so we can use plant materials we already have in other locations and doing it in a cost-effective manner over a period of time. That will allow areas to be filled in but we will not go over budget.

Mr. Berube asked is there an estimate of this general upgrade?

Mr. Rinard stated we are in that process, and right now the process is more design related. We originally put numbers together for fillers and going with the material that is there. Now we are changing a little bit, and that is really where the time is involved, incorporating the right material in the right locations. I am not that far along to be able to provide any dollar figures.

Mr. Berube stated the reason I ask is because of a conversation I had with Mr. Rukkila last week. There are many smaller places, such as the planter island behind the soccer field, where there are widespread areas of brown mulch. I was contemplating asking the Board to look at areas like that, which might cost \$200 or \$300, and just have you put in some flowers and spruce it up. I was thinking of asking the Board to give approval to Davey for a couple of those projects every month.

Mr. Rinard stated those are the kinds of areas that we are encompassing in our focus.

Mr. Berube stated we will look for the proposal next month. There are some areas that need sprucing up. The mulch is acceptable, but it needs more color in some of those brown places.

#### **iv. Mulch**

Mr. Berube stated the mulch tends to settle in or sag in. It looks skimpy in many areas. When it first goes down, it is beautiful. I think I remember Mr. Rinard saying it will settle in so it does not blow away.

Mr. Rinard stated that is correct, it will start to tie together.

Mr. Berube stated that sagging in does not look very good.

Mr. LeMenager stated I think it looks great.

Mr. Berube stated it does when it goes down, and maybe certain areas were planted thinner. We will have another mulching cycle in the fall.

Mr. LeMenager stated I thought the purpose of using this recycled material is because we do not need to use more.

Mr. Berube stated there will be some touching up that needs to be done. It is just something to consider. It is the only downside. There are a number of tree rings that need some touching up.

Mr. Walls stated I have received comments from several people in the community. The number-one comment is the smell. At least 10 people told me when it was installed at Lakeshore Park that they cannot stand it because it has a manure-type smell. I think many people are used to the sweet, pine smell, so they were taken aback by this smell. Recently, I have received comments that it loses its color pretty quickly. It is so fine in its composition that it starts to look like the dirt. If you are looking at the bed from far away, it looks like there is no mulch there at all. It looks like it needs more mulch.

Mr. Rinard asked in that area, was it tightening in?

Mr. Walls stated that is exactly what it was. Those are the comments I have received so far.

Mr. Rinard stated I am happy to hear your comments.

Mr. Walls stated I think it was a good idea to use it based on the benefits we heard during the presentation. I am not sure if we are getting all those benefits.

Mr. Rinard stated I will bring him here and do a review.

Mr. Berube stated that is fine, but the problem becomes when it settles and it gets below the grass level. People look at it and think it is just dirt, without looking at it very carefully. That puffiness aspect is key to the visual appeal. Plant material loves to grow in it, weeds and grass right on top of it.

Mr. Rinard stated mushrooms also seem to grow in it.

Ms. Kassel stated what I have noticed is that the mulch has a tendency to come together in large clumps. It appears that a lot of the moisture and watering we are doing is watering this layer of mulch, and that might be preventing the irrigation from getting below the mulch to the plants. It is something we should look at. Next time you are looking at the mulch, maybe you can dig down a little to see what the moisture level is below the mulch a couple inches below the soil.

Mr. Rinard asked is there any particular area where you have noticed that?

Ms. Kassel stated where I really noticed was in Town Square, maybe around a light pole or the base of the tree where I noticed there was a large clump that had gotten knocked. There was a mass of mulch with very dry-looking soil below it. I realize we are not watering light poles, but it concerned me.

Mr. Berube stated this is not all negative; it is just a learning curve.

Mr. Rinard stated I understand that. We have brought the odor issue to the manufacturer's attention. They told us they are working on that because the crews putting it down have made similar comments, as well. It is good to have that feedback because this is in the early stages and can be considered somewhat of a test in the process. As we presented at the time, we have some experience with it, but it is good to get additional feedback to improve it in the future. I appreciate the feedback.

Mr. Berube stated we see Mr. Rukkila out working all the time, which is different from most landscape supervisors. That is a very positive thing.

### **C. Dockmaster/Field Manager**

#### **i. Dock and Maintenance 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 the small pontoon was returned to service on May 24, which was a day later than I anticipated. The sailboat should be back in the water next week, possibly June 7. They were replacing a jib sail and the rudder bracket as well as a few other items.

Ms. Kassel asked did we purchase a sail cover that was supposed to protect it?

Mr. Berube stated no, we declined purchasing it because if I remember correctly, the sail cover cost more than the sail. I think the sail was \$500 and the cover was \$800. It did not seem to make sense.

Mr. Haskett stated a lot of residents have been requesting use the sailboat, so we want to make sure it is operational.

Mr. Berube asked is there an estimate of the repairs?

Mr. Haskett stated about \$800. Mr. Paul Calabro has been doing the boat orientations and those are going quite well. He had 10 attend the one on May 11 and five or six the time before. They all start reserving boats right away, so that is good to see.

Mr. Berube stated Mr. Calabro seems to enjoy the boats.

Mr. Haskett stated yes, he does.

Mr. Berube asked should we be directing him more towards boats and having him be the dockmaster?

Mr. Haskett stated I think the goal is to keep everyone cross trained.

Mr. Berube stated yes. Some people like the water more than others, which is my commentary, and Mr. Calabro seems to fit in well there. I know there are always other things to do. As the staffing level continues to increase, I totally agree with cross training. I just noticed that Mr. Calabro seems on top of the boats and the fishing events.

Mr. Haskett stated some of the dirt was removed at the dog park for the swing set. The set is down there and we dug the footers. The concrete is on the back of the truck, but it rained yesterday, so that is delayed. We should have the site prepared and finished by next Friday. We also completed the irrigation at Lakeshore Park. It took a little longer than expected because we had to shift some resources around to keep the other duties going, as well. That work is done and is on Maxicom. We lost one tree but we believe that was from having it transferred and it did not hold together very well. Very large trees need to get the water they need, and I have not seen any decline.

Mr. LeMenager stated it looks fabulous. I wanted to compliment the Davey staff on the equipment they had to move the trees. It was incredible.

Mr. Berube stated you can see why they are called the Davey Tree Expert Company.

Mr. LeMenager stated they planted the trees in one step. It was most impressive.

Mr. Berube asked did they actually drive it from Jacksonville?

Mr. Haskett stated yes.

Mr. Berube stated it is the only way to move a tree.

Mr. Haskett stated yes, the survival rate is very high doing it that way.

**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.

Mr. Berube stated we had a similar number of trips this month, down a little but still good numbers. We had a lot of windy days and other weather issues.

Mr. Haskett stated we also asked Ms. Tschinkel to document when a boater had to be rescued: running out of power, a boat breaking, running ashore, or whatever reason. All that is now documented so you can see the rescue boat is not sitting there idle.

Mr. Berube asked do we run that rescue boat on a regular basis?

Mr. Haskett stated yes.

Ms. Kassel asked how many did we have in the last month?

Mr. Haskett stated I do not recall the total number, but there were four recently, two of them on Sunday. Not all of the trips are technically for a rescue; sometimes they are for support.

Mr. Walls stated I did get shut out one day. I tried to call for a boat and none were available, and it looks like that happened to a couple other people, as well.

Mr. Haskett stated yes, those showed up on the list.

Mr. Walls stated it is nice to see them notating that.

Ms. Kassel stated I would like to see us encouraging people to use the canoes and kayaks.

Mr. Berube stated when you see 10 people have signed up for boat orientation, that tells us the population is growing. Looking at the number of new rooftops that are going up, the population is increasing, so obviously we are going in the right direction. I think it is good for all of us. That means the boats are in demand and when they are all in use, that is why they are there. They belong to the people.

Mr. Haskett stated we just need to find an easier way for them to reserve them.

Mr. Berube stated the ease of getting a boat has made things better. We need to consider loosening the rules for a lot of things here. Perhaps we can discuss that at a workshop someday.

**iii. Boat Reservation System**

Mr. Haskett stated I have been continuing to look at different options, and we are tweaking what we think will be a good product to bring to you, and we will bring everything to the Board, including costs. The goal is to have it web based where a

resident can do everything from reserving a boat to registering for access swipe cards at one time with all their information. There will be no extra steps or any driving around town to get that accomplished. They can go online to reserve a boat or see if a boat is available. They can be added to a waiting list if there is a cancellation. Staff can see that the resident has electronically signed the agreements and forms, so it will make it more paperless. I have stacks of paper in my office with all the daily use agreements, and it gets rather monotonous with the same residents who go out fishing and having them sign the documents. If it can be done on the computer, that will make it easier. It will also track the usage and other things with some accuracy. On occasion, there are mistakes on the use report, but we all make human errors from time to time. Hopefully it will make the process easier for all the residents to reserve the boats and increase the ridership.

Mr. Berube stated the first time Mr. Haskett discussed the reservation system, there was a general reference to cost of about \$150 per month. Are you still anticipating that is a good number?

Mr. Haskett stated yes, if we go with a system like that. I want to provide a couple different options. One is based on a monthly fee where the program is web based. There is another one that is more of a server-based combination where it would not be a monthly fee. I am trying to avoid monthly fees.

Mr. Berube stated I was going to suggest trying to avoid monthly fees, which have a tendency to increase. The way computer programs work is, they get you all set up with a nice price for the first year or two of the contract. Then it comes to the end of the contract and we realize it did not work out the way we wanted, plus if we use it a lot, the expense will triple, and we are stuck paying it if we want to keep using it. I was trying to avoid getting into that, so I am glad Mr. Haskett is also considering that aspect.

Mr. Haskett stated I do not think it is in our best interests to continue with monthly fees like that. I will provide options at the meeting next month. We need to get it initiated.

Mr. Berube stated our webmaster is at our meeting today. Are we trying to reinvent the wheel? I do not want to put down Mr. Haskett for the work he has done. Ms. Burgess has heard the discussions and read the meeting minutes prior to today. Is this something you can do in-house with your office? I do not mean necessarily for free, but would this reservation system be something you could handle?

Ms. Burgess stated how the website works for various items, like the counter, is through what is called a plug in. I download the plug in, I activate it, and it just works. I do not really do anything for it. I could look to see if there is a plug in that may do something like this, but there would be a lot of input because it will not know what boats we have. I can work with Mr. Haskett and see what he is looking at and what I may have available. I am sure we can avoid the monthly maintenance fees, but there may be a one-time program purchase fee, and then we just use it however we want.

Mr. Berube stated the reason I asked is because we are talking about a web-based program, whether it is web based or server based. It is going to go somewhere on some website. We already have a website.

Mr. Walls stated Mr. Haskett is going down the right path. This has to be custom made because we have our database of people and users and those kinds of things. Now he is talking about access cards, which I think is a really good idea. How it works is, you develop that product and then you find a place to store it.

Ms. Burgess stated I can simply put a link on the website for people to click to reserve a boat, and it automatically takes you to what Mr. Haskett has set up.

Mr. Berube stated it will be on the Harmony CDD website, whether there is a program contained in it or there is a link. I just do not want people to have to go to several websites to do this.

Ms. Burgess stated I agree.

Mr. Berube stated we will wait until next month and see what is available to do a nice integration.

Ms. Burgess stated I think what Mr. Haskett is working on will work better than anything I might be able to find.

Mr. Berube stated that is fine.

Ms. Burgess stated Ms. Kassel asked if it was possible to get a form on the website, and I did not find anything that worked, and that is something that should be relatively simple to do. This would be a lot more involved. I will talk with Mr. Haskett and see what we can do and what it will cost.

## **FIFTH ORDER OF BUSINESS**

## **Developer's Report**

### **A. Irrigation Use**

Mr. Golgowski stated this issue was noted last month about a large amount of water used for irrigation since the beginning of the year, and the report shows it is true. Sometimes that can be explained, and it varies from year to year, depending on weather factors, expansion of zones, and so forth. Pretty universally from meter to meter, water use increased. We looked at rainfall comparing the periods, and there was less rainfall this year, which required more watering. We had also adjusted the controller settings to put out more water during the winter and to keep things looking green, so more water was used. We talked with Toho Water Authority (TWA) to see if they noticed anything amiss, and they did not, other than we were using more water. Mr. Mike Walker audited the settings of the system, and he recommended some changes to bring it back into a seasonal situation, which we are making. We did not want to shock everything and reduce it all way down. It is a process we are undergoing. As we go forward, I am hopeful that will come back inline again. It was a good observation.

Mr. Berube stated it dawned on me that when you are running water, you have electricity to power the valves. They do not really line up the water meters to the electric meters, but you can get fairly close. For most of the zones where water use was up, which was most of them, the corresponding electric meters were also up. I think our big concern was that we were dumping water from the mainline into the ground. All the evidence so far points to the contrary, that we are turning on valves and pumping water through sprinklers. We will see a large increase when the invoices start coming in for Lakeshore Park because that puts out a lot of water.

Mr. Golgowski stated we transplanted major trees, and they draw a lot of water in the beginning.

Mr. Berube stated there is good reason to have the water running, but this is a three-inch line. The overall effect is that we stayed green all winter for the most part, and we are still a little under budget. I think we have done a good job as a result of questioning it and looking at it. I just think we put a lot of water on plant material.

Ms. Kassel stated we adjusted some things.

Mr. Golgowski stated I think it is good to have everything looked at from time to time by Mr. Walker or someone like him who is an expert in this area.

Mr. Berube stated we have been in dry situations where we lost turf and plant materials, and I think we have been on a fairly good cycle over the past 24 to 36 months where I do not see any widespread dryness or things dying off. We do have a lot of plant material that is fairly mature and requires water. I think everyone did a good job looking at it and I think we are on the right track. There is no doubt we are using a lot of gallons of water. The alternative is having brown plant material.

Mr. LeMenager stated the alternative is natural.

Mr. Berube stated we have enough brown. We need some color.

Mr. LeMenager stated it is still natural.

### **B. Staffing for Employees**

Mr. Walls asked is this the first month that the development company is the official employer for the field staff?

Mr. Nicholas stated yes. It was a transition month for us as we transitioned the staff off Severn Trent payroll and onto ours. There were some delays with paperwork, but we are working through all that.

### **C. Development**

Mr. Nicholas stated we will have a builder closing in June, so there will be some visual cues that there is more activity. They will start a model home with the associated signage and banners and all the normal things you see with showcase homes. It is all positive but I wanted to give you a heads up you will begin to see some of that soon and throughout the summer.

Ms. Kassel asked are you referring to an entire parcel?

Mr. Nicholas stated the builder bought some lots in bulk and they will be going vertical very quickly.

Mr. Berube stated a month or two ago, we discussed balloons and such on CDD land. In light of what Mr. Nicholas just mentioned, if you need to put up some temporary signage on land that belongs to this District, I think in general you have approval for that.

Mr. Nicholas stated we are going on that assumption. There are checks in place in terms of County Code Enforcement, CDP and others. There will be a lot of signage and directional signage included as part of this development effort.

**SIXTH ORDER OF BUSINESS**

**Presentation of Fiscal Year 2014 Budget**

**A. Discussion of Fiscal Year 2014 Proposed Budget**

Ms. Burgess stated this is the time of year when we start the budget process. Most of you are very familiar with this process. Today we will be asking you to approve the proposed budget. Management is required to provide it to you before June 15, and we need at least 60 days before scheduling the budget hearing so that we can provide it to the County for their review, which we will do after this meeting. Staff worked with Mr. Haskett to include some of the programs that the Board and Mr. Haskett have been discussing. We are proposing that the public hearing be at the August meeting, which is typically when you hold this hearing. Mr. Gary Moyer emailed Mr. Berube regarding this budget prior to this meeting, and he recommends having a budget workshop just because we are looking at making some pretty substantive changes to this budget. If you look at the summary on the last page, with the budget that is being proposed, it includes a slight assessment increase. Mr. Moyer is requesting that the Board have a workshop to discuss the line items in detail and decide if you want to continue with those programs and have the proposed assessment increase. In that case, we have to notify all the property owners at least 20 to 30 days in advance of that hearing, which gives us plenty of time to do that. At the budget workshop, you can also decide if you want to reduce some programming in some other areas to bring in the assessments at the current level.

Mr. Berube stated the assessment increase is 2.16%, which is split in two ways. The operation and maintenance increases about 5% and debt service increases about 0.1%. The overall effect to the home owners is 2.16% in their assessment. To the average home owner, that is about \$60 per year. The effect on the budget is an increase of \$80,000 in the general fund. We can shuffle through all the line items, which I am sure everyone did. I can make about a \$26,000 change in the overall package going line by line, which is seemingly very insignificant. The other side of this is, a lot of money gets put toward reserves and other items, which is fine. We have been fairly aggressive and have agreed that we want to fund our reserves to a healthy level. We do not want to run out of money, and we have not yet. But the trend is getting closer to that equilibrium point. The line items in the budget look fine to me. We can move things around. The big question is if we want to have the 2.16% increase, if we want to reduce it to 1%, or do we want to have a 0% increase. Clearly, as we reduce the increase from 2.16%, where that money will need to come from is end-of-the-year fund balance reserves, which is fine. All of those

numbers are healthy, but I am not sure we need them at those levels. I am torn on this. I am absolutely fine having an increase. I realize politically that may be suicide. But the reality is this place is getting older and it is getting bigger. When you look at what is going on, things are failing. Sidewalks will be a giant project. Everyone who walks on the sidewalks agrees there is a problem. Sidewalks will be a money pit; that is just the way it is, and there is not much we can do about it. They will require addressing. Everything else is aging, as we saw from Mr. Boyd's reserve study last month. We said last month that not enough money is being put into reserves and we need more to take into account the inevitable. I think this Board has been remarkably frugal in what we have done. These tablets in front of us are a way of saving several thousand dollars annually. We have brought additional people on staff to make our in-house work more efficient. We probably saved multiple thousands of dollars on the irrigation project at Lakeshore Park. We are very effective in cutting dollars out of line items in the budget. I am fine in saying this Board operates very frugally. The fact that people do not show up and complain says something, as well.

Ms. Kassel stated we will see what happens come August.

Mr. Walls stated I have made a lot of changes, nothing substantial, but I think I can mitigate a lot of the increase for operations and maintenance by a plan that I have. I suggest we not discuss this today but do it at a workshop.

Mr. Berube stated I did not want to discuss every line item today. I just wanted to know the general opinion about an assessment increase.

Mr. Walls stated I can email the spreadsheet that I prepared to the manager's office, who can send it to the rest of the Board to review. Then when we go into the workshop, you will know my thoughts ahead of time.

Ms. Burgess stated we will email that along with the other budget materials and anyone else's suggestions to the budget.

Mr. Berube asked what is the net change Mr. Walls is proposing? Are you proposing a zero net increase?

Mr. Walls stated my career is budgeting, and I might view things a little differently. We have a pretty substantial unassigned fund balance. When you develop the budget, you have to include that as a source of funds, because that is what it is. Not only do we have the assessments that we are collecting each year, but we also have the fund balance,

which includes the reserves and the unassigned portion that basically is not allocated to anything. In my mind, if you have unassigned fund balance that is not allocated to anything, you should allocate it. You should make it part of your budget. Whether you put it in reserves or whether you put it toward making up some of that assessment difference, you should use it for some purpose. Next year, we will have well over \$200,000 in that category of unassigned fund balance. The budget that I put together is not much different from what the manager provided, but when I get to that point, I can make a budget that structurally has a \$40,000 deficit but you can use the unassigned fund balance to make up for that \$40,000. I think we have more than enough money to cover the budget without an assessment increase.

Mr. Farnsworth asked is the \$40,000 more in line with what Mr. Berube suggested for a 1% increase, which is \$30 for the average resident? Would that be more palatable than a \$60 increase? Then we can do a step increase if necessary.

Mr. Walls stated this is in line with that. Obviously we cannot run a structural deficit forever; we will have to fund it at some point. In my thinking, as long as we have unassigned fund balance that we are not putting toward anything, we can use that. The Board can decide we need to put more into reserves.

Ms. Kassel stated it is essentially reserves. The reason we have that amount in undesignated is because if it is in reserves and we need to use it for something else, we are not constrained. So in essence, it is still a reserve.

Mr. Walls stated but we have the ability to move that reserve wherever we want. If we want to put that into reserves, then we should. Otherwise, I think we should use it to mitigate some, if not all, of the assessment increase. That will be my goal going into this workshop.

Mr. LeMenager stated there is a certain irony here, given that last year, Mr. Berube said we should keep operation and maintenance assessments level because we ended up decreasing them for this year's budget. Now the proposal is to do what Mr. Berube and I wanted to do last year, and then add a little more on top. My position is pretty much what it was last year. What we used to have for operations and maintenance was fine. The fact that the market has changed a little and has pushed up the cost of the debt service is due to interest rates. I tend to favor going back to what we used to levy for operation and maintenance assessments. Do we need an increase? No, I am in agreement with Mr.

Walls. I look at this more on a business basis, not strictly following the rules that we are supposed to for government bodies. You take all the money you have in the beginning plus what you are expecting to collect, and that is what you are going to split up into line items. Those are the rules we are supposed to follow. A small increase, which I do not see as an increase, is as much as I would want to do.

Mr. Berube stated there is one major issue that this budget does not contemplate, which is the boat dock. We know that is going to be \$40,000 or \$50,000, and that will be something we must have. A 1% increase is about \$40,000, which covers the boat dock.

Ms. Kassel stated but that is not an operations and maintenance cost. That really should come out of a reserve.

Mr. Walls stated I agree.

Ms. Kassel stated to Mr. Walls's point, I can see doing that if we assign some of the replacements we have been doing. In other words, we understand that those reserves that we are pulling from that undesignated fund are really for replacement. We are pulling them from operation and maintenance, but they are essentially replacement funds coming from our undesignated fund balance.

Mr. Walls stated that is part of my issue. We never use that reserve for replacement.

Ms. Kassel stated we have not been.

Mr. Walls stated we have never touched it.

Ms. Kassel stated now this is a way of doing that, which is indirect.

Mr. Walls stated we should be using it and then replenishing it as needed, and we are not doing that. We need to allocate our money.

Mr. Farnsworth asked how do you propose to replenish it?

Mr. Walls stated we have unassigned fund balance. I am not saying we will never need an increase, because eventually we will. Like I said, we cannot run a deficit forever.

Ms. Kassel stated there is one way of doing it, which is to continually draw it down and then have a big assessment, or we can collect a little at a time.

Mr. Walls stated exactly, but also keep in mind that we have been spending monies for replacement items from operation and maintenance over and over. If we move that to a reserve, it is just taking it from one area of the budget to another. We are still not spending any more than we have been.

Ms. Kassel stated to me, we need to have a reserve number that is realistic, which is based on the proper age for things and the proper replacement value. We also need to understand where we are in the life cycle of those assets so that we know how much we need to have on an ongoing basis, and therefore, we are collecting that much money. Unless we have that figure, we cannot be realistic and on target.

Mr. Walls stated the budget that Severn Trent proposed for next fiscal year shows reserves, including unassigned fund balance, at about 60% of the total revenue, which is huge. To put it in perspective, for Orange County, we keep something below 10% in reserves.

Mr. Berube stated Orange County's budget is in the billions.

Mr. Walls stated yes, and each fund has its own specific purpose. But 60% is a huge amount. We also have a huge amount for the first quarter operating expenses. I think that is sufficient. That is why I am not as concerned as some other people might be with this.

Mr. Berube stated Mr. Walls indicated with a zero increase, his budget is \$40,000 short.

Mr. Walls stated the expenditures are \$40,000 short of the revenues that we collect, but we have our unassigned fund balance and reserves on top of that.

Mr. Berube stated I want to give the manager some idea of where we are going when we go into the budget workshop. I am hearing that no one wants a 2% increase.

Mr. Nicholas asked is the idea here to set a workshop?

Ms. Burgess stated the idea is to approve this budget for the purpose of sending it to the County and set a budget hearing date.

Mr. Nicholas stated the developer really needs to be involved in the preparation of the budget. We will have neighborhoods coming online before the end of the next fiscal year that will affect your street light number, the landscape number, and others. We need to look at that timing and look at our estimates for when Neighborhood H1 and others are coming online. I think it would be wise to lean toward a build-out mentality while the developer is still assisting in such a large way. Ultimately, individual addresses will be assessed, but I think the smart thing is to look at near-term build-out scenarios and budget for that, and collect as such. That unassigned fund balance will ultimately be soaked up. We need to determine when these neighborhoods come on line and whether or not we were able to predict this correctly. The next neighborhood does not have a final design in

order to provide hard numbers, but our design principal changes as the area matures so that we can make sure we do not negatively impact operations and maintenance as new neighborhoods come online. That may include different spacing for the street lights and things of that nature. It is impossible not to impact where we are in the spending of it today. You are not looking at a same-store operation for next fiscal year, or the year after. We have a lot of things happening that will influence this budget. In the labor services agreement we have for the field staff, the budget number is the full-fledged not-to-exceed cap, and there is not a chance that the Board will approve that kind of labor or that we will be staffed that way before the end of this calendar year, which still has a couple months of this current fiscal year in it. There will be some fund balance that will need to also cover those items. My point is we have to be involved in this process so that we can share with you the magnitude of when things are coming online. I think the right thing for residents is for the Board to think about build-out or at least a near-term build-out mentality, than lining up expenses and revenues, at least while we are being assessed per acre at the same full amounts.

Mr. Berube stated what Mr. Nicholas is saying, though it is bad for the developer, we should take the increase because they are the largest payer here, and we are going to need that money based on development that is coming up.

Mr. Nicholas stated I am saying that at some point, perhaps in this next fiscal year, we will have a new neighborhood coming online and it will impact the budget. I think we need to think that way, whether or not we get the neighborhood online or not because the developer will be soaking up the majority of that assessment increase.

Ms. Burgess stated along what Mr. Nicholas is saying regarding the build-out budget, if you find that your build-out increase is 10% or 12%, you may not want to necessarily do that increase all in one year. To Ms. Kassel's point, it is easier for residents to have a smaller amount. The challenge is that the budget hearing is in August, but tax bills are due in November. If we levy a \$1,000 increase, home owners have not been escrowing that increase. Going forward, it makes it easier for the following year. We need to work with Mr. Nicholas and find out what that build-out number is, then we present that to the Board and determine if it will be significant, how many years it may take to get to that point.

Mr. Nicholas stated we are also taking a look at previous agreements, including OUC and others, to see if there is a way to refinance or amortize those costs so perhaps we can lower the burden over time as new neighborhoods come online. No one on this Board has to deal with the dynamic of trying to balance a resident need and a cost assessment that is reasonable with a developing community. So far, you have always had the same store scenario, and that is changing very rapidly. We are preparing to do some work, and when we do work, there will be more to maintain. That money is not just spread among more residents. We are already paying the bill. It is just a different person who will be paying it once the home is sold.

Mr. Walls stated hearing that more neighborhoods are coming online adds another facet to the analysis. For us, the challenge is to package it in a way to the residents so they can understand why they are paying more, which is because new neighborhoods are coming online where they do not live. We all understand why that is, but we need to figure out a way to sell that to the residents.

Mr. Berube stated it is a community, which means it is a commune, and everyone is in it together.

Mr. Nicholas stated there is no sense in putting off this discussion. For the workshop or however this process goes, we need to know when it is and we need to be prepared to bring some information that needs to be included in the budget.

Mr. Farnsworth asked do we need to approve this budget now or can we wait until we have had the workshop?

Ms. Burgess stated there is not enough time to wait for the June meeting.

Mr. Walls stated I think we usually have the workshop in July.

Ms. Burgess stated you adopt the budget in August because it is an evening meeting.

Mr. Walls stated we can have the workshop in July and then you bring the revised budget for the hearing in August.

Ms. Burgess stated typically we have the workshop in June. You can have another one in July if you want.

Mr. Nicholas asked what is the deadline for having an approved budget?

Ms. Burgess stated we need to present it to the Board by June 15.

Mr. Nicholas stated I am talking about final approval of the budget, not the draft.

Ms. Burgess stated the property appraiser probably needs the assessment roll by September 1.

Mr. Nicholas stated then we can back into the dates when we need to have this discussion and have everyone share their ideas.

Ms. Burgess stated it would be best to have those discussions in June so we can start working on it as much as possible. We can have a workshop again in July if the June workshop is not long enough. Theoretically you can have two workshops before the budget is adopted in August.

Mr. Berube stated we have something on the table, and I am trying to get a feel for how we all feel. We just heard the good news-bad news from the developer, who may have the biggest impact on this budget. Having heard what he just said, I think the big issue is if we want to include a 2% increase that has been proposed or do we want to include a 1% increase.

Ms. Burgess stated for purposes of approving it today, you are not committed to that increase.

Mr. Berube stated I understand that. I am just looking for guidance from the Board. I want to know the feeling of the other Board members.

Mr. Walls stated I think we need to do what we did in the past and go through the budget line by line and let staff tell us what they need and see what the increase is.

Mr. LeMenager stated let me be the eternal pragmatist that I am. If you look at page 102 of the agenda, you will see for the first time ever we have gone over \$1 million. We have \$1 million now. I do not know how much of it is timing, but we are over \$1 million.

Mr. Berube stated it drops off pretty quickly as the year finishes.

Mr. Walls stated we will be close to \$900,000.

Mr. LeMenager stated we are in fairly good financial position. My position on CDDs has always been clear. I think they are an evil invention of the State of Florida, designed to hide the true costs of communities. I do not know that we are going to need to spend a lot more than we do now. My position has always been that we are basically the department of parks and recreation. That is what we do. There is really very little else that we do. Our discussions here, if you look at the amount of time we talk about things, it is pretty much parks and recreation. Are we going to need to spend at build-out a lot more than we do now? I am not sure that we do. If you can convince me and show that when

we have these extra neighborhoods, these are going to be the extra services that need to be provided, I am happy to discuss that.

Ms. Kassel stated there will be more landscaping, more irrigation, more street lighting.

Ms. Burgess stated we need to do that exercise.

Mr. Nicholas stated the reality check is that you are spending \$45,000 per month on electricity and landscaping. There are 1,300 lots left to develop, and about 750 lots are developed now. There is another 60% on top of what is here now to develop. If you were to use those same design principles, that is where the costs will go. I am suggesting there are ways to change that. As the original agreements for lights and other things expire, we get a benefit step down as we bring new things online. The reality is that this not a build-out budget, yet it is being funded by everyone who is going to be a rate payer. There are not going to be any additional rate payers. We are paying what ultimately new home owners will pay. The pot will get bigger, but we have the same number of rate payers. That is a fact.

Mr. Farnsworth stated by the “pot,” you mean the expense pot.

Mr. Berube stated yes, and the income.

Mr. Nicholas stated that is correct.

Mr. Farnsworth stated income will not change.

Mr. Berube stated it only changes by raising the rate.

Mr. Nicholas stated we are thinking about sustainability in terms of finances and those sorts of things. It is material. Even though we have a lot of discussion about this patch of grass and the mulch smells and other issues, if you look at where the bulk of the budget is, it is in landscaping and street lighting. Those are exactly the two areas that will be impacted as we develop new neighborhoods. We need to be very aware of that.

Mr. Berube stated the reality is, I do not see any new construction right now. There is nothing cut open yet. Anything that is started probably will not be coming online until near the end of the coming fiscal year. Is that a pretty good summary?

Mr. Nicholas stated no, that is not true. We have fully engineered construction plans and are out to bid right now in one major neighborhood that is about 20 acres. We could put another 100 lots on the ground by February 2014. I am not suggesting we will hit

that, but I am saying there is builder demand for us to sell finished lots. So we will be preparing neighborhoods for that to happen.

Mr. Berube stated I am fine with an increase of 2% for any number of factors. I think at some point, we just have to do it and move along. Hearing what the developer said, I think they are moving full speed ahead. In looking at current progress with houses going up, I can see it is moving full speed ahead.

Ms. Kassel stated I think it has been four or five years or more since we had any increase at all.

Mr. Berube stated that is correct.

Ms. Burgess stated you have added a lot of projects and done a lot of replacements. You have been very diligent about managing your money and not having any increase. That is very good.

Mr. Berube stated I want to be on record for saying I am fine with a 2% increase, especially considering what Mr. Nicholas just said. He is ringing a bell that is saying to pay attention. There are things we have not seen yet but they are coming, and he does not want there to be any surprises. I appreciate that.

Mr. Farnsworth stated we are going to have the workshop before we come to the final conclusion and decision.

Mr. Berube stated yes.

Mr. Nicholas stated Ms. Burgess is asking you to approve this budget and if you change it, you will end up adopting a final budget that looks different than this one.

Ms. Burgess stated that is correct. You can increase or decrease it or make whatever changes you need to do.

Mr. Farnsworth asked by accepting this budget, are we accepting automatically this 2% increase?

Ms. Burgess stated no.

Mr. Qualls stated you are simply accepting a proposed budget.

Ms. Kassel stated we are accepting this proposed budget as a proposal in preparation for our June workshop.

Mr. Walls stated we will make our final budget adjustment approvals and adjustments in August. We will review this budget a couple more times.

Mr. Farnsworth stated personally I would like to see more of a step increase rather than 2% all of a sudden. I suggest having a 1% increase this year and then see where that leads us for next year.

Mr. Berube asked does Mr. Walls support a 1% increase?

Mr. Walls stated I do not support anything until I see it in writing.

Mr. Nicholas stated it is going to be what it will be.

Mr. LeMenager stated I am fine going back to where we should have been this year, which is what Mr. Berube and I wanted to do last year but we lost 3-2. I am happy to go back to where we were. We lowered operations and maintenance about \$40,000 this year, which was 1%. I think we need to put it back in.

Ms. Kassel stated I would support the 2% proposed increase.

**B. Consideration of Resolution 2013-04 Approving the Budget for Fiscal Year 2014 and Setting the Public Hearing**

Ms. Burgess read Resolution 2013-04 into the record by title.

Ms. Burgess stated this Resolution approves the budget in preliminary form—does not adopt it in any form—and authorizes us to send it to the County and gets everything moving toward the budget hearing. We can further discuss a workshop date, and we are requesting the August meeting be the date of the budget hearing. At that point, you will have all your changes in, you will have notified the residents if there will be an increase, and you will formally adopt the budget at that hearing.

Mr. Farnsworth asked as part of that workshop or following the workshop at the next CDD meeting, do the residents have the opportunity to make comments?

Ms. Burgess stated yes. Mr. Qualls will probably tell you that there have been some changes to Florida Law where you have to allow the public an opportunity to speak at a meeting. Some CDDs and City Councils do not. This Board always does. You previously did not have to allow the public to speak at a meeting. At a hearing, you must allow the public to comment and speak. You will then consider their comments before you formally adopt it. On the hearing agenda, there will be an opportunity for the public to speak. We have to also provide this budget on the website, so it will be there in plenty of time for residents to review it, make comments, talk to the Board members between meetings, and let you know if they are fine with it or not. There will be plenty of opportunities for the public to be informed and to be allowed to speak at the meetings.

Mr. Berube stated prior experience tells us that no one shows up.

Mr. LeMenager stated that is because we have not had an increase in a number of years.

Mr. Farnsworth stated if no one shows up, that is fine because then we have a free hand.

Mr. Berube stated it is not a free hand. We just try to do the right thing. If they do not show up, then they do not show up.

On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to Resolution 2013-04 approving the budget for fiscal year 2014 and setting a public hearing for August 29, 2013, at 6:00 p.m.
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Mr. Berube stated now we need to discuss a workshop date.

Ms. Burgess stated the next meeting date is June 27.

Mr. Berube stated that is an evening meeting, so the workshop should be before the regular meeting.

Mr. LeMenager stated we can also have the workshop on a completely separate day.

Mr. Farnsworth stated that might be easier.

Ms. Kassel stated it will be more expensive for the CDD. We would have to pay the Supervisors if the meeting is held on a separate day for an extra meeting.

Ms. Burgess stated you would have that anyway because a workshop and a meeting are considered two separate meetings. You can waive them or not waive them at your choice.

Mr. Berube stated I do not want to set a separate date in June for a workshop because I have a hectic schedule. Right now, that week is open.

Ms. Burgess asked would you want to meet at 5:00 p.m. that day? Is that long enough for a workshop?

Mr. Walls stated I think that will give us enough time to have the workshop and start the meeting right after the workshop.

Mr. LeMenager stated I do not think an hour is long enough.

Mr. Walls stated it would not be an hour.

Ms. Kassel stated the workshop will start at 5:00 p.m. and we will start the meeting as soon as we are done in the workshop.

Ms. Burgess stated that is correct, and we can advertise it that way.

Mr. Berube asked do we want to start at 4:00 or 5:00?

Mr. Walls stated 5:00 p.m.

Mr. LeMenager stated I think we should start at 4:00. I would like to hear what the true cost is going to be.

Mr. Berube stated I like starting at 4:00 as well, so we can have a short break before the meeting.

Mr. LeMenager stated we have just been told all our wonderful salesmanship about the CDD and what it costs was less than candid because this community is going to cost a lot more than we ever thought. I want to hear that speech in some detail.

Mr. Walls stated I prefer 5:00 because it gives residents, who might want to come, the opportunity to be here if they work.

Mr. Farnsworth stated I can attend at 4:00, but it seems a little early.

Mr. Berube stated after a show of hands, we will have the workshop at 5:00 p.m. on June 27.

Ms. Burgess stated if you have any comments or changes, send them to me and Mr. Moyer and we will include that as part of your package for the June workshop.

## **SEVENTH ORDER OF BUSINESS**

### **Audit Committee Selection of Auditor**

#### **A. Ranking of Auditing Firm Proposals**

#### **B. Authorization to Enter Into a Three-Year Contract with the Selected Auditing Firm**

Ms. Burgess stated the audit committee met prior to this meeting, and they have ranked the auditors. Mr. Walls is probably familiar with this process because he works for a bigger government, but they will have an audit committee made up of people from the community who are experienced in reviewing audits and auditors. This Board selected itself to be the committee. The committee ranked Grau #1, McDirmit #2 and Berger Toombs #3. The committee's recommendation to this Board is to accept that ranking. As part of that motion, I will ask that you authorize staff to negotiate with the #1-ranked firm and if we are successful, we will bring an engagement letter to you. If not, then the motion as worded will allow us to move to the #2-ranked firm and #3-ranked firm as we need to. I do not know in my 17-year history that we have ever done that, but we would like to have that authorization.

On MOTION by Mr. LeMenager, seconded by Mr. Walls, with all in favor, unanimous approval was given to rank the auditing proposers as follows: Grau & Associates #1, McDirmit Davis #2, and Berger Toombs et al. #3; and to authorize staff to begin negotiations with the #1-ranked firm, and if unsuccessful to negotiate with #2-ranked and #3 ranked firms, if necessary.

**EIGHTH ORDER OF BUSINESS**

**District Manager's Report**

**A. Financial Statements**

Ms. Burgess reviewed the financial statements as included in the agenda package and available for public review in the District Office during normal business hours.

Ms. Burgess stated we passed the deadline for people to pay their real estate tax bills, and we are 95% collected. Anything that is remaining will go to tax certificate sales in the next couple weeks. Traditionally, we have always collected our assessments. There may be some remaining due from the developer because we bill them throughout the year and will continue to collect from the developer.

**B. Invoice Approval #156 and Check Run Summary**

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

Ms. Kassel stated one of the electric bills was substantially higher this month, I believe for the swimming pool. It was \$1,600 and much higher kilowatts.

Mr. Haskett stated it was a cold winter.

Ms. Burgess stated we would like to include the invoice for \$100 from Walker Technical Services to the invoice list.

Mr. Berube stated there is an invoice from Chapco for two card readers for stock/material and then it says they replaced and installed one card reader for stock. Does that mean we keep a card reader here on hand?

Mr. Haskett stated yes, because there is a delay in getting them. I keep one in my office. This is an old invoice that was somehow lost. That occurred from some storm damage and had to be replaced.

Mr. Berube stated I had a question on legal bills and the cost of having the attorney attend the meeting, specifically Mr. Kenza vanAssenderp.

Mr. Qualls stated he bills at a higher rate than I do.

Mr. Berube stated I understand that. You are very honest in your billings, and when Mr. vanAssenderp attended the meeting, there is a note for a rental car for \$323.45 plus tolls, fuel and meals. With his time, which is on a different bill for that particular meeting, we probably spent \$1,400 or \$1,500 or more for him to attend the meeting. In and of itself, that is not a bad thing. To have Mr. Qualls here at any given time is fairly expensive as well. It is nice to have you here and you provide us guidance, but the reality is we are spending people's money effectively for the attorney to drive here and back. There is a certain cost to that. We have had meetings by telephone, and I know it is aggravating. Perhaps we should consider having a better audio system and allow Mr. Qualls to participate by telephone more often. Not everyone may agree with me on this. If there is a reason for Mr. Qualls to attend in person, so be it. Do we need him at 12 meetings a year? I do not know. There is a cost to everything, and Mr. Qualls knows this Board looks at every penny that is spent. Mr. vanAssenderp is fairly expensive to have attending our meetings, and he comes once a year. It is nice to see him, but there is a fairly stiff cost to that. I do not know if it is really justified. We are going to be over budget for legal expenses for this year, and we are looking at our budget for next year.

Mr. Farnsworth asked do we save anything by him participating by phone?

Mr. Berube stated the travel costs and travel time.

Mr. Farnsworth asked is there a more effective method than phone, such as skype with a computer screen where he can see us and we can see him? Is there something more effective than a telephone?

Mr. Berube stated that is why I suggested a better audio system than a telephone.

Mr. Qualls stated I serve at the Board's pleasure, and proudly so. I think we might want to check with Mr. vanAssenderp because I am not sure he meant to include the rental car or meals, which would be inconsistent in what he has authorized me to do.

Ms. Burgess stated Mr. Qualls does not bill for travel time.

Mr. Qualls stated number one, I have been charging the same rate since I got out of law school, and proudly so. I would rather come here and work out a way to get rid of travel costs because that will help me be more effective, even though it will impact my bottom line. Out of sight, out of mind. Number two, it is hard to explain what you pick up on and how you can assist a government client by being there. It is not just about what is being said at any given time. It is about body language and discussions before and after

the meeting. I would rather figure out a way to make you happy and not worry about travel costs. There has to be a better way to do that. I will talk with Mr. vanAssenderp because I do not think he meant to include those items on the bill. We will work with you on that because it is very important to us. We feel we can only do our job properly if we are here. I am willing to sacrifice in other areas to make that happen.

Mr. Berube stated I do not want Mr. Qualls to give away his services. When you look at the bills overall, it is not much. But when you look at the aggregate over a year of what is spent for travel time and travel costs, it suddenly turns into a bigger number. If we do not talk about it and discuss the total value of it, then we are not doing our job. I do not want Mr. Qualls to give away his fees. I want to extract a value. He is right; face to face is always better than being on the telephone. I have been on the telephone, and it is very difficult.

Mr. Qualls stated I have never billed for travel time. I do not believe in that. You can get local counsel, and I want to compete with someone you can get locally. I think we have the track record to surpass everyone else in the State. I do not like nickeling and diming clients. I see a bigger picture, and I have never billed for travel time. Let us look at that bill. You will see at the bottom of every bill we send that it is another means of communication. We will figure something out where we can address that.

Mr. Berube stated whatever you want to do is fine. I agree on the value of face to face. The other side of that is if anyone ever looked at the bigger picture and said we spend a lot of money for attorneys to drive back and forth, you cannot argue with that. Law firms cost money, as do engineers.

Ms. Burgess stated some attorneys just charge a flat fee of \$1,500 or \$1,800 per meeting, which includes driving or not driving, and they will bill you for their time. I think the firm considers Mr. Qualls's travel time a cost of doing business.

Mr. Berube stated I have been thinking about this for a long time, and I think everyone thinks about it. There is a cost for professionals. Tell us what you want to do.

Ms. Burgess asked do you want to withdraw this invoice?

Mr. Qualls stated yes, let me talk with Mr. vanAssenderp to make sure it is accurate.

Mr. Berube stated I think we should pay it as submitted. We have had credits before, and I do not want to withdraw the invoice.

Mr. Qualls stated we will issue a credit on the next bill.

Mr. Berube stated do not change things around. Whatever Mr. vanAssenderp wants to do is fine, whatever he thinks is fair. We can discuss how we want to move forward. Maybe there will be no change, and that is fine. I think we get into the same thing with Mr. Boyd and time spent at a meeting. My suggestion is when Mr. Boyd is going to be here, we will move him to the front of the agenda rather than sit here for several hours. If he is going to attend, then we will consider his report first so he can leave. That will eliminate some of the billing and some of Mr. Boyd's time in having to sit here and listen to all this. There will still be travel time and associated costs, and his time is less than the attorney, but then we will not be wasting his time.

Mr. Boyd stated once we get through the budget process, the need for me to attend meetings will subside.

Mr. Berube stated Mr. Boyd is on a limited attendance schedule. Rather than sitting at one of these meetings, I am sure there are other things to benefit for your time. I think we will move his report to the front of the agenda and allow him to leave, presuming he is thoroughly complete with engineering-related items.

On MOTION by Mr. LeMenager, seconded by Mr. Walls, with all in favor, unanimous approval was given to the invoices, including the invoice from Walker Technical Services for \$100, as discussed.
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**C. Public Comments/Communication Log**

Ms. Burgess 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**

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

**E. Acceptance of Audited Financial Statements for Fiscal Year 2012**

Ms. Burgess stated the first page of their letter to us in the third paragraph says, "In our opinion, the financial statements referred to above, present fairly in all materials respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2012, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America." This simply means it is a clean audit opinion. The records that we presented to them present fairly the financial position of the

District as of the end of the fiscal year. At any point, if you want the auditor to come in and explain some of these numbers, that is an option. Some of our Districts do that. I will not review the numbers but if you have any questions, please let Mr. Moyer know. At the end of the audit are some reports that they are required to research and opine on. The first is on page 23 of the audit and is the report on internal control over financial reporting and also on compliance, and in both cases, they noted there were no significant deficiencies or anything that needed to be reported on what they consider to be a material weakness. The next page is the management letter, which is their opportunity to bring anything to you that is not material but would make things easier and better for the financial reporting aspect. They had nothing to suggest. There are some things they are required to opine on, and there is a list included in the audit. The one item Mr. Moyer typically points out is that we are not in a state of financial emergency. It is listed that we did not meet one or more of the conditions. Stated another way, if we defaulted on a bond payment, for example, we would have met one of those conditions. The good news is we did not meet any of those conditions and we are not in a state of financial emergency. It was a clean audit opinion. They were good to work with and were responsive to staff. I will ask that the Board accepts the audit and authorizes staff to file it with the appropriate State agencies.

On MOTION by Mr. LeMenager, seconded by Mr. Walls, with all in favor, unanimous approval was given to accept the audited financial statements for fiscal year 2012 and to authorize staff to file it with the appropriate State agencies.
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**F. Report on Number of Registered Voters – 712**

Ms. Burgess stated this is an annual requirement to find out the number of registered voters. It made a difference when the District was younger. Once you are six years old and have 250 registered voters, then you convert to general elections in electing Supervisors, which we are fully transitioned. The law does not say that once you reach those thresholds that we can stop asking for this information. It is just informational to see how you are growing and we enter it into the record. There is no action required.

**G. Consideration of Agreement with the Osceola County Property Appraiser for Administrative Costs**

Mr. Berube asked is this what we had a disagreement about last year?

Mr. Qualls stated what was happening was the District received an invoice from the County, and the advice of counsel was not to pay it because there was no privity between the CDD and the County, which makes perfect sense. It is good to have this agreement and have it in writing. It is required in Section 197.3632, Florida Statutes, which is the Uniform Collection Method. It does state expressly in this agreement that the property appraiser can work with the County. I think this memorializes what has been transpiring since the District has been using this method. It puts it in writing.

Mr. Berube stated the problem last year was largely a technical one. This agreement clarifies the technical aspect of it to allow them to be paid.

Ms. Burgess stated we are doing this for all of our Districts. Apparently we did not already have this in place. This is a standard agreement we are getting approved, and it lays out the initial one-time setup fee of \$200 and annual costs not to exceed 2%. We budget for those accordingly.

Mr. Walls stated basically we are paying them to accept the assessments that we send them and then put them on the trim notice.

Ms. Burgess stated we are paying the property appraiser to put it on the tax notice and then we pay the tax collector for collecting our assessments.

Mr. Qualls stated the property appraiser takes your information and builds the roll and certifies it to the tax collector, and then the tax collector collects the certified roll. There is a separation of powers and functions. It should create a paper trail to avoid things happening where there is mystery as to what was on the roll and what was not.

Mr. Berube asked does it just need a signature?

Ms. Burgess stated under the signature block, it asks for the date the Board approved the agreement.

Mr. Qualls stated we need to fill in who receives the notice, which will be the manager's office. A motion would be in order to accept the contract and authorize it to be executed.

<p>On MOTION by Mr. Farnsworth, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to accept the agreement with the Osceola County Property Appraiser and authorize its execution, as discussed.</p>
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## **H. Use Application**

Ms. Burgess stated I sent another email to the Board this week with a use application for use of the pool. Since she called right before this meeting, I thought it would be appropriate to have the Board review it. She is not requesting exclusive use. She just wants to have that many kids for some reunion and award party.

Mr. Farnsworth asked was there some reason she wanted this pool rather than the Ashley Park pool?

Ms. Burgess stated I do not know. The other swimming lessons are finished at Ashley Park, so that pool might make more sense for her. She was just grateful to have me take her call and accept the application. I will ask if Ashley Park works.

Mr. Berube stated I give her credit for asking to go there. We have a lot of rules, and most people would just show up with 20 kids and take over the place for three hours.

Ms. Burgess stated and they can do that because each resident is entitled to a certain number of guests.

Mr. Farnsworth stated I thought Ashley Park might be freer of other people. If they wanted exclusive use, it would be less of a problem there.

Ms. Burgess stated I did speak with a resident from Ashley Park in reference to the swimming lessons and she indicated she swims at Ashley Park pool every day and had no idea that swimming lessons were being done at the Swim Club every year because she never comes over here. I explained all of that to her, that the Board did not think it was used that much and we apologized for the inconvenience, but we did allow them exclusive use of the pool. She understood and was fine about it, so there is one resident who uses the Ashley Park pool. This group does not want exclusive use. She just wants to be able to bring that many kids. I will ask if Ashley Park works as well. They will still allow everyone to come in.

Mr. Berube stated I do not see a problem with it at either pool. It is only three hours with 20 kids. At any given time on a weekend, there are 50 people in that facility.

Mr. Haskett asked is this application from a resident?

Mr. Berube stated yes.

Mr. Haskett stated I do not understand why it is even coming here to question.

Ms. Kassel stated it is more than the usual number of guests.

Mr. Berube stated she is bringing 20 people who do not live here.

Mr. Haskett stated that is the reason for the request, which is why I do not understand why it is being discussed. It is within all the parameters.

Ms. Kassel stated what Mr. Haskett is saying is why does the Board have to approve it and the manager should just go ahead and approve it.

Ms. Burgess stated I wanted to be sure it was acceptable.

Mr. LeMenager stated this should not have come to this body. We have rules and regulations to cover it, and this gets into micromanaging, which we should not be doing.

Mr. Walls stated I appreciate knowing what is happening. After last month's discussion, I think we need to discuss these kinds of things. This is from a resident, which is one thing. Last month, the request was from an outside group asking to use our facilities. I think we need to discuss what is acceptable and what is not, is there payment involved or is there not. I think we need to discuss that at some point. I appreciate seeing this just so we know what is happening.

Mr. Berube stated I agree.

Ms. Burgess stated then I do not need a motion, and I have the Board's direction.

Mr. Farnsworth asked are you saying the form she filled out requires a \$250 deposit that she can just bring the kids in without that deposit?

Ms. Burgess stated they provided a deposit because they use the boats. I presume that I can use that if there is any damage.

Mr. Berube stated we have her credit card information on file already.

Ms. Kassel stated I think Mr. Farnsworth is saying they still need to go to the manager and fill out the form, and then the manager has the authority to approve it if it is within the parameters.

Ms. Burgess that is correct, and Mr. Moyer does that on a routine basis.

Mr. Farnsworth stated Mr. Haskett suggested that they are already residents and in essence, he is suggesting that people can just bring those kinds in and not tell anyone.

Ms. Kassel stated that is not what he said.

Mr. Haskett stated the only comment I meant was it was not like the school's application. She is a resident. She has to fill out the form, but it did not require coming to the Board. It could have simply been approved by the manager. If you are inviting more than eight guests per household, then the event form is required.

Mr. Berube stated I understand why it was sent to us, and it is fine. I commend people for even filling it out because others show up all the time without one. There are often huge groups that just show up. Tell her thank you for asking for approval and enjoy her party.

Ms. Kassel asked do we have any signage at the pool that says residents with parties of more than eight people need to fill out an application?

Mr. Berube stated yes, but we do not have anyone to police that. The rules say no food or drinks, and people routinely bring in those items.

Ms. Kassel stated we are offenders of that because we have had parties there with food.

Mr. Berube stated that is the problem with all our rules; we do not have anyone policing them to enforce them. My theory is, why we have all these rules and regulations when we have no enforcement.

Ms. Kassel stated one day we will have enforcement.

## **NINTH ORDER OF BUSINESS**

### **Staff Reports**

#### **A. Attorney**

##### **i. Consideration of Agreement with AT&T for Cell Phones**

Mr. Qualls stated the agenda indicates that I was to review the participating addendum on the Western States Contracting Alliance (WSCA). I presume this is so we can get a better cell phone rate. I did not spend a lot of time reviewing it. It references three other agreements that I was not privy to. Every other contract I have entered into for a cell phone is you have to sign it or you do not get your phone. I did not want to spend a lot of time by looking into it. I would say proceed with the agreement. Nothing stands out to me. It is with the State of Nevada.

Mr. Berube stated when any of the cell phone companies want to put you as a government agency to get the federal rates, you have to go through WSCA and sign an agreement that basically say we will pay our bills. It is not a contract, per se, like for a cell phone. It is an agreement to pay your bills that they submit to you.

Ms. Burgess stated it confirms that we are a government and are entitled to that government rate.

Mr. Berube stated WSCA has to accept the fact that we are a government entity. All the cell phone companies go through WSCA.

Mr. LeMenager asked do we need to accept the agreement?

Mr. Berube stated I do not think so. We already accepted going with AT&T, and this is just a payment agreement. I will go ahead and sign it.

**B. Engineer – Reserve Study**

Mr. Boyd stated last month, I presented an update of the old “reserve study” to add Lakeshore Park improvements we recently did. It is not technically a reserve study. In looking at the allocated budget, it seems we are in pretty good shape with unassigned budget items balancing out with what we are anticipating those needs being. One of the requests that came out of the last meeting was to take a fresh look at that. We may have been overly optimistic on some of the life times, so I reviewed those. As I have been sitting here, I have some concerns with it. I would like to spend a little more time with it and provide it prior to the workshop, and then we can review it in detail at the workshop.

Ms. Kassel stated one of the things I would like to see on that schedule is where we are with our life. If the total life when it is new is 25 years, where are we now? Are we at 10 years or where?

Mr. Boyd stated that is one of the areas that needs quite a bit more work. I do not want to give you a number that is way too high. I need to get it back in line. I will work on that and prior to the workshop, I will provide it to Ms. Burgess so she can distribute it to everyone. I would anticipate that this year we will be fine. We might have a reserve target that we will start inching up to reach over a period of years.

**TENTH ORDER OF BUSINESS**

**Supervisor Requests**

Mr. Farnsworth stated I want to go back to the phones for a moment. Is Century Link a landline phone?

Mr. Berube stated we have two landline phones that largely tie two weather stations to the Maxicom irrigation system. The weather stations report weather events to Maxicom so that Maxicom can make its determinations. This was the item that I asked a month or two ago if we could convert to cellular to possibly eliminate that. Those bills keep going up, and we are paying a lot of things on it, including long distance and an automatic line disconnect. It is \$100 each month, \$1,200 a year times 10 years. That is why I wanted to convert it to cellular. I did a little preliminary research and presuming we can get it in there, that monthly cost would be \$35 for a cell phone, maybe less. The problem is if the equipment we have is adaptable or not. I do not think we have gotten the answers to that yet.

Mr. Farnsworth asked who has to check that?

Mr. Berube stated Mr. Aaron Smith with Insight Irrigation. I do not know if he has been back here since we made the request. I do not want to have him come here for a special trip, but if he happens to be here, it would be nice for him to look.

Mr. Haskett stated I will get that report.

Mr. Berube stated if a weather station is hit by lightning or anything, do not fix it. These things have a habit of happening. If a weather station goes down, let us consider at that point of making it cellular capable.

Mr. Walls asked where did we leave off with the dock RFP? Last month I think we directed Mr. Moyer to move forward.

Mr. Haskett stated he is waiting on information for specifications or an idea of capacities and things like that. This month has been very hectic.

Ms. Kassel stated it is probably not going to get any easier.

Mr. Haskett stated we are in a transition period, but it will get back to normal.

Mr. Berube stated he spent a lot of time putting pipe in the ground.

**ELEVENTH ORDER OF BUSINESS**

**Adjournment**

A budget workshop is scheduled for Thursday, June 27, 2013, at 5:00 p.m.

The next regular meeting is scheduled for Thursday, June 27, 2013, at 6:00 p.m.

The meeting adjourned at 11:05 a.m.
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Gary L. Moyer, Secretary

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Steve Berube, Chairman