

MINUTES OF MEETING

HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, January 28, 2016, at 6:00 p.m. at Harmony Golf Preserve Clubhouse, 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

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

Also present were:

Gary Moyer	Manager: Moyer Management Group
Tim Qualls	Attorney: Young, vanAssenderp & Qualls, P.A.
David Evans	Developer Counsel
Bob Glantz	Harmony Development Company
Garth Rinard	Davey Commercial Grounds
Amber Sambuca	Harmony Development Company
Gerhard van der Snel	District Staff
Residents and Members of the Public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Berube called the meeting to order at 6:00 p.m.

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

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next order of business followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the December 17, 2015, Meeting

Mr. Berube reviewed the minutes and requested any additions, corrections, notations, or deletions.

On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to the minutes of the December 17, 2015, meeting, as amended.

FOURTH ORDER OF BUSINESS

Subcontractor Reports

A. Aquatic Weed Control

Mr. Berube asked are we still owed a report from Bio-Tech?

Mr. van der Snel responded I did not receive anything.

Ms. Kassel stated we received the November report but not December.

Mr. Berube stated the pond maintenance contract from Ms. Jennifer Dwyer suggested clear cutting to no less than five inches.

Ms. Kassel stated right.

Mr. Berube asked how high do you want to let the weeds get before cutting them?

Ms. Kassel responded I thought that our goal was to cut back from no more than four times a year to no more than twice a year, depending on how it looks.

Mr. Berube asked on all of our ponds or just the visible ones?

Ms. Kassel responded that is a good question for Ms. Dwyer.

Mr. Berube stated I want your opinion because the man who is going to cut them needs to know.

Ms. Kassel stated yes.

Mr. Berube stated Ms. Dwyer's opinion is not less than five inches on all of the ponds.

Ms. Kassel stated that is right because you want filtration for pesticides, herbicides, and trash. You want that to be filtered.

Mr. Berube stated I understand.

Ms. Kassel stated I would say for the visible ponds, we are going to cut; for the non-visible ponds, maybe only twice a year maximum or maybe once a year. If they grow up so much in the interim that it is too hard to cut them, then it is better that we do it twice a year.

Mr. Walls stated they should treat them all the same so there is a standardized process.

Ms. Kassel stated we are only doing the CDD ponds. We are not doing the golf course ponds anymore.

Mr. Berube stated I understand. We had this discussion previously. Our issue is with specific pond numbers. On a quarterly basis, we can take them down to five or six inches.

Ms. Kassel stated no lower.

Mr. Berube stated if there are usable things in there growing like pine trees, maybe we should leave them alone. It has happened. It has gotten cut. If there is a nice pine tree growing, let it grow.

Mr. Rinard stated we will leave the trees alone.

Mr. Berube stated leave it at a range of six to twelve inches. I thought that we were going to include that in whatever contract revision we are probably going to talk about coming up.

Mr. Rinard stated yes.

Mr. Berube stated very good.

B. Landscaping

i. Davey Tree Monthly Highlight Report

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

Mr. Berube stated in the past we did some work to get irrigation up to snuff and have been maintaining irrigation on Cupseed Lane and Bluestem Road surrounding the school. It is all green and the trees are green, but there are a lot of weeds within that green. I am not getting any complaints. What does the Board think? Did anyone notice that? If there are weeds, does it look okay? What do you want to do? Sod is not great there.

Mr. Walls stated there is no sod there.

Ms. Kassel stated with all of the traffic there, I am concerned that if we put sod in, it is going to get trampled. If no one is complaining, I think we should do nothing until we receive complaints.

Mr. LeMenager asked which area are you talking about?

Mr. Berube responded the side of the school in the back. That is our area.

Ms. Kassel stated on Cupseed.

Mr. Berube stated correct. There were complaints and we did an update. Now, everything is green, but it is mostly green weeds.

Ms. Kassel stated there is supposed to be grass.

Mr. Berube stated no one is complaining, but I am just trying to get ahead of the curve. If everybody is okay, we will leave it alone. If you get a chance, go take a look at it. We will discuss it again at another time.

Mr. Rinard stated it has been a few months since we have seen each other. Happy holidays and Happy New Year. Time flies. A lot has been going on since that time. Mr.

John Rukkila filled in for me in November while I was up in Virginia. In review of last month's meeting minutes, there was some concern. There is some tree work going on with Blazing Star and a lot of things are happening. Blazing Star is finished. The mulch is still ongoing. The tree work is still ongoing, but I think we are about two to three weeks from getting those completed. Overall, there were a few concerns about the turf. We have some ongoing weed problems. Dollarweed is indicative of some of the wetness that we have seen in some areas. Over the last six to eight weeks, Scott's Lawn Care has been supplementing that work for us. Because we have been so stretched, that is coming to an end. We will then have our in-house personnel. They will be out next week. They are due for some follow-up weed control for dollarweed areas and just spot treat other weeds throughout the turf areas. That will likely be their last application, at least as it stands right now. Other than that, we have a couple of supplemental proposals that are on the table. One is relative to Blazing Star and the other is for Town Square for planting at the base of magnolias. I would like to discuss those but before we do, I want to point out something to the Board. When you look at the landscaping line items in the budget, it is a false number because as of January 1 we have absorbed neighborhoods F and H-2. That is \$24,350 that was unbudgeted. We knew that it was coming but did not know when and we did not budget for it. As a result, we have \$21,000 left under Landscaping – Miscellaneous. At this time without any new proposals, we are going to be \$3,400 over budget for because we have to add neighborhoods F and H-2.

Ms. Kassel asked do we have to take it out of Landscaping – Miscellaneous? Can we reassign it from another line item?

Mr. Berube responded that is where I was going next. We are \$75,000 below budget overall. Certainly, we are not going to run out of money, but that is not the point. If we are looking at landscaping, we have to consider that the \$21,000 is not free money. It is already obligated.

Ms. Kassel stated yes.

Mr. Berube stated we may have street lights coming on board with neighborhood I. Mr. Glantz, do you have a sense of when OUC is going to get that on board? Is it likely going to be this fiscal year?

Mr. Glantz responded we just signed the street light agreement for neighborhood I today, which puts them within 60 to 90 days of being installed, and then they will turn the lights on.

Mr. Berube stated that obligation is \$570 per month, or \$3,500 for this fiscal year, which is minor compared to the landscaping. I think that everyone received the three proposals that Mr. Rinard referred to. If we are going to go with Blazing Star, that is in addition to the park. That park was paid for out of the \$100,000 parks and recreation construction budget. If we are going to do more with Blazing Star Park and we approve this, we can probably take those funds out of that budget. Additionally, fakahatchee grass was transplanted to clean up the base of the magnolias that got transplanted as a result of removing them from Blazing Star Park.

Ms. Kassel stated right.

Mr. Berube stated we could pay for that update to the magnolias out of that budget, so we do not impact our regular budget.

Ms. Kassel asked are you done presenting?

Mr. Berube responded yes, on those two.

Ms. Kassel stated regarding the magnolias, I would like to donate some native salvia for the base of those plants. There are five magnolias. I have salvia growing out of my ears at my house. It is a native plant. If we fill in the base, it provides color pretty much year round. We would just have the cost for the transplanting and that is it.

Mr. van der Snel stated the main goal for this one is because it is five feet high. There is nothing to cover that five feet. We can put at least three or four feet of fakahatchee grass in there so it grows higher so the base of the tree is covered. It is not the ground base that we want to cover. It is more the base of the tree.

Mr. Farnworth asked why do you want to cover the tree trunk?

Mr. Berube responded because there is a big wide open area of dirt or maybe mulch. It is a large area.

Ms. Kassel stated I do not know that we have to do anything. I agree with you. We have all of these tall trees, such as sycamores and oaks, and that is all in the mulch.

Mr. Farnsworth stated I am confused about why you want to cover the trunk.

Mr. van der Snel stated the stem of the magnolia tree is five feet high and then there is nothing.

Ms. Kassel stated I went to look at it and it did not look that bad to me.

Mr. van der Snel stated the idea was to put that grass there to cover that up, so you get more of a fullness.

Mr. Rinard stated I think that Mr. Rukkila and Mr. van der Snel were discussing this. Tell me if I am wrong but for the proportion of the trees, the clearance of the ground to the bottom level of branching and foliage is slightly more exaggerated than you would normally see with the magnolia.

Mr. Farnsworth stated that is only if you want a magnolia to continue to look more like a bush than a tree.

Mr. Rinard stated true. There is nothing more than aesthetic than it is any other purpose, whether it be a salvia, grasses, or something else. I think we came to the conclusion that because of the height, to help mitigate that gap, we would have a visual look to bring some perspective with the overall tree height and what is surrounding it.

Ms. Kassel stated \$875 for five plants is excessive.

Mr. Rinard asked are we proposing a different plant that she will give us for free?

Ms. Kassel responded yes. We can have residents do the planting. It is not that big of a deal. We do not need to have Davey do it. It is CDD property, so it is not like we are under obligation to do that. Salvia typically grows in the sun. They can get a good two and a half to three feet high. I will propose that.

Mr. Berube asked how many do you have?

Ms. Kassel responded I probably have 30 to 40. If we planted six or eight, it is not going to look completely filled out right away, but those plants within a month will fill up considerably.

Mr. Rinard asked what is the maintenance of those?

Ms. Kassel responded the only maintenance that really needs to happen with them is that periodically the stems die back, the plant remains, and you crack them. You just have to remove some of the dead stems probably once a quarter.

Mr. LeMenager stated every year, you have to trim the fakahatchee. It is labor intensive because you have to get a crew out there and they have to cut it.

Ms. Kassel stated it is not less labor intensive for the salvia but it is free.

Mr. LeMenager stated I like free.

Ms. Kassel stated and it is colorful.

Mr. Walls stated I would go either way.

Mr. Farnsworth stated I can go either way.

Mr. Berube stated your donation is accepted, as far as I can tell. We just need to get a resident to plant it.

Mr. Rinard stated we would certainly be willing to help with that. We are not talking about any major effort, but I would like to wait until the middle or later part of February so we know what the temperatures and weather is doing.

Ms. Kassel stated that is fine.

Mr. Berube stated that works. Thank you for your cooperation.

Ms. Kassel stated I went by Blazing Star, and there are gaps in the hedge. Kids use those openings as pathways in and out of that park and playground area. I think that anything we plant there is going to get bulldozed by kids. If we plant anything there, I feel it should be farther back and taller to provide shade because that whole area is mostly on the southeast side of the park where the sun comes in the morning. If we have some taller trees that are planted in that area, not bottlebrush and juniper, something taller, I might support that but I do not support this. I feel that this is a waste of money.

Mr. LeMenager asked what happened to the nice presentation by a resident? The kids worked out their paths into the park. Is the objective of this to block those paths?

Mr. Berube responded the spots that are open encourage kids by having those openings in the hedge to go through those openings. If something was there, you might discourage that. You have them walking over planter beds and through a hedge.

Mr. LeMenager stated I went over to inspect it twice and saw all of that green and red stuff. What is that called?

Ms. Kassel responded firecracker plants.

Mr. LeMenager stated if our thought was that the kids are not going to get in there, forget it. They will love it.

Ms. Kassel stated I thought we were going to put something around it.

Mr. Berube asked are kids getting into it?

Mr. LeMenager responded they were having a great time in there.

Mr. Berube stated okay. Are we seeing damage? I was there a couple of times, and I did not notice any damage.

Mr. LeMenager stated I am just saying that I think our original thought was that they will use the drain part of it.

Mr. Berube stated to be clear, these bottlebrush trees that we are contemplating are going in those open slots.

Mr. Rinard stated yes.

Mr. Berube asked are you suggesting a different kind of tree, or do you want to leave it wide open?

Ms. Kassel responded I am suggesting that if we put any trees there, we not put them in the openings because the kids are going to go through those openings, whether a tree is there or not.

Mr. Farnsworth asked what side of that park are we talking about?

Ms. Kassel responded the Blazing Star side.

Mr. Berube stated by the playground.

Mr. Farnsworth asked toward the culvert side?

Mr. Berube responded no, the outside corner.

Mr. LeMenager stated we just spent forever trying to decide what to do with that. We put something in and now we want to tinker with it already. I do not think that we need to tinker with it. Let us have the kids play on it for six months.

Mr. Berube asked are you okay either way? Yes or no?

Mr. Farnsworth asked which two ways are we considering?

Mr. Berube responded leaving it the way it is or adding four bottlebrush trees.

Mr. Farnsworth stated I agree to leave it the way it is for now and reconsider it in three months. I am not opposed to putting those in.

Mr. Rinard asked is it the Board's desire to maybe look at another alternative as far as the variety is concerned?

Ms. Kassel responded no.

Mr. Farnsworth stated hold off until we reconsider.

Ms. Kassel stated just last month, we poured a lot of money into that park, and people are happy with it. I do not think that we need to mess with it anytime soon.

Mr. Berube stated if you would, keep a careful eye on what we are observing here with kids going in and out. If we need to, let us consider getting the composite post and the little yellow chains to delineate where we do not want kids to go.

Mr. Rinard stated okay.

Mr. Berube stated the last proposal is for Town Square. I think everyone should have received pictures from Mr. van der Snel in the last few days. This is purely an update to make it look prettier and bring it up to speed.

Ms. Kassel asked what is the total?

Mr. Berube responded \$6,373.

Ms. Kassel stated some areas really need attention. It is not a large area and would not cost a lot of money. I am okay with it, but I am just concerned with the new neighborhoods. I could go either way on it.

Mr. Berube stated the way the place looks is one of the reasons people like it. We spend a lot of money on aesthetics and trees and everything else, and Town Square is a major focal point.

Mr. Farnsworth asked is there any particular area that you want to discuss one way or the other?

Mr. Berube responded there seem to be about 12 or 13 of them, I think. It is cohesive. As you walk around out there, it has kind of been hodgepodge over the years. A lot of stuff is dead and declining in big open areas. I think this makes it look pretty.

Ms. Kassel stated I would like to table it. We received the proposal late. I would like to look at the park with the pictures and see what is proposed. You have said that you wanted to wait with the salvia until the end of February. I assume that you would wait until the end of February for this, too.

Mr. Rinard stated from a planting prospective, I would like to see what the weather does. I do not want to put plants in the ground and have them freeze over. Frost will cause damage.

Mr. Berube stated no problem. We will wait until next month. We discussed an RFP with you folks and we keep moving it forward. You and I have had some discussions on this and the Board. We are going to come up on the end of their contract in seven months, so we need to put this RFP out. Mr. Qualls had some ideas about piggybacking. Are we good to go on a piggybacking?

Mr. Qualls responded piggybacking is required to be authorized by law. In all frankness, I have not worked on it since late last year. We just need to find a contract on which to piggyback. I did get one from Ave Maria. They recently did a procurement.

That is a larger neighborhood. We just need to look at those. I will bring a full report back to the Board because I agree that the RFP probably needs to be put together if piggybacking is not a viable option. I think that the only way that it would not be a viable option is if we cannot find a similar contract. Remember, it is not that you are avoiding the RFP process. It is that you are piggybacking onto a government that has already gone through that process.

Mr. Walls stated so we would need one relatively recently; otherwise, we will be limited to their term.

Mr. Qualls stated I do not know. The statute just authorizes it. I do not know what the term would be as far as how long, but the numbers would have to be consistent. I mean the pricing options. I do not think that it has to be the same term necessarily. We will do some more due diligence on that.

Mr. Berube stated considering that Davey has offered to provide us a four-year rate, we are pretty close to where we are at right now because we are going to have a few minor adjustments. You know the specifics of that and a couple of other inclusions regarding a certified arborist and some other specialty certifications to be on staff. We need the four-year flat rate and a tight bid response timeline at the end of this so it does not drag out forever. If we can accomplish all of that on the piggyback, that is fine. If we cannot, then I guess we will go for an RFP.

Mr. Qualls asked would you all be comfortable with me working with one of you throughout the month and flesh this out more so that we can bring a report back?

Mr. LeMenager responded sure.

Mr. Qualls stated I do not want to violate the Sunshine Law. One of you can be the liaison. I will communicate back and forth so we can go through those options.

Mr. Berube stated I will volunteer if that is okay with you folks.

Ms. Kassel stated fine.

Mr. Qualls stated you will be hearing from me.

Mr. Berube stated that is all I had for landscaping.

Mr. Farnsworth asked what are POs?

Mr. Berube responded those are little projects that occur during the month. Mr. van der Snel issues POs for them, as they get completed.

Mr. Farnsworth so that is additional funding.

Mr. Berube stated yes. A purchase order is an obligation. We have to be careful. Landscaping is not completed because we are already a month behind.

Mr. Farnsworth stated I just wanted to clarify that.

Mr. Berube stated POs are always small. There are no huge ones out there.

Mr. Farnsworth stated like to buy materials.

Mr. Berube stated they may do a square patch with a bunch of plants and some mulch. Those are POs.

Mr. van der Snel stated I wanted to express my concern on the sod in Hawthorne. We took over in January, and the sod is in distress. Someone is coming from Davey to analyze what is going on over the entire Hawthorne area. The grass is yellow and we do not know what is going on.

Mr. Berube stated it is the irrigated areas of St. Augustine but there is more to that story. We had some Maxicom issues. We were not necessarily running on the cycle that we thought we were by the way it was tied in initially. There were some things that we were not aware of, and by the time we noticed it, the grass turned brown. You cannot tell because the Bahia is nice and green and the St. Augustine, which requires more water, turned brown. There was adequate water for the Bahia but not enough for the St. Augustine. It was all irrigated area and on one zone, which was stuck in there. It is being handled and we will see how it goes.

FIFTH ORDER OF BUSINESS

Developer's Report

Mr. Berube stated everyone received a copy of the memorandum that was sent by email.

Ms. Kassel stated I received it at 12:09 p.m.

Mr. Berube stated it came from Ms. Janice Swade.

Ms. Kassel stated this is about the blending proposal.

Mr. Glantz stated with me today is Mr. Evans with BakerHostetler. He is our attorney. He has worked with this group before, specifically with Mr. Qualls on several agreements recently, whether it is moving a trailer or the Davey Tree storage area. Ms. Sambuca is also here today. Her role is expanding with Harmony, and she is going to now take on more responsibility, which will include attending these meetings on a monthly basis. Obviously, this group is disappointed that I am not attending every meeting, but we will have a representative here. I will try to attend quarterly, as suggested

in the past. Before we get to the issue, I just wanted to run through some issues. Some are salient to the CDD and some are not, but they are all informational for anyone who lives in Harmony. We are within a few weeks of completing the interior renovations at the clubhouse. Window treatments are completed. We have some furniture coming in and some light bulbs. We are going to be completed shortly, and we are happy with what has occurred. We now have a full-time membership director who is also an activities planner. His name is Matt. He started earlier this month. There is a window in one of the walls and that is where he sits. He works Tuesdays through Saturdays. We have the pickleball courts. Only one group has played. The bocce courts are now open. It is just like the club where someone can pay to play. We now have over 20 members who are fitness members who have signed up. Things are happening. We still have greens and bunkers that are going to be renovated in May. It is about time. I think the course has been open for over 13 years and it is time to do that. We are also going to be repaving the parking lot, which is in dire need of some refurbishment. As far as development is concerned inside Harmony within the CDD boundaries, parcel O, which is known as South Lake, has been substantially completed. I am assuming that everyone has had a chance to drive through that. That particular neighborhood has six large lakes, and it was dirt positive, meaning the excess dirt that was excavated there was used to fill the recreation center across the street.

Mr. Berube asked do you mean neighborhood I?

Mr. Glantz responded yes. Neighborhood I has six lakes. They are moving the dirt into neighborhoods J and K and across the street. It is always better to do the ones that are dirt positive first rather than importing dirt. That is why this particular site was chosen. We have the landscaping that will be going in. We signed a contract with REW. We are working closely. I know that Mr. Kent Foreman has been talking to Mr. van der Snel about new timers and a new zone.

Mr. van der Snel stated I requested a new main line.

Mr. Glantz stated you also requested a new clock. We are working closely with Mr. van der Snel and his team on all the things he requested. There will be a monument sign saying *The Lakes at Harmony*, and then there will be neighborhood signs at each community. That also is under contract. The same company that did our wall will do the front entrance wall on the western side. All of that is going to be happening. We have to

do the horizontal work. The home builder has closed on 43 lots, which is CalAtlantic Homes. They are going to be operating by the name Ryland Homes. Ryland Homes merged with Standard Pacific, and the new company's name is CalAtlantic Homes; however, they are going to be building this community under the name Ryland. They are currently selling out of our information center. They will start construction on their models in about a week or two. They are in for a building permit, and unlike homes for customers, they build their models in world record time. They will build each home in probably 45 days. Everybody notices that the path out to the lake has been reoriented. We are working right now to clean that area up. As we discussed at previous meetings about that new roadway going out there, adjacent to it will be a parking lot. It will have a new natural parking area, not paved. Adjacent to that will be a dog park. We had a conversation tonight and presented that to the Board. That would be something that we would build and grant over to the District. The recreation center will be exclusive for residents in The Lakes of Harmony. It will be a 55 and older plus community. The earthwork is all in. Everyone can drive out and see the neat pile of dirt there. They will be starting construction towards the end of February. The architecture is by the Evans Group, which is the same group that did this building. The welcome center is across the street. It will feature a cardio room, six pieces of equipment, an arts and crafts room, and a large social room. Of course, there will be a swimming pool. It will be a nice facility. That will be completed by mid to late summer. We have sold all 40 lots in Hawthorne; 24 were sold to Lennar and 16 were sold to Richmond American. Everyone has seen that Lennar is busy building. They already have sales in there. Richmond American will be starting in there soon. In Cherry Hill, which is parcel F, six of the 33 lots were sold to Richmond American and 27 were sold to Lennar. Lennar has six lots left to close with us. You can see the construction. The first production home that was sold will be ready to close in approximately 45 days from now. That is obviously the important point as we segway going forward. That is an overview of what we are doing out there for development. Out in the Estates section, there is quite a bit of activity now after years of relative inactivity. We are enthused about that. Today, we are going to be talking about the assessment rates in four remaining parcels. Two were developed and two were undeveloped in the 2014 series. Should we call it the 2014 series?

Mr. Berube responded yes, if you want to.

Mr. Glantz stated I just want to be consistent. The 2014 series is parcel H-2 and parcel F. Parcel A-2 had the Jim Lentz trailer on it for years and is now a parking lot. It is unclear at this time whether there will be additional townhomes or single-family homes. Then there is a parcel that is not connected. It is on the opposite side of the Town Center called parcel M. If you drive down the road toward the garden, rather than turning left toward the garden, if you made a sharp right-hand turn where there are some dirt piles, that is parcel M. When the District was created a long time ago, that was part of the 2001 series and is now known as the 2014 series. We have those four parcels. We understand that what we are presenting today is slightly confusing, only in so much that there are rules, regulations, statutes, and so forth which govern how to assess properties and how to divide the debt that was placed on the later portion. We are now at a point where we are at the end of that particular piece of debt, and we are trying to right size everything. I am going to allow Mr. Evans to take it from here. We are going to ask that the Board make a ruling on this, if not today, by at least the next meeting, and if we need to, we can have some follow-up at individual meetings. This issue, as Mr. Evans will explain in a moment, is complicated when you have more parties involved.

Mr. Evans stated thank you for having us here today. I know this is coming before the Board without having us being here. I think it has been discussed. The goal of the memorandum is to hopefully clarify some of the facts. I know another issue that has come up is the issue that we had with Mr. Qualls. After the first meeting where this came up, we started interacting with him. As part of doing that, I communicated with Mr. Qualls that Birchwood would be covering their legal fees for those interactions. I think at the last meeting, there were some questions about Mr. Qualls interacting with us. The bill will go to the District, and Mr. Qualls will identify the portions of the bill that are related to our interactions with him. That will get passed through the District to Birchwood. I just want to make sure that is clear. We are following what the request was as far as ensuring that our request to Mr. Qualls for this matter was allocated in that manner.

Mr. Qualls stated just so we are clear on that point, I would rather not get paid at all than to have the developer pay directly. I represent the District.

Mr. Berube stated I understand.

Mr. Qualls stated I do not want any blurred lines or want the appearance of that.

Mr. Berube stated I was going to ask that question. To this point, we already presented one bill to the developer, which they agreed to pay related to this. This is probably going to take another month or two, maybe longer, to get it settled. I think what Mr. Evans just said is that we are going to be able to segregate Mr. Qualls's costs in handling this matter to its conclusion, and then submit that group of bills to you and you are going to take care of that. Is that what I just heard?

Mr. Glantz responded you restated exactly what Mr. Evans just said. That is correct.

Mr. Berube asked are you going to bill us for your time?

Mr. Qualls responded correct.

Mr. Berube stated you are beholden to us to do our work.

Mr. Qualls stated that is right. The developer can reimburse the District all day long. You guys can pay all of my bills for all I care, but I do not want the money coming directly to us. I know that is clear and it does not need to be said, but a lot of people read these minutes and now it is in the record. There should be no confusion.

Mr. Berube stated that is what I thought he said, and now it is clear.

Mr. Evans stated timing is relevant here. It is set forth in the first bullet point. The sole owners of the land that we are talking about now are Birchwood, Richmond American, and Lennar. All three of those parties are in support of the request. I think it is important for the Board to act on this before any homes close because as you add more people, it gets more complicated. The only owners that are involved are all three listed above, and they all approve the request. Mr. Glantz and I drove around, and some of the homes were looking like they were close to being closed. It will probably be not by the next meeting but certainly by the following meeting. I think our request is probably for you to approve it at this meeting. The reason we are here is that the assessments that have been levied against neighborhood H-2 are 47% higher than the next equivalent unit.

Mr. LeMenager asked can you define equivalent?

Mr. Evans responded a 50-foot lot.

Mr. LeMenager asked does more go into it?

Mr. Evans responded yes.

Mr. LeMenager stated my comment with respect to H-2 is, there is a lot of landscaping. They have a fancy fence that we are going to have to maintain in perpetuity. That is going to be expensive. They have significantly more landscaping than anybody

else has. When you say equivalent, if you are talking about a 50-foot lot on a sidewalk, that is nice, but it does not make it equivalent.

Mr. Evans stated we can fill in the details on that. You can say that neighborhood F has 2,000 feet more roadway to get to it. There are a lot of different ways that we could break down the costs of the roadway.

Mr. LeMenager stated the roadway is not the CDD's.

Mr. Evans stated sorry. You are correct. With a sidewalk, there is landscaping to get there. We could start allocating all of these things down, but I think that the bottom line and what we are trying to say here is that you are going to have residents in the CDD who are going to be assessed over the course of their owning the lot, which is a 50-foot lot within H-2 compared to a 50-foot lot in F or in any other neighborhood. If you turn to schedule 1, this is a comparison of the relative expenses for other 50-foot lots in the community, whether it is in neighborhood B, C, C-1, C-2, D, G, H, and so forth.

Mr. Berube stated if I can interrupt you for a second, when you go to our chart of current CDD assessments and you look at the 50- and 52-foot lots, we range in total assessment from \$2,188 to \$2,844. In general, they all rise based on the newer the neighborhood, so you have a 30% spread from existing neighborhood to existing neighborhood. This proposal pretty much increases that total on a 50-foot lot by about what you would expect because I think that your new total is \$3,100.

Mr. Evans stated yes. If you total everything up, it is \$1,200 plus \$1,500. That is pretty close.

Mr. Berube stated you follow right in with the methodology that has gotten us to this point; however, it does vary in that there is no precedent to having four neighborhoods with all the same assessment. We always individualized each neighborhood. However, if you subtract the 50- and 52-foot lots out, we are going to be right on target with the 50- and 52-foot methodology. That is the bottom line of what your proposal is, which is to keep the 50- and 52-foot lots all at some close number to equality across the board.

Mr. Evans stated it is fair.

Mr. Berube stated this proposal gets us there, but that is not the end of our hesitation.

Mr. Farnsworth asked does the bottom line of the assessments come out to be the same?

Mr. Berube responded pretty close.

Ms. Kassel stated our bottom line is \$255,885.

Mr. Evans stated it does not change anything that the CDD receives. It just changes what the lot owners will pay.

Mr. Moyer stated the original assessment methodology that goes back to 2001 and 2004 anticipates that lots of a similar nature will have the same assessment.

Mr. Berube stated so far they do.

Mr. Moyer stated that is right.

Mr. Berube stated with slight increases as time goes along. That is where we are at.

Mr. Evans stated other than H-2.

Mr. LeMenager stated H-2 only has 2.24 units per acre according to your figures, which is a much lower density than any other part of town, hence to bring the other three in. It still comes back to the fact that since Starwood Land Ventures has taken over, all they do is build 50-foot front loaders. You are building a whole lot fewer units than were originally planned, especially for 17.82 acres. It is not a surprise when you divide a fixed number by a much smaller number, you get a bigger number.

Mr. Evans stated the methodology is a mix of acreage and lot size. The choice to build less density should not have a negative impact on the assessments that are levied on those lots.

Mr. LeMenager asked why?

Mr. Evans responded if an owner in H-2 came in next year and asked why their assessment is 47% higher than anybody else's, if you look at the other 50-foot lots, it goes up from there. It is closer to 60% of the equivalent lot in B. I think it would be very hard to say that we tried to bring your assessment in line but we think you should pay this amount. I think there is a solution.

Mr. Berube stated that is fine, but the inverse of that is, somebody who is buying in F says their assessment was going to be \$2,492 but by re-aligning this, you increased it up to \$3,553. One guy is going to complain about it.

Mr. LeMenager stated no, it is not that much.

Mr. Berube stated I understand, but that is the number we were using. You are going to have this give and take. Having said all of that, let us just go with the fact that the 50- and 52-foot lots are going to be equal. There are two people here who have to give us some guidance because we are not experts. We rely on the guidance. Mr. Moyer, you

had some input on this. You are the methodology expert and have an entire department behind you. Give us your input.

Mr. Moyer stated as I mentioned, the intent of the original methodology was that they identified various product types or housing types, anticipated the number of units for those housing types, and allocated the debt based upon an ERC basis, where the single-family home was one ERC. For the higher density nine-unit-per-acre homes, it ended up being 8% of the one ERU. When they went through that whole methodology, they allocated the total debt according to that formula.

Mr. Farnsworth asked where did that whole process go awry?

Mr. Berube responded it did not go awry.

Mr. Moyer stated it went awry in H-2 because part of H-2 was undevelopable. I believe that it was a lake.

Mr. Berube stated it was a pond that got bigger.

Mr. Moyer stated the pond lowered the density. All things being equal, it probably would have worked out fine, but they probably got half of the density that they should have received on parcel H-2. Then when the methodology was applied to that, we took the debt that was assigned to the parcel under the original assessment methodology and divided by a smaller number of units, which resulted in this anomaly.

Mr. Walls stated for me, the request is reasonable. It sounds reasonable. We only have one 50-foot lot paying double what another one pays. I would be all for it, as long as we can do it, but my concern is two-fold. One, we already have people under contract in both of these areas as far as I know. They have been told that their CDD fee is going to change; some are going to be higher and some lower. The other issue is, if we make this change, what we are essentially saying is that we are pulling four parcels out of our methodology, and we are going to treat them differently.

Mr. LeMenager stated there are actually nine parcels. They have already done it on the other side, which we never discussed by doing I, J, K, L, and O and lumping them all in and dividing them together, which is another thing that this Board is doing.

Mr. Walls stated whatever the number is. What I do not want to open us up to is people who are here now or in the future coming back and saying we have given these people a certain benefit that we have not given to them. I do not want to open up that can of worms.

Mr. Moyer stated the fix for that, which Mr. Qualls would agree with, is to go through the assessment process, just as you went through the process when you originally did the assessments. Those property owners who are affected will be noticed of a public hearing, and they can appear and either support or object to that reallocation. Then once that happens, generally 30 days afterwards, the Board would adopt a resolution saying this is the allocation of the remaining debt on these parcels. Then for all practical purposes, at least in theory, that forecloses any collateral or tax on the assessment. You have to go through that process by identifying Chapter 170, Florida Statutes. It has to be noticed, and we need to have an engineer's report to identify all of that, not dissimilar to what we went through when we refinanced the bonds. If you recall, we had basically the same two-step process. That was much simpler because all you did was take the debt service and lower it by the savings, and then allocate it back exactly according to the methodology.

Mr. Walls stated right and something like that is not going to happen in a month in terms of having a public hearing and going through that process. It is unfortunate that is the way that government works.

Mr. LeMenager stated the objection that was raised originally is that people in F were quoted \$2,400 a year as their CDD fee, and then suddenly their mortgage company is getting a different amount.

Mr. Berube stated Richmond American sent them a letter saying that it is going to be \$3,500.

Mr. LeMenager stated this proposal talks about taking it from \$2,400 to \$2,755. Honestly, I can live with this proposal.

Mr. Berube stated we have other things to consider. Does this proposal conform in your opinion to our existing assessment methodology?

Mr. Moyer responded in our opinion, it does.

Mr. Berube asked was that methodology correct last year when we assumed these numbers?

Mr. Moyer responded given the anomaly with H-2, the number of acres in that parcel, and the usable acres in the resulting density that was here, it was consistent.

Mr. Berube stated so the only reason that a change would occur is because of this request to soften the blow of this anomaly.

Mr. Moyer stated correct.

Mr. Berube stated according to the proposal, it does not impact anything else, any other parcels that you can tell.

Mr. Moyer stated no, that is correct. That is absolutely correct.

Mr. LeMenager stated you are only talking about future parcels. It is like Mr. Nicholas said to us last month, which is when they controlled the CDD, they did not have these problems.

Mr. Berube stated I understand.

Mr. LeMenager stated he stood right there and said that.

Mr. Berube stated again, I am asking tough questions here because this is unknown territory for us. We always just sat here in meetings, and every year we get the budget, we add them and bring on new neighborhoods and it all gets blended in and we get the numbers. We did that last year and here we are approaching this year or the middle of this year and saying that it did not work now. My questions are now all on the record now and our manager is saying that this fits the need. District counsel, you are the guy who says “nay” or “yea” to make me feel comfortable.

Mr. Qualls stated I am not that guy.

Mr. Berube stated let me rephrase that. You heard what the manager said.

Mr. Qualls stated I heard him.

Mr. Berube stated I want your expert opinion as to whether or not we are staying out of trouble.

Mr. Qualls stated I think the exercise that this Board is going through is not novel in the sense that every year you adopt an assessment roll and your policy says on page 2 that essentially with the aid of the manager, consultants, and District counsel, the Board must use the engineer’s cost report to allocate costs per acre or parcel, allocate any applicable debt per acre or parcel, compute and allocate the assessment per acre or parcel, determine the special benefit peculiar to the acres or parcels, apportion the special peculiar benefits, and prepare and adopt a non-ad valorem assessment roll. You Board members are making an informed decision by listening to your experts to go through that process. That is the process that this Board goes through each and every year. The questions you ask are the same questions that I have of Severn Trent. Severn Trent, from my understanding, prepares the supplemental special assessment report. That is the yardstick,

if you will. That is what we follow and that is what the Board is to follow. What I hear the District manager saying is, it was applied last year and followed last year, and it is going to be applied and followed this year. Am I correct? I do not want to put you on the spot.

Mr. Moyer responded that is correct.

Mr. Berube stated we did it right last year. As time has gone on, we identified this anomaly. We are not really making precedent in trying to fix the anomaly and make everybody closer to equal across the board.

Mr. LeMenager stated it is typical Florida kicking a can down the road to people who are not here yet in A-2 and M who never even heard of Harmony yet. That is really what we are talking about. Let us face it. I have been in Florida long enough to realize that is what you guys do.

Mr. Moyer stated interestingly enough, that is exactly what the methodology says.

Mr. LeMenager stated I understand.

Mr. Moyer stated it says that there is no certainty. When we start this project, we identify what we think is going to happen. We had x number of 52-foot lots in the original methodology. We had 35-foot lots and 80-foot lots. At that time, the developer said what they see as the mix. Then we went through and identified all of the facilities that the District would provide and allocated that benefit to those products according to a formula. As the development starts, I never had seen one that ended up being the way that it was originally projected from day one. They all change because markets change, people want different products, and they want to build more than one kind and less of another kind. What this says is that every year, we will go through a process of identifying the platted lots and the assessments that have been allocated to those platted lots. Then we subtract that from the overall assessment. The balance of that is allocated to the remaining acres. I think you probably saw some of the analysis that is done. We identified what they expected the housing types to be and what those assessments were. Then based upon the new product types, we allocated that exact same amount to the new product types. We will continue to do that, as Mr. Qualls pointed out, on an annual basis, and we will continue to do that.

Mr. LeMenager asked can I ask a technical question? Given that you have no idea whatsoever what you are going to put in A-2 and M, 28 and 30 are just numbers. What I

think you are really proposing is that, in terms of the current payments, you really want to reallocate the percentage of the debt on these four parcels, based on an assumption that you are going to put 50-foot lots in the others. If you are sticking townhomes in A-2, which I am guessing that you will, there will be a whole lot more than 28 units. Fifty-foot townhomes are really nice townhomes. I want to make sure that we do not end up having this discussion in two or three years again, when suddenly A-2 or M have a significantly different mix. We need to make sure that whatever solution we are doing is good for all time.

Mr. Berube stated to add to Mr. LeMenager's comment, I, J, K, and L are in here with 40-foot lots that are more money than the current 50-foot lots. The 50-foot lots in I, J, K, and L are at \$3,359, which is 25% more than our most expensive 50-foot lot currently. I want some agreement from you guys tonight that you are going to come back here when somebody complains that the 50-foot lot in I, J, K, and L is 25% more money.

Mr. LeMenager stated it is a different lot.

Mr. Berube stated I get that, but it is the same principle.

Ms. Kassel stated the benefits are a bit more.

Mr. Berube stated there is a learning curve here. We have to go through this whole big exercise because we missed something a year ago, and now it is staring us right in the face. We are basing this on flat assessments for 50-foot lots. I just want to know that we are not going to have this discussion regarding 25% higher assessments on 50-foot lots.

Mr. Glantz stated let me respond to a couple of items. First of all, as it relates to I, J, K, L and O, we did exactly that. We smoothed it all because there are different efficiencies for each one of the parcels. An efficiency is the difference between net and gross. When someone says they have this 100-acre piece of property and asks if I want to buy it, the first thing that I ask is what you can fit on it, what is net and what is gross. When you take a look at parcel A-2, it is extremely efficient. It has a roadway that is just off this parcel, which is already in place, separating A-1 and A-2 and has a roadway on Five Oaks. It is extremely efficient. You will get a very high yield on that. When you take a look at parcel A-2, the difference between the net and gross is profound. If we took the usable acres, once you remove the lake, then it is a very efficient site. I think everyone agreed that it is a single street with lots on both sides. When we took a look at parcels I, J, K, and L, I started my conversation today saying that six lakes were on parcel

I. Parcel J has no lakes. Parcel J was very efficient, and parcel I was relatively inefficient or the density is different. This is a way of smoothing it. One of the flaws with the methodology that Mr. Moyer suggested early on when you take a parcel and apply it on a per-acre basis, it is being applied on a gross acre, not net acre basis. This is not kicking the can down the road situation. As I see it, we are obviously addressing parcels H and F-2 today. Parcel A-2, which fits into that, and parcel M, which is currently zoned on Town Center, would be an attached product or something else. We have it in our goals to maybe convert that to something that could be different. As far as we are concerned, it is just debt applied to a parcel. What it will deal with we do not know because we do not have that parcel programmed yet. We do not know what the market will bear in two or three years when we get to that site. The point is that the density is interesting, but you really need to look at net density, not gross density. Mr. LeMenager's point is spot on.

Mr. LeMenager stated I just wanted to make sure that we do not have this conversation again.

Mr. Berube asked District counsel, do you have anything?

Mr. Qualls responded not really. The term blending is not really a legal concept. I think it needs to be clear for the record that what this Board is still doing is applying the existing assessment methodology. The job is to determine for each of these properties that there is a special, peculiar benefit flowing to those properties and that it is fairly apportioned. I think the record needs to be clear. I understand that there is nothing inherently wrong with the term "blending," but that is not legally and technically what is going on here. What you are doing is what your job is, which is make sure that there is a fair and reasonable apportionment when you apply the assessment methodology.

Mr. Walls stated like I said, where you are going, I completely understand. It is perfectly fair and reasonable. What you are saying is that it is not going to break our methodology and the way that we handle assessments, and nobody is going to come back to us later on down the road, about what we are doing here tonight to say that we gave someone a special benefit that they did not get. I am okay with this.

Mr. LeMenager asked are there any other parts that were financed by the 2001/2014 bonds that are not in this list?

Mr. Glantz responded no.

Mr. LeMenager stated so this is everything that was left for 2014.

Mr. Glantz stated yes.

Mr. LeMenager stated believe it or not, this is the same idea that I had two months ago, but then I realized that I was thinking too much in terms of getting the two bond issues together. I can certainly live with this.

Mr. Berube stated the members of this Board are in agreement that this flies.

Mr. Qualls stated to say that nobody will come and challenge us down the road is not what we are saying. What I am saying is, it is my understanding that you are applying the same process that you applied every step of the way, and you are going to notice this and go through that same process. That is the process set forth by Statute. Anybody that would come and challenge this, what I am hearing is there is nothing unique or different in what this Board is considering today than what this Board has considered in the past. I think we need to put together a resolution.

Mr. Walls stated I get that anybody can sue anybody. I just want to make sure that you are telling me, because you are the experts, that we are good and this is okay.

Mr. Moyer stated in my opinion, what we are doing is a fair and equitable adjustment to the resulting assessment on these lots.

Mr. LeMenager stated I think we need to do parcels I, J, K, L, and O at the same time and say we are fine with what happened there.

Mr. Berube stated they are already on the books.

Mr. LeMenager stated I appreciate that but they are not under the same methodology as the rest of the community. The rest of the community has acres first and then what housing units are in there and that is how you charge against the acres. What we are now saying is that, "For these last nine parcels, we do not want to use acres. We want to use units". Is that about right?

Mr. Berube responded yes. Parcels I, J, K, L, and O are already out there under effectively what we are thinking about approving tonight.

Mr. LeMenager stated actually, parcels I, J, K, L, and O are still based upon acres. We just called it all one parcel.

Mr. Berube stated he said that they smoothed it.

Mr. LeMenager stated no, they just called it all one parcel.

Mr. Glantz stated we called it all one parcel and then applied the methodology to what Mr. Moyer suggested about having a percentage of 40%, 60%, or 80%.

Mr. Berube stated now we are going to have H-2, F, A-2, and M on one parcel, like parcels I, J, K, L, and O will wind up.

Mr. LeMenager stated no.

Mr. Moyer stated we are definitely doing H-2 and F. That was the request.

Mr. Berube stated yes, but they still have A-2 and M.

Mr. LeMenager stated I guess you are right. We are going to put H-2, F, A-2, and M and call that one parcel.

Mr. Berube stated right, just like parcels I, J, K, L, and O will end up with slash marks in between.

Mr. Farnsworth asked what is the justification for this grouping?

Mr. Berube responded you have four parcels all done, and this is the way that it is going to be and it all works.

Ms. Kassel stated none of them are contiguous like parcels I, J, K, L, and O.

Mr. Farnsworth stated that is my problem. A parcel normally has some connection between them.

Mr. Berube stated H-2 and F are not connected.

Ms. Kassel stated they said none of them are connected.

Mr. LeMenager stated the bottom line is very simple. H-2 does not work. We can sit here all day and discuss why it does not work, but that does not solve the problem.

Mr. Berube stated okay. I think the Board is generally in agreement that we are going to accept this proposal. I know that you want a date certain, but I think that the first thing you want is general agreement from the Board that we are going to be okay with this, and I think we have that. Having said that, the next step is we have to advertise for a public hearing.

Mr. LeMenager asked why?

Mr. Berube responded because we are going to change the assessment.

Mr. LeMenager stated no, we are not. It is going to be part of next year's budget. It is going to be 100% part of the budget that we do next year. It is going to be wrapped into our public meeting in August.

Ms. Kassel stated it is not for this year. They are not proposing to do that.

Mr. Berube stated so the public hearing is for the upcoming budget year, not one in the interim.

Mr. Moyer stated it can be incorporated in that.

Mr. Berube stated exactly.

Mr. LeMenager stated yes.

Mr. Berube stated okay.

Mr. Walls stated to that point, we do not have to but it would be nice to contact the people who are under contract in the neighborhood who will be affected and let them know they may have been told one thing but here is what they are stuck with.

Mr. LeMenager stated they have all been told that they are going to pay \$3,200, so they are all going to be happy.

Mr. Berube stated not all of them. A very small number of them were told \$2,492.

Mr. LeMenager stated four or five of them.

Mr. Berube stated yes. Those are the parties that I have concerns with.

Mr. Walls stated they contacted us about this.

Mr. Berube stated yes.

Ms. Kassel asked is it possible to offer to have the builders or the developer to offer some sort of rebate?

Mr. Glantz responded I think if those people had a problem, that would be their solution with the builder. I know all of you have been contacted. I think sometimes people do not recall what they were told in that sales center. That is actually in the contract. We do not know what will happen with the contracts or what the contracts say. We know what was communicated to you. The Board will take the action if there is an issue with that. That will be a contractual issue between the builder or Birchwood and the owner.

Mr. Walls stated I know that there is at least one person who contacted me who was charged what was in our approved schedule, and what they were given by the builder was different. I understand what you are saying. It is a contractual obligation between the builder and the owner, but they are going to come to us and put the heat on us because you guys are the ones who are making the assessment.

Mr. Berube stated you already assessed this property at a particular number, and that is what they were told. Now they are into the contract that they cannot get out of and the Board approved it. That is what they are telling us.

Mr. Qualls stated this Board had nothing to do with that.

Mr. Berube stated I understand that.

Mr. Walls stated I just want to make sure that there is some communication from somebody. I know that is not up to us, but they are going to come to us next year when they receive their bill because their builder is not going to be around and they are going to say we set this assessment, it is different than what they were told, and we are raising their rates. I do not want to deal with that.

Mr. Berube stated it is a contractual issue between them and the builder, but we are the ones behind those numbers.

Mr. Qualls stated you are not behind whatever was communicated to the builders because you have not adopted this yet. The only thing that I can advise at this point is that this Board will follow the policy in levying and imposing non-ad valorem assessments and that will be done at a publicly noticed meeting.

Mr. Berube stated for fiscal year 2017. I understand

Mr. Qualls stated everybody is invited to attend.

Mr. LeMenager stated on a business basis, I do not know if this solves your problem in H-2 because if they have to report to lenders what the CDD fees are, they have to tell them that it is \$4,500.

Ms. Kassel stated for this year.

Mr. LeMenager stated you are going to need to have a nice explanation as to why it will not be that in the future.

Mr. Glantz stated I think that is something everyone is aware of and willing to deal with.

Mr. Walls stated all I am asking is that you reach out to the builders and make sure that they communicate the right thing, especially people who have already been under a certain impression.

Mr. Glantz stated the builders are in contact with us. We are not here alone.

Mr. Berube stated we know. We are safe until a fire starts burning and then everybody says it is their problem. That is how it works.

Mr. Glantz stated I think you are misrepresenting the relationship among Richmond American, Lennar, and Birchwood. That is not the case. We have communicated. Mr. Jim Reinhart, Mr. Brock Nicholas, and I have had conference calls. We talked specifically

about this matter. We have it in writing. It is beneficial to both builders, and both builders own lots.

Mr. Berube stated I am not arguing your relationship. I bought four new houses in my life, and those guys stick with the contract. When it comes time to get money out of them, they do not give anything, but when it is time for money out of you, they extract it.

Mr. Glantz stated you are characterizing the relationship between the builder and the developer, and that is an incorrect characterization.

Mr. Berube stated I apologize.

Mr. Berube made a MOTION to approve the assessment methodology, as presented by Harmony Development Company, for fiscal year 2017, for parcels H-2, F, A-2, and M, as amended.

Mr. LeMenager seconded the motion.

Mr. Qualls stated what I heard the District manager say is that Severn Trent is the expert on the methodology, and what is being contemplated is not revising the existing assessment methodology. Is that correct, Mr. Moyer?

Mr. Moyer responded that is correct.

Mr. Qualls stated I cannot tell you how to make a motion, but maybe you could be more general. What this memorandum requests is that the District manager, consultants, and District counsel will use the engineer's cost report to allocate costs per acre or parcel, allocate any applicable debt per acre or parcel, compute and allocate the assessment per acre or parcel, determine the special benefits peculiar to the acres or parcels, apportion the special and peculiar benefits, and bring that all to you so that you can prepare and adopt the non-ad valorem assessment roll.

Mr. Berube amended the MOTION to authorize the District manager, consultants, and District counsel to utilize the engineer's cost report to allocate costs per acre or parcel, allocate any applicable debt per acre or parcel, compute and allocate the assessment per acre or parcel, determine the special benefits peculiar to the acres or parcels, and apportion the special and peculiar benefits, with the District manager revising future estoppel letters to that effect.

Mr. LeMenager seconded the amendment.

Mr. Walls stated my issue is that we are going to get together later on this year and come up with an assessment. That assessment can be anything.

Mr. LeMenager stated I am guessing that we are going to read the last two pages of the budget a whole lot more carefully than we read them in the past.

Mr. Moyer stated to address your concern, I agree 100% about people who are buying property and know what is going on. I will draft up a paragraph that goes into our estoppels because right now, the assessment is x. I am going to put in there that when the 2017 assessment methodology is run, given what is on the ground, in all likelihood that assessment will increase, too, and tell them what it is going to be so they know that this year it is x and next year it is going to be y.

Mr. Walls stated that is fine. What I do not understand is what we are voting on now because we are going to come back and do that assessment methodology. I do not want to lock ourselves into something right now. I understand that we are going to do this.

Mr. Berube stated I am going to handle that.

Mr. Walls stated at the end of the day, we have to make that choice.

Mr. Berube stated the motion is to include everything that District counsel just read into the record to include the four affected neighborhoods H-2, F, A-2, and M, subject to whatever adjustments are necessary to meet the District's financial needs for fiscal year 2017. That means that these numbers are going to be pretty close, but we are probably going to have an operations and maintenance (O&M) increase again this year. They are definitely going to stay the same. These numbers will not be exact. The O&M has to increase.

Mr. LeMenager stated no, they are not; O&M is not increasing.

Mr. Berube asked where are you going to get the money? You have I, J, K, and L coming on. These guys are sticking us with that.

Upon VOICE VOTE, with all in favor, unanimous approval was given to authorize the District manager, consultants, and District counsel to utilize the engineer's cost report to allocate costs per acre or parcel, allocate any applicable debt per acre or parcel, compute and allocate the assessment per acre or parcel, determine the special benefits peculiar to the acres or parcels, and apportion the special and peculiar benefits, with the District manager revising future estoppel letters to that effect.

Ms. Kassel asked Mr. Glantz, why are all those fences put up in J and K? You smoothed out all of the dirt, and now new fences are up there.

Mr. Glantz responded the fences that you see are cow fences.

Ms. Kassel asked are you going to continue to pasture?

Mr. Glantz responded we are going to be pasturing that area. You should drive around with Mr. Joe Trammel.

Ms. Kassel asked is the current route going from the circle to Cat Lake permanent?

Mr. Glantz responded that is the permanent location. We are going to be adding shells. We are going to be cleaning the parking lot, as well.

Ms. Kassel asked has the path of Jug Creek Trail and the other trails been decided about yet? Has that been laid out?

Mr. Glantz responded that trail is known as Billy's Trail on parcel L. That trail is not changing. The way to get to it is going to be through the neighborhood.

Ms. Kassel stated I am talking about Jug Creek Trail, which has been at the tree edge side, which would be the east side. Jug Creek Trail runs from near the Town Square from south of the Town Square, all the way up past the community garden, and then along the tree line all the way up to Cat Lake.

Mr. Glantz stated part of that trail cannot exist anymore because there is no room between the development area and the trees. There is a slope that goes down. Has Ms. Sambuca put together a trail map?

Ms. Sambuca responded the trail map has been revised. It is on the website. We want it to be assessable because of the development.

Ms. Kassel stated it is on the Harmonyfl.com website, not the Harmony CDD website.

Mr. Glantz stated as I mentioned at a previous CDD meeting and also at Town Hall meetings, some of the trails that were existing were going across developable property and needed to be revised. That is why some of them did not survive. We have other plans. What you should do is talk to Mr. Trammel tomorrow regarding the offsite trails.

Ms. Kassel stated I had been long under the impression that the trails were designed to be permanent. In other words, the development would be outside of those trail lines so that those trails would remain and is why they were developed that way. That was what I was led to believe from the time that I moved here.

Mr. Glantz stated a couple of the trails went diagonally through pastures. We talked about the Butterfly Trail that at one time went diagonally through a vacant parcel, and now Butterfly Trail begins at the edge of development. It no longer starts at Schoolhouse Road. It now starts at the current location. That is going to be the case for Billy's Trail. It will no longer cut across a cow field. It will start at the edge of the woods and will have walking paths to get there. The trail system in Harmony is going to be, as development occurs, a combination of walking on sidewalks throughout the community and walking paths, and when you enter into the woods, you will be farther out. The trail that leads to Cat Lake currently goes into a field and then enters wetlands and continues on. The ability to improve some of these areas is limited because you are in a designated preserve area. The parking lot that Ms. Sambuca mentioned is going to be outside of the preserve area, as well as the dog park. We are not allowed to do any of these improvements inside of the preserve area, but we can maintain the road as a primitive road going out to the lake. Some of the things that we would like to do, we are not allowed to do because of the nature of the land. Anything inside the main CDD area, I can certainly speak to with great accuracy. On the areas outside, Mr. Trammel can talk to you about that. As far as that one trail, it skirts in and out. Jug Creek Trail was skirting in and out of developable area and wetland setbacks in other areas. There was just no space for it once it hit parcel I.

Ms. Kassel stated actually, RV and trailer storage is now blocking the route from community garden toward parcel I.

Mr. Glantz stated right. Someone could walk around to the fenced area. We were very careful to stay out of the setback requirement from the wetlands.

Ms. Kassel stated I will look. It looked to me like there was no space between the storage area and the fence on the east side and the woodland to the left.

Mr. Glantz stated we should probably look at it in the field.

Mr. Berube stated get with Mr. Trammel.

Ms. Kassel asked what are the plans for the parcel across from a school on the corner of Butterfly Drive and Schoolhouse Road? I am curious about the developer's plans.

Mr. Glantz stated there currently are no plans for that. I have nothing to report on that. I know that there have been a lot of questions about what to do with that, as well as questions about what to do with the property on the north side of the District, which leads

to Buck Lake. I discussed that before and had some conversations with the Chairman in the past that is not on our radar today, but it will be at some point. The two parking lots that are used to access Buck Lake and a lot of facilities sit on developer property. They are not on CDD property. A shuffle board court is on developer property, as well as the gazebo that is sitting out there. We have to think through that area, as well. As you know, the new management has spent a lot of time and effort working on a lot of fringe issues and major issues over the past year and a half that we have been here. We had some grand ideas on these two parcels. We are almost ready to get to these two parcels. That is a good question that is asked of me all the time, just about every time I appear publicly.

Ms. Kassel stated I just wanted to hear an update.

Mr. LeMenager stated with all of the dirt going into parcel F, maybe you should have them stop at that corner lot and start leveling that up. It is just a thought.

Mr. Berube stated they probably need a permit.

Mr. Glantz stated I will take it under advisement.

Mr. Farnsworth stated you updated the site map originally and now the trail map. Do you have any intention or plans to update the street names map that existed?

Ms. Sambuca stated that was addressed earlier. I believe that Ms. Brenda Burgess in the District office asked me earlier. I looked on the website.

Ms. Kassel stated I had written to the engineer.

Ms. Sambuca stated the version that is on their website is very outdated and old. We currently do not use it and we have not given it out. It is part our collateral. I let her know that there was no update provided. I suggested that she add a plugin for a Google map that provides an updated, real-time street map. We do not use it so I do not plan on updating it because it has not been on my list. She had an engineer who could possibly update the map.

Ms. Kassel stated she was saying that we could have our engineer do it at our cost. Those streets do not appear on Google Maps or MapQuest.

Ms. Sambuca stated sometimes they take a little while. I do not have an update.

Mr. Berube stated okay.

Mr. Farnsworth asked if we engage our engineer, what would he charge us to do it?

Mr. Berube responded too much money. It does not make that much difference. It is not worth the money.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Engineer

Mr. Berube stated we have been engaging a number of concrete contractors regarding the Butterfly Drive park improvement. Our total budget was \$42,800 for the entire improvement. If you look at the concrete portion of that, it is about \$28,500. The quotes so far have been \$35,300, \$37,100, and \$49,300 for just the concrete and necessary permits.

Ms. Kassel asked have we received estimates from Mr. Justin Farrell of Farrell Construction Services?

Mr. Berube responded yes. Mr. Farrell was the middle price. Jr. Davis was \$35,300. Justin was \$37,100, Accu-Krete of Orlando wanted \$49,300, and Juan from PCV declined. The reality is that the two lower bidders will get the concrete work done, but that leaves the rest of it undone. I expect that we are going to go over budget by about 10% to 15% to get the rest of the stuff that we approved completed.

Mr. Walls stated I am going to go back to what I said originally. We just did Blazing Star Park.

Mr. Berube stated I understand.

Mr. Walls stated it looks nice and everything is good. On the other side, you have Lakeshore Park. We have the nice sidewalk around the lake. I just do not see spending that kind of money on this area. It is just one section.

Mr. Berube stated I understand; however, we have been around and around with the residents and told them that we are going to do this. We approved it. The reality is that the engineering numbers were off. However, the problem is that the way that Mr. Steve Boyd wrote it, he has permitting fees included and credits. You cannot separate out how much the concrete is going to cost.

Ms. Kassel stated yes, but the permitting fees were relatively minor. It was only several thousand dollars.

Mr. Berube stated the permitting fee is \$5,000.

Ms. Kassel stated I know, but on a per-linear-foot basis, it was \$8 not \$16.

Mr. Berube stated I get it. The possibility is that once we launch this, no matter which one we go with, we are dangerously close to getting to that budget number, depending on how the proposals come in. We may be able to stay inline, but I want to get a concrete walk put in and then find out that we cannot do the rest without going over budget. What I am looking from the Board is tolerance for maybe exceeding the budget and how much you want to exceed it: 10% or 5%? Five percent is \$2,000, and 10% is \$4,000. I think we can get it done if we add that 10% cushion, but until we see where the sidewalk comes in and the permitting fees, we may go under budget depending on what the permitting fees are.

Mr. LeMenager asked does the sidewalk have to go first?

Mr. Berube responded the sidewalk has to come first.

Mr. LeMenager stated put the sidewalk in and see what it costs. If we do not have any money left, we will wait until next year.

Mr. Berube stated you have to remember that this is coming out of that construction fund.

Ms. Kassel stated just because we have money in the construction fund does not mean that it has to get spent.

Mr. Berube stated I am not saying that we have to waste it.

Ms. Kassel stated I do not have a problem going 10% above. I would not mind waiting another month to see if we can get some quotes that are reasonable.

Mr. Berube stated it is getting worse. We have others, too. There are two others where these guys did not meet the criteria. This has to be engineered. We have to do the permitting. These guys do not want to do the permitting because going through the permitting office is a hassle. We still have to pay somebody to do the engineering and permitting.

Ms. Kassel asked are you talking about the budget number that might be up to 10% over, which still includes the other elements aside from that?

Mr. Berube responded yes. We budgeted \$42,800. Jr. Davis is the lowest at \$35,300. We may be able to talk to Mr. Farrell and get him to come down from \$37,100. He is the middle price, and I like going with the middle price. That leaves \$5,000 for the benches, sidewalks, and trees, which is not enough.

Mr. Farnsworth asked who is the low bidder?

Mr. Berube responded Jr. Davis. Their history is that they are slow to start and slow to finish because they want to do this on a piecemeal basis when they already have crews here ready to go. That was their deal.

Ms. Kassel stated if they do not, then it is an extra charge.

Mr. Berube stated the deal was if they can do the work as they have crews available. What does that mean? The developer is going full speed out here using Jr. Davis. The problem is trying to get Jr. Davis to move quickly. What if we award the contract to Mr. Farrell?

Mr. LeMenager asked who is Mr. Farrell?

Ms. Kassel responded Mr. Farrell completed the boathouse construction.

Mr. Berube stated he did the roof on the boathouse.

Mr. van der Snel stated he repaired the canopy in Ashley Park.

Ms. Kassel stated he made the U.S. Hwy 192 signs for the developer.

Mr. Berube stated he is local. If we are going to award the contract to anybody, we should award it to him.

Mr. LeMenager stated tell him to match Jr. Davis's price.

Mr. Berube stated before we award the contract, I wanted to know the Board's opinion.

Ms. Kassel asked do we need a vote to go above the approved amount?

Mr. Berube responded yes.

On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor and Mr. Walls against, the motion was approved to go 10% over the \$42,800 budget for the Butterfly Drive park improvement.

B. Attorney

Mr. Qualls stated I think the Board did a good job tonight on making an informed decision. We were tasked with putting together a pond maintenance consulting services contract. We used the standard independent contractor form. I have given all of you a copy of the cease-and-desist letter that we sent to Richmond American. We received a response on January 7, 2016.

Mr. LeMenager asked did you send it to Lennar, too?

Mr. Qualls responded I was only told to send it to Richmond American.

Mr. LeMenager stated I spoke to Lennar five days ago, and they were still quoting the wrong numbers. Despite the comments about all of these wonderful phone calls, it does not get down to the sales guys.

Mr. Berube stated it is a moot point now.

Mr. Walls stated it does not matter.

Mr. LeMenager stated they do need to throw that document away and quite quoting the \$3,200. Five days ago, they were still quoting \$3,200.

Mr. Berube stated their lawyers said that they were not going to.

Mr. Qualls stated Richmond American said that they retracted all of the incorrect assessment and fee schedules and will only accept those items from the Board.

Mr. Berube stated no problem.

Mr. Qualls asked does anything need to be done to Lennar?

Mr. Berube responded no. It is a moot point.

Mr. LeMenager stated it is on them.

Mr. Berube stated none of their buyers are complaining. Why spend the money to send another letter to get no response.

Mr. LeMenager stated I agree. They have not sold anything in F anyway, so it does not apply there. We just made a lot of people in H-2 very happy, although they do not know it yet.

C. Field Manager

i. Dock and Maintenance Activities Report

The monthly dock and maintenance activities report is contained in the agenda package and is available for public review in the District Office during normal business hours.

ii. Facebook Report

The Facebook report is contained in the agenda package and is available for public review in the District Office during normal business hours.

iii. Buck Lake Boat Use Report

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

Mr. LeMenager stated this is a wonderful report.

Mr. van der Snel stated thank you.

Ms. Kassel stated it looked like a page was missing. You had the Facebook report and a half-page boat report, followed by another copy of the Facebook report. Pages were missing from the boat reservation report.

Mr. van der Snel stated I sent the District office four pages, but only the last page was copied for the Board.

Mr. Walls stated that is all that matters, anyway.

Mr. van der Snel stated unless you want to know who went out.

Ms. Kassel stated I am curious.

Mr. van der Snel asked do you want the whole report?

Ms. Kassel responded yes.

Mr. Farnsworth asked why did they put in the last two pages?

Ms. Kassel responded it was probably just an oversight. Twice they put in the Facebook report for December and January. I am guessing that it was just a mistake.

iv. Discussion of Potential Boat Purchase

Mr. Berube stated last year during budget negotiations, we discussed the need for the expansion of the boat fleet and budgeted \$16,000. Mr. van der Snel and I have spent a few months looking around for a used boat. You can find them, but the problem is whenever you find a used boat, it already has a motor on it. Because of our lake use restrictions, we cannot have gasoline-powered motors. We can only have electric motors. If we purchased a used pontoon boat, which we can do, we would be saddled with buying a used gasoline outboard motor, which you then have to dispose of. Used gasoline outboard motors in and of themselves do not bring a lot of money. You spend a lot of money when you buy them on the boat, but when you take it off and try to sell it, you do not get a lot of money. Finding a used one with an electric motor that we can use does not exist. We went with a new one and Mr. van der Snel spent some time with Advanced Marine.

Mr. Farnsworth asked what is the need for this new boat?

Mr. Berube responded not very much right now, but during the summer, as we all observed, on weekends, when the boats get used, we had high demand for the boat. That was our conversation during the budget and why \$16,000 was budgeted.

Mr. van der Snel stated the reason why is because they have a charge time.

Mr. Farnsworth asked can you buy an extra battery pack?

Ms. Kassel asked are there six batteries?

Mr. van der Snel responded there are four 12-volt batteries, for a total of 48 volts.

Ms. Kassel stated you have to remove the four batteries and put four new ones on every time the boat comes back. By the time you have unhooked all of the terminals, it is going to be an hour until the boat can go out again.

Mr. Farnsworth asked is it that difficult to do?

Mr. van der Snel responded the batteries are underneath the seats.

Mr. Berube stated generally on the weekend, there is only one guy here. He can manage his normal duties on the weekend and just zip down there and put people in and out of the boats, but if you are assigning him to change out batteries, he is going to spend most of his day just dealing with those boats. That is the deal. Do we really want to have our guys picking up 80- to 90-pound batteries and attach all of the wires and cables?

Mr. Farnsworth asked do they have to pick up 90 pounds all at once?

Mr. Berube responded no.

Mr. van der Snel stated they are deep-cycle batteries.

Mr. Berube stated that was the reason we made the decision to buy a boat.

Mr. LeMenager stated we are having the discussion of a potential boat purchase. We have not made a decision to buy a boat.

Mr. Berube stated we budgeted the money.

Mr. LeMenager stated I told you that I was open to the idea.

Mr. Berube stated that was the deal in trying to buy a used one. It is relatively inefficient to buy a used one. The local dealers have not been too competitive in price. Like with the GMC truck, we found a dealer who is a governmental sales agent. This is Central Florida Yamaha & Marine in Lake Placid. You saw their two proposals. One is for a 16-foot sunrise deluxe boat. The cost for just the boat and getting it prepared without delivery and without a trailer, because we may or may not need a trailer, is \$14,940. The advantage to that is, it is 16 feet, which has a new type of motor called a torpedo motor. It is made in Germany, is a high efficiency motor, and has a lithium ion battery.

Mr. Farnsworth asked is that the one with the motor in the front?

Mr. van der Snel responded no.

Mr. Berube stated the sunrise is the boat with the motor in front. That motor is much more efficient and has a GPS unit on it, monitoring the battery strength and keeping the operator informed of when they need to get back. The 16-foot boat is \$14,940.

Mr. LeMenager asked what is this \$16,000 in Capital Outlay-Other?

Mr. Berube responded we used some of those funds.

Mr. LeMenager stated we already spent \$2,200. What did we spend \$2,200 on?

Mr. Berube responded I do not know.

Mr. van der Snel stated the advantage of that one is that the batteries are in front.

Mr. Berube stated it is one battery.

Mr. van der Snel stated with the 16-foot boat, if you have three big people sitting in the back, the boat is going to be balanced.

Mr. Berube stated it is a newer technology motor and battery. The other proposal is for an 18-foot boat, similar to what we have. We would have the same kind of e-drive motor with four lead acid batteries on the back. They last a year.

Mr. LeMenager stated we are already familiar with the 18-foot boat.

Mr. Berube stated right.

Mr. LeMenager stated it has high maintenance costs.

Mr. Berube stated exactly. You get two additional feet of boat with the same technology for \$15,987. I recommend that we purchase the 16-foot boat with the high technology motor and battery in front.

Ms. Kassel asked what is the warranty?

Mr. Berube responded two years on the motor, two years on the battery, and a ten-year lifetime warranty on the boat structure.

Mr. van der Snel stated it is aluminum.

Ms. Kassel stated we never had problems with the structure.

Mr. Berube stated we had a couple of issues but they were easy to fix.

Ms. Kassel asked what is the warranty on the other boat?

Mr. Berube responded they both have ten-year warranties.

Mr. LeMenager asked which one is faster?

Mr. Berube responded the torpedo. The e-drive on the bigger boat is at 2.5 horsepower. The torpedo is 6 horsepower.

Mr. van der Snel stated the lithium batteries have a longer warranty.

Mr. LeMenager asked if the lithium batteries go, how expensive would they be to replace?

Mr. Berube responded \$699.

Ms. Kassel asked what about the other batteries?

Mr. Berube responded \$500 for four. You get a two-year warranty on the lithium ion battery and one year out of the lead acid battery. Plus there is only one lithium ion battery and four lead acid batteries.

Mr. LeMenager asked do we have a request for more boats?

Mr. Walls responded it is very difficult to get a boat on the weekends now. I was just looking at last month's report. There were 62 trips between the two pontoons. I figure most of those are on the weekend.

Mr. Berube stated when I look at the usage reports, most of the time, two to three people go out on the boats. The 18-foot boat takes up a little more space. We also have the problem with the motor and batteries in the back, as people sit in the back. I read the technology on this torpedo motor, and the battery is robust. It is like the Mercedes Benz of motors from what I can tell. We are a Mercedes Benz type of CDD. I approve of the purchase from Central Florida Yamaha & Marine of the Sunrise 16 deluxe, in the amount of \$14,940.

Ms. Kassel asked can you include all costs in the motion?

Mr. Berube responded there are some options.

Mr. LeMenager stated we have our own truck now and trailers. Maybe we can pick it up ourselves.

Mr. Berube stated the cost for having it delivered is \$300. Lake Placid is two hours from here. It is not free to go get it. You are paying for gasoline and the employee's time. Do we need an additional trailer? How many pontoon trailers do we have?

Mr. van der Snel responded two. We have a 20-foot trailer and a 16-foot trailer.

Mr. Berube stated we probably do not need another one. Is that correct?

Mr. van der Snel stated that is correct.

Mr. Berube asked should we have them deliver the boat or get it ourselves?

Mr. Walls responded have them deliver it.

On MOTION by Mr. Berube, seconded by Mr. Walls, with all in favor, unanimous approval was given to the purchase from Central Florida Yamaha and Marine of a Sunrise 16 deluxe, in an amount not to exceed \$15,240, including delivery.

v. Discussion of Pond Consultant Contract

Mr. Qualls stated we sent the contract to Ms. Dwyer. She does not have insurance; therefore, it is back before the Board to make a policy decision on how you want to proceed.

Mr. Berube stated normally when we hire contractors or anyone else to do work on the property, Mr. Qualls prepares a standard contract, and all the rules and regulations are part of that contract. The standard is for the contractor to have insurance, which includes worker's compensation. We had some discussions with staff in his office, and we agreed that the need for worker's compensation was not necessary. However, there are several other insurances that, based on District counsel's opinion and past history, should be necessary, including liability and automobile insurance. I believe there are three coverages.

Mr. Qualls stated correct.

Mr. Berube stated Ms. Dwyer indicated that she does not have insurance and does not want to get it.

Mr. Farnsworth asked she does not have auto insurance?

Mr. Qualls responded it is commercial, general liability insurance, which includes independent contractor's coverage for bodily injury and property damage. Then there is employer's liability coverage and professional liability coverage.

Mr. Farnsworth asked where would she be traveling that she would need that coverage?

Mr. LeMenager stated I am a realtor. Obviously our brokers want us to make sure that we are insured when we have clients in our car, but I do not have a commercial policy.

Mr. Qualls stated this is a policy decision for the Board. Every other contract that you have done has those insurance provisions.

Mr. Berube stated we always require it. Remember, this woman is going to be on our property, around berms, potentially with our guys.

Ms. Kassel stated she is on our property as a resident.

Mr. Berube stated it is different liability. My concern and District's counsel's concern is that we always require insurance. If we make an exception to not require insurance, we are hanging ourselves out here. I tend to agree. We ask for insurance for a reason almost always all the time and nothing happens.

Mr. LeMenager stated we are talking about commercial liability.

Mr. Qualls stated commercial general liability.

Mr. LeMenager stated that is because we are dealing with commercial entities. Here we are talking about a single person.

Mr. Walls stated we are making that person into a commercial entity by paying them.

Mr. Berube stated we are requiring a W-9 and are giving her a check as a professional who is out here on our property.

Mr. LeMenager stated I think it is over the top.

Mr. Berube stated it may well be but that is why we have a Board and why we talk about these things. Do you want to make an exception? If so, for all of the insurances?

Mr. LeMenager asked what are the insurances?

Mr. Qualls responded section 9 of the agreement states (a) worker's compensation; (b) commercial general liability insurance coverage and consultant's legal liability for bodily injuries with the District named as an additional insured and covering at least the following: independent contractors coverage for bodily injury and property damage in connection with subcontractor's operation and naming the District as an additional insured; (c) employer's liability coverage with a limit of \$300,000 per accident or incident; (d) professional liability insurance; and (e) automobile liability insurance.

Mr. Farnsworth stated the automobile insurance does not make sense.

Ms. Kassel stated the employer's liability coverage does not make sense either because she does not have any employees.

Mr. Berube stated we are the employer.

Mr. Walls asked what if she is walking around the pond working for us and she falls down and breaks her leg?

Mr. Berube responded she will sue us.

Mr. Walls asked what recourse do we have? I understand that it sounds ridiculous, but I do not know if we should deviate from the policy as written.

Mr. Berube stated our standard policy always has the same requirements, and we have not deviated. I am thinking that we can deviate from the worker's compensation because it makes sense and maybe the automobile liability.

Mr. LeMenager stated I assume that she has automobile liability.

Mr. Berube stated I agree, but the rest of them are part of being a consultant or professional. I realize that this is a small contract, but it is not a small contract if she breaks her leg, as Mr. Walls indicated.

Ms. Kassel asked is there some other arrangement that can be made, Mr. Moyer?

Mr. Moyer responded no.

Mr. Berube stated we transfer the money by check. It is hard to cover that.

Mr. Moyer stated you have to think outside of the box. In terms of her falling down and breaking a leg on District property, I suppose that we could have her give the District a release and indemnification.

Mr. Farnsworth asked can we handle that with a waiver?

Mr. Moyer responded in the release and indemnification, she releases us from liability for personal injury and indemnifies us if she hurts anyone else while on our property. It is a stretch and certainly not as good as insurance.

Mr. Walls stated I want it to cover all of those insurances that you mentioned; that way we have zero liability if anything happens. She is taking responsibility if we are going to pay her and she is not getting insurance.

Mr. Qualls stated you have that indemnification language in all of your contracts regarding insurance, probably because it is difficult to make bullet-proof indemnification language. I am not an insurance expert. All I am trying to say is that the ball is in your court. What do you want me to communicate to her as far as insurance?

Mr. Walls responded if you do that, you are still open to more liability than you would be with a person who has insurance.

Mr. Berube stated you have to remember that this is a public body, and everything we do is subject to examination. The minutes are out there. All of our contracts are available to anybody who asks. Down the road, somebody can pull this contract out and ask why we made an exception. The answer is because the lady was nice and we were not spending a lot of money. Now we have a big problem and we made a mistake. I do not want to make a mistake. That is my opinion. That is why we have a Board.

Mr. Walls stated I agree with you.

Mr. Berube stated as a public body, we are held to a higher standard.

Mr. LeMenager asked what is the amount of our contract?

Mr. Berube responded \$600.

Mr. LeMenager asked a month?

Ms. Kassel responded no, total.

Mr. LeMenager stated it is simple. Why not change the rule so that it only applies to contracts of \$1,000 or more?

Mr. Walls responded because you are opening yourself up to liability that could be huge for a \$1,000 contract.

Mr. LeMenager stated no. For \$1,000 and under, we just want a release.

Mr. Walls asked what if the person dies or something happens and they get shot and they die while working for us?

Ms. Kassel responded anybody can sue us, whether or not there is insurance and whether or not they indemnify us.

Mr. Berube stated we need to have a defensible position. That is what we were always taught: we have to be defensible. That was the entire conversation with the prior proposal. We have to be in a defensible position. To just say that because the contractor is cheap or minimal money, we are going to eliminate the insurance requirements, that has nothing to do with a contract. That has to do with the downside if something happens.

Mr. LeMenager stated this is why they have to sign a release, appropriately prepared by our attorney.

Mr. Berube stated let us make a proposal.

<p>Mr. LeMenager made a MOTION to allow the contractor on any contracts less than \$1,000, the ability to waive the insurance requirements and sign a waiver. Ms. Kassel seconded the motion.</p>

Mr. Qualls stated I think you should give the District the ability to consider waiving the insurance. I think you should take these requests on a case-by-case basis.

Upon VOICE VOTE, with all in favor except Mr. Walls and Mr. Berube, approval was given to allow the District the discretion, on a case-by-case basis, to waive the insurance requirements and request that contractors sign the appropriate release and waivers.

Mr. Berube asked did she sign that contract?

Mr. Qualls responded no.

Mr. Berube stated then you need to remove the insurance requirements and make sure that the waiver covers, as much as possible, everything that we will be insuring against.

Mr. Qualls stated so no insurance requirements at all.

Mr. Berube stated we just voted on it. We need our waiver and indemnification to cover, as much as possible, what we would otherwise have insured against.

Mr. Walls stated I want to make sure that going forward we do not make decisions for the purpose of expediency so it does not open us to issues.

Mr. Berube stated I understand. Majority wins.

SEVENTH ORDER OF BUSINESS

District Manager's Report

A. December 31, 2015, Financial Statements

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

Mr. Moyer stated you have financial statements through December 31, 2015. We collected 58% of our non-ad valorem assessments, which is slightly less than last year but there is nothing to be concerned about. It is just a matter of timing.

B. Invoice Approval #189, Check Register, and Debit Invoices

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

Mr. Berube asked does that include the OUC invoice that is marked up?

Mr. Moyer responded no. The marked-up one was to show you that we received the credit.

Mr. LeMenager stated well done. I just noticed the \$7,000 lawyer's bill.

Mr. Berube stated \$5,000 is being returned.

On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to invoice approval #189, check register, and debit invoices, as presented.

C. Consideration of Use Application for Easter Service

Mr. Berube stated this is for the social committee; we normally approve these.

D. Consideration of Use Application for Relay for Life

Mr. Berube stated this is something that we had not anticipated when we discussed the fees for use of CDD facilities. I realize that Relay for Life is an admirable cause; however, it is sponsored by the American Cancer Society and although they call themselves non-profit, they take in some money. This is a profitable event for the American Cancer Society. Are we going to waive the fee or stick with our policy?

Mr. Walls responded we should treat them the same way that we treat the other non-profits and charge a fee. They actually pay a fee in most of the places that they use. It is not unprecedented. It is standard. We are the exception by not charging a fee.

Mr. LeMenager asked are we allowed to make charitable contributions?

Mr. Berube and Mr. Farnsworth responded no.

Mr. Walls stated I am a big supporter of this event. My wife ran the event a couple of years ago. Obviously, we have to treat them the same way that we treat everyone.

Mr. Berube stated my wife has been involved in it, too. They make money.

Mr. LeMenager stated so they actually pay fees.

Mr. Berube stated yes.

Mr. Farnsworth asked did you notice the timeframe that they are requesting?

Mr. Berube responded yes.

Mr. Farnsworth stated it is way over what we rent the facility for.

Mr. Walls stated I suggest that we charge \$250 because the time is outside the normal use of our residents. We are not displacing anybody.

Ms. Kassel stated we had them here for a number of years, probably five or six years.

Mr. Berube stated the reason for the time limit is so that someone cannot tie up Town Square all day. They are going to tie it up all night. No one else is going to use it.

Mr. Farnsworth asked are we approving both applications?

Ms. Kassel responded yes.

Mr. Berube stated the Easter service is for the HROA. We already made the decision not to charge the HROA.

Mr. Walls stated it is not a service. It is an activity.

Mr. Berube stated it is sponsored by the social committee.

On MOTION by Ms. Kassel, seconded by Mr. Walls, with all in favor, unanimous approval was given to the use application from Harmony Community Church for an Easter service, at no charge and to the use application from Relay for Life, with a fee of \$250.

E. Acceptance of the Arbitrage Rebate Report for the Series 2014 Capital Improvement Revenue Refunding Bonds

Mr. Moyer stated there is no arbitrage liability on our 2014 bonds.

On MOTION by Mr. Walls, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to the arbitrage rebate report for the Series 2014 capital improvement revenue refunding bonds

F. Discussion of OUC Invoice

Mr. Qualls stated I read the discussion from last month. OUC finally executed the contract, and I believe that the billing discrepancy has been fixed.

Mr. LeMenager stated well done.

Mr. Berube stated I am still not sure that it is right, but I am going to accept the pencil marks. The latest one has changed because of the additions.

EIGHTH ORDER OF BUSINESS

Supervisor Requests

Ms. Kassel stated it is clear that nothing is in the works for that parcel across the street from the school. I am proposing that we get a mobile office and put it on CDD property and that we lease a trailer.

Mr. Berube asked where do we have CDD property?

Ms. Kassel responded we have CDD property all over the place.

Mr. Berube asked where?

Ms. Kassel responded for example, down at Buck Lake.

Mr. Berube stated our trailer is on developer property because we could not find any other place. Where at Buck Lake are you suggesting?

Mr. LeMenager responded we do not have a lot of spots.

Mr. Berube stated no, we do not. There are a couple of problems when you set up a trailer, as we learned with this one. You need electric and sewer. Otherwise, you get into

the situation we are in now. If there is no electric, we will have to pay to run a line. The sewer is relatively easy to get. It is only \$125 per month. It is possible, but I cannot think of a place that we own where we can put it.

Ms. Kassel asked there is no place down at Lakeshore Park near the playground?

Mr. Berube responded you have to remember that there was a single-wide trailer that the developer took over because they did not like the look.

Ms. Kassel stated but that was on their property.

Mr. Berube stated I understand.

Mr. LeMenager stated there is a place that you can actually put it on their property.

Mr. Berube stated that is the problem. I am not aware that we have any property.

Mr. LeMenager stated we own the small strip at the end of the pond, but it is low and has to be raised.

Mr. Berube stated if you decide to go against the developer's probable concern about having a trailer out in the open, there may be some resident resistance, depending on where we put it. Not everyone wants to see a single-wide or double-wide trailer.

Mr. LeMenager stated correct.

Mr. Berube stated you do not want to have it out in the woods where it is dark.

Mr. LeMenager stated long term, we want to build something like what is in Heritage Park in Celebration.

Mr. Berube stated we can certainly do it.

Mr. LeMenager stated we can look at Heritage Park. What I heard Mr. Glantz say, tonight is they have not decided what they are going to do at the lakeshore yet, but they are going to do something. They are going to have something fancy at Lakeshore Park and make some money down there. My guess is at some point, he is going to want to trade that corner for the strip that we own that is undeveloped.

Mr. Berube stated we had that conversation. They have plans and there is probably going to be some horse trading done. I do not know if we will get a building or pool out of it. It will probably come out alright. It is not going to happen this year. It would be ideal if we can get that square of land and get a building and a pool. If we situated it right, we can conceivably move CDD services into the back side of that building and eliminate that trailer.

Mr. LeMenager stated have a day trip and go down to Celebration. Go down Celebration Avenue and into South Village. You will see this building. It is perfect and it has a pool behind it.

Mr. Berube stated we can make this happen if this Board has the stomach to impose an assessment.

Mr. LeMenager stated no assessments.

Mr. Berube stated a separate increase along the way that does not sting. It is just something to think about.

Ms. Kassel stated the second issue I have is, I put in a request through Mr. van der Snel to direct me to OUC to report a street light outage. Those bulbs never seem to get replaced. We have a maintenance contract and are paying every month. Frankly, I do not think that OUC is living up to their agreement.

Mr. Berube stated there were several out around my house around the Buck Lake neighborhood. I reported it on OUC.com, and they came out in a couple of days and fixed it.

Mr. Farnsworth stated I did the same thing for one, and within two days, they were out here.

Mr. Berube stated it is just bad luck. They ask for that silver tag.

Ms. Kassel stated I thought I gave it to them. I took a picture with my camera.

Mr. Berube stated you must have bad luck. I am not arguing with the results. I put in for several of them, and the lights are on. A matter of fact, there is one across the street that was fixed.

Ms. Kassel stated I request that you put on Facebook, periodically, a link to residents to report street light outages.

Mr. van der Snel stated there is voicemail.

Ms. Kassel stated you can go online.

Mr. Berube stated my OUC bill came today. There was language on how to report street light outages. The website is www.OUC.com.

NINTH ORDER OF BUSINESS

Adjournment

The next meeting is scheduled for Thursday, February 25, 2016, at 6:00 p.m.

On MOTION by Mr. Berube, seconded by Mr. Walls, with all in favor, the meeting was adjourned at 8:15 p.m.

Gary L. Moyer, Secretary

Steve Berube, Chairman