

# MINUTES OF MEETING

## HARMONY COMMUNITY DEVELOPMENT DISTRICT

An emergency meeting of the Board of Supervisors of the Harmony Community Development District was held Wednesday, April 8, 2015, at 6:00 p.m. at 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 ( <i>by phone</i> )	Attorney: Young, van Assenderp & Qualls, P.A.
Steve Boyd ( <i>by phone</i> )	Engineer: Boyd Civil Engineering
Mike Williams ( <i>by phone</i> )	Akerman Senterfitt
Jon Kessler ( <i>by phone</i> )	FMSbonds
Bob Glantz ( <i>by phone</i> )	Starwood Land Ventures
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

### Discussion of Bond Refinancing and Consideration of Revised Resolution 2015-04

Mr. Berube stated when we last met, we had a discussion about the bond refinancing that included certain street lights in the targeted area in a portion of the bond refinancing. It was left up to Mr. Glantz and me to come up with a value for those street lights and get a number to roll into the refinancing. As it turns out, it is impossible to get OUC to come up with a value for the payoff on those street lights. To speed up the process, Mr. Glantz and I had multiple conversations over a few days, and we decided that we were going to add about \$200,000 to the par amount because that seems to be a good number. My best reckoning shows that the value of those street lights today is somewhere between

\$125,000 and \$250,000. That is as close as we can get it, and I realize it is a 100% spread. Mr. Glantz generously put \$200,000 on the table, and that is where we left it. We are at a much different position, in my opinion, than where we left it at the last meeting. That is why I decided to call an emergency meeting to discuss the specifics of this. It is just a change, and we need to codify that in our resolution.

Mr. Williams stated the only change in the resolution will be the parameters in section 5.

Mr. Kessler stated we should explain the limitation on what the District can pay off.

Mr. Williams stated the tax regulations limit the amount of money of tax-exempt bond proceeds that can be used to pay off the capital piece of the OUC obligation to \$100,000. As Mr. Berube mentioned, the discussion was a maximum amount of \$200,000 being used for what I call project costs; \$100,000 of that could be the OUC payoff, and \$100,000 could be used for other public improvements. In light of that discussion, the resolution has two changes in section 5 that the Board adopted last week. We reduced the decrease in annual assessment from 10% to 9%, and it provides up to \$200,000 of tax-exempt bond proceeds to be used for project costs. Those are the only two changes from the version that was adopted last week.

Ms. Kassel asked would you clarify the reduction from 10% to 9%? What is the percentage representing?

Mr. Moyer stated the savings.

Mr. Kessler stated that is the annual debt service reduction in the assessment.

Mr. Berube stated it is reduced from 10% to 9% because we are adding \$200,000, and we do not want to get too close to that requirement of not meeting the debt service reduction.

Mr. Kessler stated I think the gist is, since Starwood is willing to contribute \$200,000 toward the refinancing, and since there is a tax limitation that only \$100,000 can be used toward street lights, then the solution is that there will be another \$100,000 that can be used toward other District projects in the future. I think Mr. Berube had indicated to us that there have been discussions of numerous projects, so it should not be a problem spending \$100,000 over the next three years. That was the solution for the capital to be set aside and to be used within the tax laws.

Mr. LeMenager stated I think Mr. Berube did a great job getting Starwood to contribute \$200,000. I am confused, though. We refinanced the Series 2001 bonds, and everyone in neighborhoods A, B, C, and so on received a 7.9% decrease in their assessment, but so did I, J, K, L, Town Center, and so on. When we discussed this at our last meeting, we were told the Series 2004 bonds were for all the property on the east side of Harmony. When we refinanced the Series 2001 bonds, did the Series 2004 debt service also go down 7.9% if we made no change to the Series 2004 debt service?

Mr. Kessler stated I am not aware of that happening.

Mr. Berube asked is that the methodology provided by Severn Trent?

Mr. Moyer stated yes.

Mr. Berube stated they provided the 7.9% decrease across everything.

Mr. Moyer stated that is correct.

Mr. LeMenager stated perhaps the Series 2004 bonds are not actually being fully funded this year.

Mr. Moyer stated no, I think it is just the opposite. I think part of the Series 2004 bonds are being paid for by the Series 2001 property owners.

Mr. Kessler stated the Series 2004 assessments are all off the tax roll. Starwood gets billed directly for those assessments.

Mr. LeMenager stated I understand.

Ms. Kassel asked then why did they go down 7.9%?

Mr. Kessler stated I do not know what you are looking at, but I do not know why they could have gone down when that debt service has not changed. Something is not correct.

Mr. Berube stated we are looking at the methodology report as part of the budget that was provided by Severn Trent.

Mr. LeMenager stated we are looking at the final page of our current year's adopted budget.

Mr. Moyer stated I will check with the assessment department and see what we can figure out.

Mr. LeMenager stated as I reviewed it, I realized it does not make sense.

Mr. Kessler stated no, it does not make sense.

Mr. Moyer stated they are correct that those assessments are funded off roll, which means we bill it. My recollection is that number did not change. It did not go down.

Mr. LeMenager stated that might not be accurate.

Mr. Moyer stated that is correct.

Ms. Kassel stated I know OUC does not accept partial payments. We are receiving \$100,000 for street lights. Are we just going to transfer that to a line item?

Mr. Kessler stated the way in which the bond document is being drafted, that money can be used to pay down OUC to the extent that you can pay down your obligation to OUC. If you cannot do that, then the money will be added to the other \$100,000, and you would have \$200,000 to be used for project costs. It is important to Mr. Williams from a tax law standpoint that we structure it that way.

Ms. Kassel stated I just want to know how we are going to allocate this.

Mr. Walls stated on the operating side, we have set aside cash to pay these off, so we can couple that cash with the \$100,000 that we are receiving.

Ms. Kassel stated I just wanted to make sure that we are all on the same page in what we are doing with that money.

Mr. Berube stated the second \$100,000 that we are not earmarking will go into the budget and be a line item for future parks or landscaping or capital improvements, whatever we want to call it. We have three years to work that out. We could take that and shuffle money around and pay off a street light contract, and then we would replenish that money afterward. We have 11 contracts to pay off, and we will be able to get it done with 11 of them. The problem is OUC operates very slowly.

Mr. LeMenager stated because they are making 10.5% off those contracts.

Ms. Kassel asked does that second \$100,000, the non-OUC allocated funds, have to be used for capital improvements?

Mr. Williams stated yes, it does.

Ms. Kassel stated so it has to go into a capital improvement line item, not a maintenance line item.

Mr. Moyer stated that is correct.

Mr. Walls stated for a major renovation or expansion or something along those lines.

Mr. Berube stated that would be a capital improvement.

Mr. LeMenager stated we could renovate the area on the corner by the community school.

Ms. Kassel stated that area does not belong to us.

Mr. Berube stated it is not hard to envision spending money on landscaping or parks or big improvements. This will be something we will deal with. Some of the Supervisors live across from the sports field, and you see the demand for usage there, which is almost seven days a week.

On MOTION by Mr. LeMenager, seconded by Mr. Walls, with all in favor, approval was given to adopt Resolution 2015-05, the delegation resolution refinancing the Series 2004 bonds.

Mr. Qualls stated for the record, I would like to ask the District engineer if he is comfortable to certify this dollar amount of capital improvements that the Board can undertake.

Mr. Boyd stated yes, absolutely. As the Board determines capital improvements it wants to undertake, I will prepare the associated documents that the Board will approve and will become part of the amended engineer's report.

Mr. Williams stated I will ask Mr. Boyd to confirm that you had discussions with the Chairman or other Board members about capital needs, and that it is reasonable to expect that \$200,000 of these bond proceeds will be expended in the next three years for capital projects.

Mr. Boyd stated yes.

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

#### **Other Business**

Mr. Moyer stated we also need to consider a resolution declaring the 2004 project complete.

Mr. Boyd stated for the capital funds that were allocated to the 2004 project, all those improvements have been completed. All additional infrastructure, utilities, and work that were anticipated has been completed. I can certify that the 2004 project is complete.

Mr. Qualls stated I will ask the Board to enter a motion to authorize the Chairman to execute a resolution once we receive that certification from the District engineer.

On MOTION by Mr. LeMenager, seconded by Mr. Walls, with all in favor, approval was given to authorize the Chairman to execute the appropriate resolution declaring the 2004 project complete, once the certification has been received from the engineer.

## **FIFTH ORDER OF BUSINESS**

### **Supervisor Requests**

Mr. LeMenager stated we had a tragic circumstance recently. A couple dogs were run over in the alley behind our houses by someone probably speeding down the alleys. At the next meeting, I am going to propose that we post speed limit signs, and I will also propose that we install speed bumps in alleys. The same people who had the two little dogs that ran out in the alley have a small child who also runs out in the alley, which is why I always drive 8 to 10 mph when I am behind their house. Unfortunately the dogs were run over, but thankfully it was not the little boy. I just want the Board members to think about this between now and the next meeting. It certainly fits in with capital improvements by buying some speed limit signs for the alleys. Do we have the power to set speed limits on the alleys because we control them?

Mr. Qualls stated if you have the power to set the speed limits, you would certainly want to work with law enforcement to make sure there would be an enforcement mechanism. I will find an answer to the question. I can see how that would be related to maintaining the infrastructure and preserving the infrastructure. I am not saying the answer is yes, but I am saying the answer ought to be yes in my gut reaction opinion. The second part of that is to work with law enforcement to make sure there will be some enforcement mechanism. I know we have discussed this previously, so we should be able to get the sheriff's office to help.

Mr. Berube stated the answer from them will be that they are private alleys and they will not enforce the speed limits.

Mr. LeMenager stated that is why I am suggesting speed bumps.

Mr. Qualls stated they can park near the alley. There are ways to get it done. I think it would be a smart thing to do. I am not opining on the policy, but I would think the sheriff's office would help with people driving too fast and putting kids in danger.

Mr. Walls stated I do not see speeding in my alley. I have never seen a problem on my alley. Some streets have people who speed on them.

Mr. LeMenager stated we cannot control the streets.

Mr. Walls stated we have trouble with enforcement on the public streets. I have a hard time believing they are going to put a lot of time and effort into the alleys.

Mr. LeMenager stated right, so I would like to install speed bumps.

Mr. Walls stated I will not support speed bumps on my alley.

Mr. Berube stated I have a little experience with speed bumps. I own a rental house in Orlando.

Ms. Kassel stated we have heard about it.

Mr. Berube stated the speed bump is gone and then it is back, and so on. It goes back and forth about the speed bumps.

Mr. Walls stated if it is an issue with a kid running out in the street, it sounds like it is an issue with the kid. I hate to install speed bumps and give everyone a hard time because people cannot take care of their kids or their dogs. That is my view.

Mr. Farnsworth stated you are punishing a large majority for the lunacy of very few people.

Ms. Kassel stated all laws are made for that reason, for the lunacy of very few people.

Mr. Farnsworth stated you do not normally punish the large majority; you punish the offender.

Mr. LeMenager stated if we set a speed limit of 10 or 15 mph in the alleys, it is easy to design speed bumps that are intended to slow cars down to 10 or 15 mph. It is not difficult to do. We certainly have had more than enough discussions over the years about this. I can remember some kids in their trucks who drove pretty fast in the alley.

Ms. Kassel stated the person who hit the dogs does not live on Beargrass or Schoolhouse.

Mr. Berube stated I think they posted that speed was not a factor.

Mr. LeMenager stated we do not believe that to be true.

Ms. Kassel stated it is unknown.

Mr. Berube stated it all comes down to what you set the speed limit to be: 8, 10, 14, 15, 20 mph.

Mr. LeMenager stated we would have to determine that.

Mr. Berube stated we have embarked on an alley refurbishment project in a couple neighborhoods already, and we know we have more to do. Maybe we roll the speed bump issue into an advanced alley refurbishment and try it in one or two alleys to see what residents think, rather than go all out. We have a section of alleys that needs to be redone now in Green, which is where all the kids are.

Mr. LeMenager stated I did not want us to discuss it now. I just wanted everyone to have time to think about it.

Mr. Berube stated that is my first thought, to do an alley refurbishment and put speed bumps where the kids are.

Mr. Farnsworth asked is one of the alleys that needs to be done the place where the accident occurred?

Mr. LeMenager stated yes, not immediately but it is not that far away. Our alleys are only a couple years newer than the ones that were done.

Mr. Berube stated my thought process for the Green neighborhood is, that is where the kids are concentrated. We know those alleys need work now. If we are going to start somewhere, that is as good as any. We will think about this issue for our next meeting.

Ms. Kassel stated we can also ask the residents who live in the Green neighborhood if they would be willing to do a test to see if it is something they want.

Mr. Berube stated we can ask all the neighborhoods what they think and get feedback in a couple days from the Facebook page. People will tell you what they think.

Mr. Qualls stated I want the record to reflect that Chapter 190, Florida Statutes, says you have to do a seven-day notice for a public meeting unless it is an emergency meeting. The reason we advised this as an emergency was because the fluctuation in the market and what I understood the desire of the Board to try and save money with the refinancing. I have a memorandum that I will provide to everyone, but that is why we opined that a three-day notice was more than adequate for a meeting of this nature.

Ms. Kassel asked was the meeting advertised publicly?

Mr. Qualls stated yes, it was advertised in the newspaper and on the website.

Mr. Berube stated the meeting signs were also put out.

**SIXTH ORDER OF BUSINESS**

**Adjournment**

The next meeting is scheduled for Thursday, April 30, 2015, at 6:00 p.m.

The meeting was adjourned at 6:20 p.m.

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Gary L. Moyer, Secretary

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Steve Berube, Chairman