

**MINUTES OF MEETING
GRAND HAVEN
COMMUNITY DEVELOPMENT DISTRICT**

A Regular Meeting of the Grand Haven Community Development District's Board of Supervisors was held on **Thursday, July 21, 2011 at 9:30 a.m.**, in the **Grand Haven Room, Grand Haven Village Center, 2001 Waterside Parkway, Palm Coast, Florida 32137.**

Present at the meeting and constituting a quorum were:

Dr. Stephen Davidson	Chair
Peter Chiodo	Vice Chair
Tom Lawrence	Assistant Secretary
Marie Gaeta	Assistant Secretary
John F. Pollinger	Assistant Secretary

Also present were:

Craig Wrathell (via telephone)	District Manager
Matt Kozak	Wrathell, Hunt & Associates, LLC
Doug Paton	Wrathell, Hunt & Associates, LLC
Scott Clark	General Counsel
Grant Misterly	District Engineer
Howard McGaffney	Amenity Management Group
Barry Kloptosky	Field Operations Manager
Al Lo Monaco	Resident
Pat Maloney	Resident
Ron Merlo	Resident
Frank Benham	Resident
Vic Natiello	Resident
Troy Railsback	GHMA/SSMG
Wes Priest	Resident
Robert Hopkins	Resident

FIRST ORDER OF BUSINESS

CALL TO ORDER/ROLL CALL

Mr. Kozak called the meeting to order at 9:34 a.m., and indicated, for the record, that Supervisors Davidson, Chiodo, Lawrence, Gaeta and Pollinger were present, in person.

SECOND ORDER OF BUSINESS

PLEDGE OF ALLEGIANCE

All present recited the Pledge of Allegiance.

THIRD ORDER OF BUSINESS

**AUDIENCE/RESIDENT RESPONSE,
REPORT & COMMENTS (3-Minute
Rule; Non-Agenda Items)**

Ms. Pat Maloney, a resident, asked for an update on the progress of the Crossings Road project.

*****Mr. Wrathell joined the meeting by telephone.*****

Supervisor Davidson indicated he forwarded the original email to Mr. Troy Harper, last week, and discussed with him that residents are starting to talk about attending county commission meetings because the project is stalled. Supervisor Davidson advised the problem is that the matter is sitting with the county attorney regarding a decision on whether they will give the CDD a license or easement to use the area. Supervisor Davidson indicated, if progress is not made in the next month, he will come back to the residents about going to county commission meetings, as that may be the only way to get the county moving.

Mr. Vic Natiello, a resident and member of the Firewise Board, recommended involving the Firewise Board, rather than residents, which would bring the Crossings Road matter to the state level.

Mr. Natiello questioned using Prosperity Bank and urged the Board to find the bank with the best rate, which is FDIC insured, and use them. Supervisor Davidson indicated the bank issue will be discussed later in the meeting.

FOURTH ORDER OF BUSINESS

DISTRICT ENGINEER'S REPORT

- **Stormwater Outfall Update**

Mr. Misterly distributed and discussed updated outfall maps. He indicated approximately ten (10) have been completed using the liner material. The contractor is completing about one (1) outfall, per day. The map reflects the prioritization of the repairs. Supervisor Davidson questioned why priorities are not reflected on the north maps. Mr. Misterly indicated there are no immediate priorities in the north area. Mr. Misterly reviewed the site visit reports and pictures of the repairs.

Mr. Misterly presented a draft memo detailing the allocation of cost breakdown, for the stormwater outfall repairs, between ATM and the CDD. He plans to provide this to the contractor to use for billing purposes. Mr. Misterly summarized the scope of the original project,

and the remaining work to be completed. Regarding replacement of the filter fabric with the liner at 30 outfalls, which were previously completed, ATM will pay for the contractor to remove the filter fabric and replace it with the liner, the cost of the original filter fabric and replacement of landscaping, other than sod around the structure and liner. For those 30 outfalls, the CDD will be responsible for costs related to the new liner, less the original costs of the filter fabric, the attachment plate and the sod around the structure and liner. Supervisor Gaeta asked if the attachment plate costs were included in the original quote. Mr. Misterly replied no, indicating it is a function of adding the liner, which must be attached to the concrete. Regarding the 13 outfalls that were not completed, prior to the change to a liner, ATM will pay costs related to labor and materials to contain erosion during the delay and cofferdaming, if necessary. The CDD will be responsible for labor and materials for construction of the outfalls, landscaping and sod around the structure and liner.

Supervisor Chiodo felt the proposed breakdown was fair but found the labor and materials to contain erosion during the delay item to possibly be subjective. Supervisor Pollinger referred to the engineer's report and the District Engineer's previous assurances and indicated he will hold them to their assurances. Supervisor Lawrence found the allocation fair. Mr. Kloptosky indicated the allocation memo contains information that was generated as a result of a previous meeting with Mr. Misterly. Supervisor Gaeta agreed with the allocation presented. Mr. Misterly thanked the Board.

Supervisor Davidson referred to the easements, noting he and Ms. Louise Leister will be looking at them later to determine if there is growth that must be dealt with and asked Mr. Misterly to check back to determine if he has maps detailing every outfall as well as any notations about easements. Supervisor Davidson wants maps that show every pond outfall, which are numerically coded. Mr. Misterly indicated the described map does not currently exist but one could be created. Supervisor Davidson was agreeable to ATM creating such a map.

Mr. Misterly discussed the GIS system and Supervisor Davidson asked that ATM forward a list detailing the types of information included on the screening system, to District Management, for distribution to the Board.

Supervisor Davidson asked about the 16 other outfalls that were not priorities and asked the Board's opinion regarding moving forward. The Board noted this item was put on hold, once

the liner issue came up. Supervisor Davidson asked that the approximate costs to complete the 16 additional outfalls be included on the next workshop agenda.

• **Engineer’s Report to Bondholders**

Mr. Misterly indicated this is an annual report required by the bondholders, ensuring that the CDD is properly maintaining and insuring the facilities. He indicated the report is about 85% complete and he is working with Supervisor Lawrence regarding the ad hoc committee’s information about the infrastructure reinvestment and capital improvement plan. Mr. Misterly indicated he checked the areas related to the 2004 series bonds, which apply to the north amenity center and the area north of it, along with Wild Oaks Phases 1 and 2, and reported there are no major issues, only a few things for which he already spoke to Mr. Kloptosky. Regarding insurance, Mr. Misterly indicated most levels are appropriate; however, there are a few he will speak to Mr. Kloptosky about. Once these matters are addressed, the report can be completed. Mr. Misterly plans to provide a draft to Mr. Kloptosky, prior to submittal to the bondholders.

As there is litigation that may involve some of the property, Mr. Clark asked Mr. Misterly to forward the report to him, prior to distributing it to anyone else. Mr. Misterly agreed.

Mr. Clark referred to a request, made by Mr. Jim Cullis, to have a permit transferred. He noted this has been addressed before but the information given by the city was not accurate. Mr. Cullis provided additional information. Mr. Clark indicated this is a permit held by the District and asked Mr. Misterly to comment and ensure that the District is not treating any of the stormwater that comes from offsite, because if they do, then a hold harmless clause should be included.

******Mr. Misterly left the meeting.******

FIFTH ORDER OF BUSINESS

CONSULTANTS, GUEST REPORTS & PRESENTATIONS

There being no reports or presentations, the next item followed.

SIXTH ORDER OF BUSINESS

STAFF REPORTS

A. Amenity Manager’s Report

Mr. McGaffney provided the Board with an update of the ID checks being performed, from 11:00 a.m., until 4:00 p.m., and reported, since the last workshop and today, there were 12

people turned away at the Village Center, for not having ID cards; Creekside had none. Mr. McGaffney indicated the payroll costs associated with conducting the ID checks was absorbed by AMG, to assist the community. Supervisor Davidson indicated this process is paying off, as it has resulted in people who were turned away to take action to provide the CDD with the necessary documentation to obtain ID cards, etc. In response to a question, Mr. McGaffney responded that the 12 that were turned away did not return. In response to Supervisor Gaeta's questions, Mr. McGaffney detailed the approximate hours and days that the ID checks were conducted.

Regarding the tennis courts, Mr. McGaffney indicated quotes were given to Mr. Kloptosky but they have not been able to meet regarding any questions. He indicated the BAB Tennis' quote was for interior and the center drain.

Mr. McGaffney indicated he met with Ms. Tucker and Ms. Fagnoli, at Creekside, to give them his information for the directory. His information was from the last year's records on information collected from residents.

Mr. McGaffney recalled previous conversations and wondered about privacy issues and the potential of private information going to others, outside of Grand Haven. Mr. Wrathell questioned the value of a directory if it does not provide phone numbers and email addresses. Mr. Wrathell acknowledged Mr. McGaffney's concern that the directory could end up in the hands of real estate agents, etc. Discussion ensued regarding a disclaimer and if one is needed, prior to printing the directory. Mr. Clark recalled a previous conversation about advising residents that the information will become public record and offering them an opt-out option. Supervisor Davidson indicated the forms to be used during the re-registration process all contain a statement asking if they want to be included in the Grand Haven directory and whether they wish to receive CDD e-blasts. Supervisor Davidson asked if the CDD can publish the directory without having everyone sign off or, must they wait until the entire re-registration process is completed. Supervisor Davidson did not want to further delay the publication of the directory and was in favor of moving forward. Mr. Clark discussed making the directory a product of the amenity group rather than the CDD but, if Mr. Kloptosky has it in his office, amongst CDD records, then someone can request it. In response to Supervisor Davidson's question about liability of publishing the directory without individual approval, Mr. Clark indicated it could be a political liability. Supervisor Pollinger noted the property owner's information is available from

the property appraiser’s office and voiced his support of moving forward with publishing the information.

Supervisor Gaeta referred to Mr. McGaffney’s email regarding the loss of 57 pages of information, due to a computer issue, and asked if AMG is backing up the information on another source. Mr. McGaffney indicated they are checking on backup methods. Supervisor Gaeta confirmed all information has been updated and, once the edits to the 57 pages are completed, the directory will be ready to go to the printer.

Supervisor Davidson asked about signs for the tennis courts, to be used during inclement weather. Mr. McGaffney indicated the signs were completed and are being used.

i. Requesting Permission to Use Grand Haven’s Name on Amenity Center Website

Mr. McGaffney requested permission to establish a website and use Grand Haven’s name on the website. The Amenity Management Group would operate the website, at no cost to the CDD. The website would include information about the café, tennis, pools, activities, special events, daily information, etc. Mr. McGaffney indicated Vesta would be the owner of the website. Supervisor Davidson asked District Counsel to advise on whether the CDD’s logo and name could be used. Mr. Clark indicated he is not sure who actually owns the rights to the Grand Haven logo and doubted that the CDD owns it. Mr. Clark did not think the CDD could grant permission for AMG to use the logo. Mr. Clark recommended the website contain a disclaimer, on the first page, indicating it is not a CDD website and is not sponsored by the CDD. The Board was in agreement with allowing AMG to use the Grand Haven name. Supervisor Davidson asked to work with Mr. McGaffney on this matter.

B. Operations/Field Manager

i. Project Tracking Form

- **Stormwater Pond Project “A”**
- **Stormwater Pond Project “B”**
- **Village Center Front Gate Replacement**

Mr. Kloptosky indicated he received an email from District Counsel regarding the permit transfer and, while he has not yet responded, he researched his files but does not have the necessary information to make sense of the matter. Discussion ensued regarding the permit transfer.

Mr. Kloptosky announced the hiring of a new employee, Mr. Darron Height, to fill the field maintenance worker position.

Mr. Kloptosky indicated the new chairs for Creekside were received and asked the Board's wishes, regarding the old chairs. He felt the chairs could be scrapped or sold, as is. Mr. Wrathell noted the chairs could be made useable by reslinging them, so the Board may want to consider declaring them surplus and allowing them to be sold. In response to the question, Mr. Clark could not confirm the District would be free of liability, even if they are sold "as is". The Board was in agreement with disposing of the chairs and not reselling them.

On MOTION by Supervisor Davidson and seconded by Supervisor Lawrence, with all in favor, declaring the used chairs, at Creekside, no longer in use, considering them to be scrap and authorizing disposal of the chairs, was approved.

Mr. Kloptosky indicated he spoke to Ms. Leister regarding a palm pruning issue in the community. Typically, palm pruning takes place in July but she had scheduled it for next week; however, there was no money in the current budget to complete the pruning. Mr. Kloptosky explained the palm pruning was completed during Fiscal Year 2010 but never billed, which may have led to the line item being dropped from the Fiscal Year 2011 budget. Mr. Kloptosky felt the District's options are to either find the funds to complete the work or delay it to the coming fiscal year. Supervisor Davidson questioned why the costs were not included in the Fiscal Year 2011 budget and weighed the pros and cons of completing the work now. Mr. Wrathell noted the District's budget and that this expense is miniscule; therefore, he recommended proceeding with the work and advised Mr. Kloptosky to code it as unbudgeted, so it can be reflected as an expense. Supervisor Chiodo supported the palm pruning, indicating a \$25,000 contingency line item is included in the current budget and none of it has been spent. Mr. Wrathell suggested not including it in contingency, as he wants it to stand out in the financials so it is added to future budgets. The entire Board supported completing the palm-pruning project as scheduled. Mr. Kloptosky clarified previous budgets contained a line item amount of \$16,000; however, the proposal Ms. Leister received was for \$11,000.

On MOTION by Supervisor Chiodo and seconded by Supervisor Gaeta, with all in favor, proceeding with the palm tree pruning, during Fiscal Year 2011, was approved.

Regarding the croquet court safety issues, Mr. Kloptosky reported that Austin completed the project, including repaving the borders to make them more secure, and installation of landscaping, mulch and pavers.

Regarding the safety railings at Creekside, Mr. Kloptosky indicated he submitted a proposal yesterday; the original quote was \$8,782 but, through negotiations and redesign, it is now approximately \$4,909. This project should be completed within the next few weeks.

The signed and sealed plans for the Village Center pergola were received and have been distributed to two (2) contractors for bidding purposes. Mr. Kloptosky is contacting a third contractor and hopes to provide the quotes to the Board shortly.

Regarding the Village Center gates and fences, Mr. Kloptosky reported that the south side fence and gates are installed and nearly complete.

The Village Center shed was submitted for permitting and Mr. Kloptosky hopes to hear from the city shortly. Once the permit is received, the deposit will be sent and it should take two (2) weeks for the shed to arrive. The permit is still pending on the Creekside office renovation project. The notice of commencement is ready for the Chair's signature. Supervisor Davidson asked how much space will be replaced by the new office addition. Mr. Kloptosky estimated the loss of space is about the equivalent of two (2) tables. In response to Supervisor Davidson's question, Mr. Kloptosky indicated the increase in office space is necessary because of the addition of a new administrative person and the currently limited office space. Supervisor Gaeta suggested posting the office renovation plans and Supervisor Davidson suggested an e-blast.

Mr. Kloptosky notified the Board that residents using Creekside for activities such as cards, etc., have, on several occasions, told CDD office staff to be quiet. Mr. Kloptosky feels there is a need to let the residents know that the office workers are there to conduct CDD business and need to be able to speak.

******Mr. McGaffney returned to the meeting.******

Discussion ensued regarding resident use of the Creekside common areas and residents' requests for staff to be quiet. Supervisor Davidson asked Mr. McGaffney to consider moving any resident activity, requiring quiet, to the Village Center. Supervisor Chiodo suggested

informing users of the space that the Creekside location will have office-related noise. Mr. McGaffney agreed.

*****Mr. McGaffney left the meeting.*****

Mr. Kloptosky indicated he received proposals from Cline regarding the Sailfish Drive and Northpark Circle issues. He noted a drainage issue, similar to the Sailfish Drive issue, is now present at the Northpark Circle area. The Sailfish Drive proposal is for the addition of drains, at the corners, on Waterside Parkway, to alleviate the immediate water problem. Mr. Kloptosky has requested a more extensive proposal, which adds drains halfway down the street and to resurface the road. The drainage proposal is \$8,608, for the two (2) corner drains. Cline confirmed this phase could progress, independent of the future plans. The proposal for the Northpark Circle repair is \$4,314 to remove and replace part of the curb. Supervisor Chiodo questioned holding off on the Sailfish Drive work, as it has been a continuous problem, and suggested proceeding with the initial phase of work, now. Mr. Wrathell discussed accounting for this expense in Fiscal Year 2011 and the infrastructure reinvestment schedule for Fiscal Year 2012.

On MOTION by Supervisor Chiodo and seconded by Supervisor Lawrence, with all in favor, proceeding with the initial proposal for Sailfish Drive, for a not-to-exceed amount of \$8,608, for the installation of two (2) corner drains, during Fiscal Year 2011, was approved.

Regarding the tennis court drainage issue, Mr. Kloptosky indicated he is still waiting for a quote from Cline. BAB Tennis submitted a proposal for installing center and interior drains. Mr. Kloptosky indicated he was surprised by the costs proposed but did not want to comment further until he receives Cline's proposal. Mr. Kloptosky confirmed Cline is submitting a proposal for outer drains, thus it will be for a different scope of work.

Mr. Kloptosky discussed a possible OSHA safety issue regarding replacing streetlights and his suggestion at the Workshop regarding the purchase of a lift. He presented information about a van that is equipped with a lift, at a price of \$19,500. Mr. Kloptosky discussed the many things for which the van and lift could be used. In response to Supervisor Chiodo's question, Mr. Kloptosky indicated he would need to check on the warranty and suggested parking the van

in the Marlin Drive area. The Board asked Mr. Kloptosky to research the van/lift option further. Regarding storage or parking of the van, Mr. Kloptosky noted a garage shed could be purchased and installed, in conjunction with the Marlin Drive shed project, as there is enough money budgeted to cover both. Supervisor Davidson suggested asking for a “test drive” of this type of vehicle to see if it will work for streetlight replacement.

Supervisor Chiodo asked about the status of repairing the benches, along the inter-coastal waterway. Mr. Kloptosky indicated, as it is a two (2)-man job, they can now be re-installed, since a new maintenance worker was hired.

*****The meeting recessed at 11:10 a.m.*****

*****The meeting reconvened at 11:22 a.m.*****

C. District Counsel

i. Discussion: Request from GHMA Concerning Violations

Mr. Clark recalled previous discussions regarding whether the CDD can deactivate gate access control devices or take other action to assist the GHMA to enforce nonpayment of fines and assessments. Mr. Clark referred to the Trout Creek case he previously referenced regarding whether the CDD can do this, as a means of enforcing deed restrictions. Mr. Clark discussed his memorandum on Florida Statute §190.012(4) and case law regarding a district’s authority to enforce deed restrictions. Mr. Clark concluded his opinion is that the CDD does not have the power, pursuant to Florida Statute 190.012, to deactivate the gate passes of residents that fail to pay the associations assessments. Although the Statute allows for enforcement of certain restrictions, it is Mr. Clark’s opinion that the CDD does not meet the limited situations.

Supervisor Davidson voiced his disappointment that the District cannot help and indicated he asked District Counsel to research ways to get this done, while the law says it cannot be done. Supervisor Davidson asked Mr. Clark to discuss a possible alternative.

Mr. Clark discussed the possibility of relinquishing control of the gate access devices and giving it to the association, making it no longer a CDD function. In response to Supervisor Chiodo’s question, Mr. Clark indicated the CDD would continue handling the security personnel, etc.; however, the association would then be responsible for assisting the CDD with monitoring the access devices. The Board was in agreement that this approach does not seem practical.

Mr. Clark asked the Board’s direction and suggested responding to the association’s counsel regarding the Board’s decision.

In response to Board Member questions, Mr. Troy Railsback, Property Manager for the Grand Haven Master Association, explained the collection limitations of the association and access issues.

Regarding the R.A. Scott litigation, Mr. Clark indicated he is making progress in collecting needed documents. Mr. Clark noted there was a motion to move the case back to Flagler County and he has not taken a position on that matter but noted the case does not seem to be moving in Putnam County, so a move might be good. Supervisor Davidson asked if it is time to hire experts. Mr. Clark indicated he has someone to recommend and is awaiting a proposal.

Supervisor Davidson referred to the financials, noting the District is still carrying a due from developer – Wild Oaks Phase II amount and asked if this bad debt amount is being carried over because there is a chance of some recovery. Supervisor Davidson asked if this item could be eliminated from next year’s budget. Mr. Wrathell indicated the item does not affect the District’s income; it only sits on the balance sheet. Mr. Wrathell feels it is not skewing the revenues. Mr. Clark felt the item could become a footnote; however, he does not recommend eliminating it until the District has been informed that they will not receive it. Mr. Wrathell suggested leaving it on the balance sheet and revisiting it later. The remainder of the Board concurred with Mr. Wrathell’s suggestion.

Supervisor Chiodo noted, in just nine (9) months, the District has already exceeded its general counsel budget and asked why. Mr. Clark indicated the District has many issues this year, such as the stormwater issue and the developer property issues. Mr. Clark felt the \$50,000 amount, currently budgeted in the Fiscal Year 2012 budget, may be too low, as the District will probably continue having infrastructure issues requiring research. Supervisor Lawrence asked if ATM should pay any legal fees due to the issues they have encountered. Mr. Clark replied no, and indicated he does not feel the issues with ATM have resulted in any legal expenses; he has not had to do anything relating to the matter. Discussion ensued regarding items to be included in the new District Engineer’s contract.

D. District Manager

i. Investment of District Funds

Mr. Wrathell reviewed his memo regarding investment of district funds. Mr. Wrathell explained the purpose of the memo is to give an overview of the current economy and the investment limitations of governmental funds. Mr. Clark confirmed that historically, districts

were able to obtain a decent return on their investments; however, given the current economic conditions, the same return on the investments is difficult to obtain.

SEVENTH ORDER OF BUSINESS

BUSINESS ITEMS

A. Form of F.S. Chapter 197 Letter

****This item, previously Item 7.B., was presented out of order.****

Mr. Wrathell indicated the letter is almost identical to last year’s letter. He drew attention to the box on the letter containing a summary of the possible assessment amount. The back page contains the administrative and operating assessment amounts, noting the amount listed is 2% higher than contemplated, in order to give a cushion between now and final approval of the budget. Mr. Wrathell indicated the Hampton Golf wording was adjusted to specifically state that the golf course property is being assessed for shared expenses and the assessment only applies to the golf course. Supervisor Davidson questioned including the 2% cushion in the letter. In response to Supervisor Pollinger’s question, Mr. Wrathell confirmed the 2% cushion is prudent, in case something unexpected should arise, prior to final approval of the budget. The Board was in agreement with leaving the 2% cushion in the letter. Supervisor Chiodo asked about adding information into the letter about the Hampton Golf assessment. Mr. Wrathell felt it would only complicate the letter more. The letter being sent to Hampton Golf will have the information broken out more for their benefit. Supervisor Chiodo clarified he is not asking that the letter be changed; rather, he is asking that Management’s Staff, who will receive the calls, have the necessary information to answer questions about Hampton Golf. The Board asked Management to develop a memo to assist them responding to resident questions regarding Hampton Golf.

B. Consideration of Using Flagler County Bank for Portion of GHCDD Savings Funds (TL)

****This item, previously Item 7.C., was presented out of order.****

- **Intracoastal Bank**
- **Prosperity Bank**
- **Analysis of Operating Accounts Fees & Yields (MK)**

Mr. Wrathell indicated Intracoastal Bank and Prosperity Bank were both contacted and both accounts are good. Mr. Wrathell noted the District’s current savings account with

Community Bank of Broward has been the best account, in the state, that he has been able to find for governmental entities. He noted the District’s SunTrust account fees seem high because those are the “work horse” accounts with a high level of activity. Mr. Wrathell reviewed the details of the Intracoastal and Prosperity Banks accounts.

C. FDIC Coverage – Repo Sweep Account

******This item, previously Item 7.D., was presented out of order.******

Mr. Wrathell stated that the FDIC indicated the repo account would not be FDIC insured; however, the repos themselves would be protected, as long as they were in the name of the District. The response indicated that, in some instances, banks have not properly put the securities in the name of the entity or not properly registered them, so there have been issues in that regard. Mr. Wrathell suggested further consideration of this option, prior to making a decision.

Mr. Wrathell reiterated he has no problem with using either Intracoastal or Prosperity Bank. He indicated he is comfortable with moving funds from the District’s non-interest bearing account into savings accounts at both or either bank, provided the funds remain at or under \$250,000, to maintain FDIC coverage. In response to Supervisor Davidson’s question, Mr. Wrathell indicated Community Bank of Broward’s status would be similar to Prosperity Bank; however, they have not had any FDIC issues. Supervisor Lawrence suggested opening numerous \$250,000 accounts, at various different banks, to spread out the entire balance held in the non-interest bearing account. Mr. Wrathell explained the status of assessment collections and the fact that much of those funds will be used during the next fiscal year, prior to receiving the tax collections. Supervisor Davidson asked Management to prepare an analysis of investing \$1 million, over various types of accounts with various yields.

Supervisor Pollinger questioned the necessity of moving funds and what is motivating the discussion, as there are other issues of more importance to the residents of the District. Supervisor Lawrence voiced his feeling that it is prudent for the District to find investments where some yield can be realized.

On MOTION by Supervisor Pollinger and seconded by Supervisor Davidson, with all in favor, tabling the discussion of moving funds, to the new fiscal year, beginning October 1, 2011, was approved.

*****Mr. Wrathell left the meeting.*****

D. Continued Discussion: Updates to Fiscal Year 2012 Budget

*****This item, previously Item 7.A., was presented out of order.*****

Mr. Kozak reviewed the budget updates and explained the adjustments, highlighted in yellow. The Hampton Golf assessment, on Page 2, was increased slightly, due to the added waterway program for the reuse pond. Page 3 reflects the reuse pond split costs between the District and Hampton Golf. The carpet and lighting line item was removed on Page 4. The gazebo safety project was renamed to paver and bed planting repairs and now appears on Page 5. Mr. Kozak highlighted additional items where the names were changed to match the CIP.

Supervisor Davidson referred the gazebo replace canopy line item on Page 4 and asked where the gazebo is. Mr. Kloptosky indicated it is at the Creekside croquet field.

Discussion ensued regarding a decrease in guest passes and it was suggested the District's revenue, for this item, may come in lower than reflected in the proposed budget. The Board discussed the possible causes for the decline in guest passes.

Supervisor Davidson asked if a decision was made regarding the possible \$10,000 flower rotation and hoped the funds would come from the LRRP budget, if it is necessary. He reported the winter rotation was ordered. Supervisor Davidson questioned why the tennis court repair figures are not in the proposed budget. Supervisor Chiodo indicated it is not included because they do not have an amount to include. The thought was, once they have an amount, it could be taken from the general infrastructure repair/replacement.

Discussion ensued regarding additional funds for the activities budget. Several Board members were not supportive of an increase, given the current economic conditions of the area.

Supervisor Lawrence questioned whether District Counsel's legal fees line item should be increased. Supervisor Davidson felt increasing the line item will result in fees equaling or exceeding whatever is budgeted. Mr. Clark suggested he could code work differently which would help spread the costs in the District's budget.

E. Possible Uses for Smart Card

Supervisor Davidson voiced his support for using smart cards.

Supervisor Gaeta suggested that this be addressed by a consultant.

Supervisor Chiodo reviewed his list of possible uses for amenity smart cards including verification/confirmation of resident status at entrances, amenity facilities, CDD office and

gatehouse; determining use of various facilities and possible collection of more guest fees. He noted possible issues include privacy, cost to implement and negative resident reaction.

Supervisor Pollinger agreed with Supervisor Chiodo's comments.

Supervisor Lawrence agreed with the possible uses but noted that requiring routine use of a smart card/scanning will change the routine of people and could upset them.

F. Community Signage – Gates, Ponds

Supervisor Davidson recalled previous discussion regarding signage and referred to some samples, which were forwarded to District Counsel for review. Mr. Clark indicated his preference to go for simplicity, stating the area is private property and no trespassing. Supervisor Davidson noted the Board previously agreed to install signs around one (1) pond, as a test project. Supervisor Davidson indicated District Counsel suggested the CDD not pay for the signs and asked how they could be purchased. Individuals volunteered to pay for the two (2) signs.

Supervisor Davidson indicated there have been solicitation issues within the community. He noted the GHMA met with the City of Palm Coast's Code Enforcement Office and was told if an individual property owner posts a sign that says no solicitation, then it is a code violation for someone to solicit them; however, the community's CC&R's refuse to allow an individual property owner to put a 'no solicitation' sign on their property. Supervisor Davidson indicated there is a 'no solicitation sign' at the front gate and asked if that sign is sufficient to cover the entire community to the extent that solicitation within the community would be a code violation, since the individual property owner is barred from having a sign. Mr. Clark indicated the city must make that determination but felt signs such as these, on public roads, are largely unenforceable. In an attempt to slow the problem, Supervisor Pollinger suggested using an e-blast to remind residents of the liability they may incur, should they hire unlicensed workers. Supervisor Pollinger read a sample e-blast. Supervisor Davidson suggested shortening the wording. District Counsel and Management will work with Supervisor Pollinger on this matter.

Regarding signage at the gates, Supervisor Davidson indicated Mr. Kloptosky was approached by the new developer, who feels the signs at the gates are confusing and fading. Mr. Kloptosky indicated a suggestion was made to remove wording no guard on duty. The Board previously discussed 'resident entrance only' signage, which directs others to the main gate. Discussion ensued regarding contractors using the call box and being let in by a resident. The

Board asked District Counsel if the CDD can prevent that. Mr. Clark indicated the District has the right to have only one (1) access point; however, if there are call boxes at several gates, they should be able to utilize them.

Supervisor Davidson recalled an incident, a few days ago, involving an arm coming down on the exit at the North Gate. He indicated the sensor is further back and he inched up expecting the arm to go up but it did not and almost hit his windshield. Supervisor Lawrence discussed why the sensor was moved back. Mr. Kloptosky indicated the problem may be that the sensor loop is not the same as on the other gates and he is investigating the cost to redo the loop. Supervisor Davidson suggested installing a sign that says one (1) vehicle at a time.

G. Discussion Regarding Consultant to Develop Master Plan for Community Security

Supervisor Davidson asked Management to recommend a consultant to address issues in the community and develop a master plan for the community. Mr. Paton and Mr. Kozak will research consultants.

Supervisor Pollinger noted that the Flagler County Sheriff’s Department and the City of Palm Coast can address the signage and speeding issues. Supervisor Pollinger discussed his research and costs for portable speeding signs. Regarding crime prevention, Supervisor Pollinger suggested consulting the sheriff’s office.

With regard to the term security, Supervisor Gaeta suggested the District determine what they are looking for; is it monitoring or security. She discussed the current systems in place and the need to evaluate interfacing possibilities. Supervisor Gaeta noted she is looking beyond onsite security.

EIGHTH ORDER OF BUSINESS

OPEN ITEMS

Supervisor Chiodo reported that the Assessment of District Services Ad Hoc Committee is planning to meet on Wednesday and he will report back at the next workshop.

NINTH ORDER OF BUSINESS

CONSENT AGENDA ITEMS

****This item, previously the Tenth Order of Business, was presented out of order.****

Supervisor Davidson presented the consent agenda items.

A. Approval of Minutes

- **June 2, 2011 Community Workshop**
- **June 16, 2011 Regular Meeting**

The following change was made:

Line 290: Change “Al’s” to “owl’s”

Supervisor Pollinger noted an item regarding Supervisor Gaeta, which was read into the minutes. He felt the matter did not involve the CDD and was incorrect and/or false. Supervisor Pollinger suggested removing the item from the meeting minutes. Mr. Clark indicated the minutes are to keep an accurate record of what happened in the meeting and, as this happened at the meeting, it would not be appropriate to remove it. Supervisor Gaeta has the option to respond; however, she feels the accusations are incorrect and inappropriate but feels no further response is necessary. Supervisor Gaeta noted Line 105 indicates Supervisor Davidson stated this item will be discussed later in the meeting; however, it was not, because she distributed an email to the Board proving the accusation was false.

B. Approval of Unaudited Financial Statements as of June 30, 2011

C. Approval of Requisitions

- **Number 188 R, Reimbursement of Fees Paid by General Fund for “B” Pond Projects and Construction-related Feed (Applied Technology & Management Invoices 30315 & 30319) 2004B Construction Account**

D. Approval of Aquatic Systems, Inc., Addon to Master Agreement, Site #36

On MOTION by Supervisor Pollinger and seconded by Supervisor Lawrence, with all in favor, the Consent Agenda Items, as amended, were approved.

TENTH ORDER OF BUSINESS

SUPERVISORS’ REQUESTS

*****This item, previously the Ninth Order of Business, was presented out of order.*****

Supervisor Davidson indicated he has received requests regarding holding candidate’s nights in the community. Mr. Clark indicated the CDD can provide space but should not host the event and Supervisors should not be involved in moderating and/or determining the questions. Supervisors can attend but should not be involved. Supervisor Davidson indicated the Neighborhood Watch group is willing to host a candidate’s night. Mr. Wes Priest, a resident, indicated he is willing to moderate. Supervisors Lawrence and Gaeta questioned the need to

hold such an event, as there are several already scheduled around the area. Supervisor Davidson felt the benefit is to reinforce the CDD's political capital and remind candidates of the 2000+ voters that reside within the community. Supervisor Davidson motioned and Supervisor Pollinger seconded allowing for a meeting for all candidates running for public office, if requested. Supervisor Lawrence felt this matter needs time for thoughtful discussion. Supervisor Davidson withdrew his motion, prior to it coming to a vote. The Board agreed to discuss this matter further, during the upcoming workshop agenda.

Supervisor Davidson indicated Lake Watch should be re-energized and some ponds should be reassigned. He feels documentation of the ponds' nutrient levels is important, as the TMDL limits will be established soon.

Supervisor Davidson indicated he received an invitation from the National Fire Protection Association to attend a national conference in Denver. He indicated he was given a full scholarship to attend. Supervisor Davidson indicated he wanted to inform the Board, although this does not directly involve the CDD, as the Firewise organization was established independent of the CDD.

Mr. Kozak distributed a Board of Supervisors Handbook to each Board Member. Mr. Kozak provided the Board Members with a binder of the District's business plan and a draft matrix.

ELEVENTH ORDER OF BUSINESS

ADJOURNMENT

There being no further business, the meeting adjourned.

<p>On MOTION by Supervisor Lawrence and seconded by Supervisor Gaeta, with all in favor, the meeting adjourned at 1:42 p.m.</p>
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Secretary/Assistant Secretary



Chair/Vice Chair