

**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, August 16, 2012 at 9:30 a.m.**, at the **Grand Haven Village Center, Grand Haven Room, 2001 Waterside Parkway, Palm Coast, Florida 32137.**

Present at the meeting were:

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

Also present were:

Craig Wrathell	District Manager
Scott Clark	District Counsel
Brett Markovitz	District Engineer
Sabah Blaney	CPH Engineers, Inc.
Howard McGaffney	Amenity Management Group (AMG)
Barry Kloptosky	Field Operations Manager
Jim Cullis	Grand Haven Realty
Robert Seiling	Resident
Rob Carlton	Resident and Master Association President
Ken Heritage	Resident
Ray Smith	Resident

FIRST ORDER OF BUSINESS

CALL TO ORDER/ROLL CALL

Mr. Wrathell called the meeting to order at 9:03 a.m., and noted, for the record, that all Supervisors were present, in person.

Mr. Wrathell indicated that an advertised Executive Session is being held today.

<p>On MOTION by Supervisor Davidson and seconded by Supervisor Lawrence, with all in favor, the meeting recessed at 9:04 a.m., to enter into the Executive Session.</p>
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****The meeting reconvened at 9:48 a.m.****

****The meeting recessed at 9:48 a.m.****

****The meeting reconvened at 9:53 a.m.****

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)**

Mr. Robert Sieling, a resident, reported that there is a pig problem.

Mr. Kloptosky indicated that he will address this during his report.

FOURTH ORDER OF BUSINESS

**CONSULTANT, GUEST REPORTS &
PRESENTATIONS**

A. Mr. Jim Cullis, *GH Realty*

• Relocation of Sales Center Parking Lot

Mr. Cullis indicated that the sales center has been located on Lot #2, with parking on Lots #17 and #18. A plat amendment required moving from the previous location so the office was relocated from Creekside. Due to the economic times, the City has now granted an ordinance allowing Grand Haven Realty to continue using those lots for the sales operations and parking until 2016. Since Lot #18 was sold, he must reconfigure the parking lot to continue being able to access the sales center. Mr. Cullis asked the Board to review the plan.

Mr. Cullis noted the District’s need for a parking space for the guardhouse and indicated that the plan contains a permanent handicapped parking space in Parcel A, as part of the entrance. He described the plans and the new access drive.

In response to Supervisor Davidson’s question regarding what happens in 2016, Mr. Cullis confirmed that the lots will be restored so they can be sold and developed.

Supervisor Davidson asked District Counsel if an easement is necessary. An agreement will be prepared that addresses the current use, what must happen once the sales center is closed and the improvements. Mr. Cullis stated that the work should only take a few weeks, once a

permit is received from the City of Palm Coast. Mr. Cullis will submit an agreement to Mr. Clark for his review.

All Supervisors supported the plan.

- **Proposed City of Palm Coast Foot Race on District Grounds**

Mr. Cullis advised that the City of Palm Coast would like to hold a foot race in Grand Haven, with Grand Haven Realty sponsoring the event. The race would take place on the District's trails, with staging taking place at the golf course. He is working on parking details. This would be a charity event to establish a college scholarship fund for Grand Haven residents. Mr. Cullis feels that this event would be a good opportunity to showcase Grand Haven and noted that it is a buying season. The event would commence early in the morning and be completed within a few hours.

Supervisor Lawrence felt it would be a positive event for the community, contingent on it being as presented. Supervisor Chiodo suggested appointing a Board Member to work with Mr. Cullis.

Supervisor Gaeta voiced her concern regarding who would be monitoring the event, from a safety perspective. Supervisor Gaeta asked Mr. Clark to comment on the liability aspect of hosting this type of event. Mr. Clark advised that there is increased liability but felt that the sponsoring entity could provide a certificate of insurance covering the event, which is typical. Mr. Clark acknowledged the security concerns. Supervisor Gaeta was further concerned about the appearance that the CDD is allowing the City to use the trails and that it might set precedence with the City that they have free access to the CDD's amenities. Mr. Cullis indicated that he would be clear with the City that this does not give them any rights to stage events in the CDD at their will. Mr. Cullis questioned how this would be different from allowing people to enter to use the golf club. Mr. Clark stated that if a request was made to use the roads for a race, the CDD would have to allow it; however, the trails are an amenity, which may be different. In response to Mr. Clark's question, Mr. Cullis confirmed that the money raised comes from entry fees. Mr. Clark felt that the Board could consider the race fee payment of the daily fee so that it would not create the expectation that anyone could just create events using the District's amenities, without first making arrangements. Mr. Clark felt that approach would help resolve concerns.

Supervisor Davidson volunteered to be the Board contact and, if the event is approved, to coordinate with the radio group he works with in Flagler County to monitor the event.

Mr. Cullis will provide a formal proposal and further details at the September meeting.

Supervisor Davidson referred to a memorandum of understanding regarding removal of 5.82 acres from the PUD and asked District Counsel to clarify the confusion. Mr. Clark stated that he feels the District should ask the City to contract, from the District, those portions of the project that fall within the District’s boundaries. Mr. Clark was not sure of the City’s standing on the matter but suggested language to be added to the District’s rules. This language will clarify who can use the District’s amenities and stipulate that people who own property within the CDD’s boundaries cannot use the amenities unless they are within the budgeted assessment program. Mr. Clark stressed the need to prohibit those people from using the amenities. Mr. Cullis indicated that he is willing to agree to any of the District’s terms; he will have his attorney work with the District. Mr. Clark felt that the District can deal with the concern on an internal basis but also recommended having the City address it too.

- **Administrative Decision Regarding the Lake Haven at Grand Haven Phase Plat Agreement Relating to Model Center Sales Office**

This item was addressed earlier in the meeting.

- **R.A. Scott Litigation Update**

****This item, previously part of Item 6D, was presented out of order.****

Mr. Clark indicated that the R.A. Scott case is set for trial in December and the trial order requires the District to participate in mediation. This requires authorization of a Board Member, or other person, to attend the mediation and negotiate on the District’s behalf. He explained that the designee does not have authority to make a final decision; they only have authority to negotiate and recommend a decision to the Board.

On MOTION by Supervisor Davidson and seconded by Supervisor Gaeta, with all in favor, authorizing Supervisor Chiodo to attend the mediation and negotiate, on the District’s behalf, was approved.

FIFTH ORDER OF BUSINESS

CONSENT AGENDA ITEMS

A. Approval of Minutes

- July 5, 2012 Community Workshop
 - July 19, 2012 Regular Meeting
- B. Approval of Unaudited Financial Statements as of July 31, 2012**
- C. Special Services Agreement from Aquatic Systems, Inc., for LAKEWATCH Water Sampling**
- D. Proposed Schedules for Fiscal Year 2013 Community Workshops and Regular Meetings**

Mr. Wrathell noted that he will be unable to attend the October 18, 2012 meeting and asked the Board to consider moving the meeting date. He reminded the Board that the December meeting is scheduled for December 6, 2012, which would normally be the workshop date and that a workshop is not scheduled for December.

Supervisor Lawrence was not in favor of moving the October 18, 2012 meeting date.

Supervisor Lawrence reiterated that volunteers were previously used to conduct the LAKEWATCH water sampling and noted the importance of collecting data, for future reference. He advised that there is a lack of volunteers, necessitating the District to have Aquatic Systems, Inc., conduct the sampling at a cost of \$4,000.

Supervisor Davidson referred to the map for LAKEWATCH water sampling, noting areas to be sampled, water flow to and from the ponds and his opinion of where sampling should occur. Mr. Wrathell discussed permitting and nutrient loading. Supervisor Lawrence stated that the pond in North Village, which empties into the intracoastal is missing and recommended replacing one of the North or South ponds with the North Village pond.

Mr. Wrathell indicated that Item 5C will be pulled from the Consent Agenda Items for a separate action.

On MOTION by Supervisor Lawrence and seconded by Supervisor Gaeta, with all in favor, the Consent Agenda Items, excluding Item C., were approved.

On MOTION by Supervisor Lawrence and seconded by Supervisor Gaeta, with all in favor, the Special Services Agreement from Aquatic Systems, Inc., for LAKEWATCH Water Sampling, in form, pending District Counsel review and modification of the map, as discussed, was approved.

SIXTH ORDER OF BUSINESS

STAFF REPORTS

A. District Engineer

- **Sailfish Drive Roadway Flooding Evaluation Proposal**

Mr. Markovitz presented the Sailfish Drive Roadway Flooding Evaluation proposal for \$350.

On MOTION by Supervisor Chiodo and seconded by Supervisor Davidson, with all in favor, the Sailfish Drive Roadway Flooding Evaluation Proposal, in a not-to-exceed amount of \$350, was approved.

- **Roadway Evaluation Report Proposal**

Supervisor Davidson asked if the evaluation will include geotechnical core sampling and asked if it could be done, if needed. Mr. Markovitz indicated that this proposal is for the initial evaluation and more extensive evaluation for problematic areas would be completed in the second step, as part of the design process.

On MOTION by Supervisor Lawrence and seconded by Supervisor Chiodo, with all in favor, the Roadway Evaluation Report Proposal, in a not-to-exceed amount of \$6,000, was approved.

Mr. Ken Heritage, a resident, asked what the \$350 fee for Sailfish Drive provides. Mr. Markovitz stated that includes evaluation and identification of issues, along with recommendations of repairs.

Mr. Sabah Blaney, of CPH Engineers, addressed the pool and spa issues. He indicated that an engineer, specializing in pools, was consulted. Based on the pictures provided, the engineer advised that the pool problem appears to be stress related; however, he cannot make a recommendation without first inspecting it in person. The cost for an evaluation visit is approximately \$400.

Mr. Blaney indicated that he contacted the City of Palm Coast and was advised that the pool must be brought into compliance, if a permit is pulled. He confirmed that all slip tiles

would have to be replaced, the rope anchors must be removed and recessed ones installed; the handrails must meet the required height.

Supervisor Lawrence asked if the pool must be drained. Mr. Blaney stated that the pool would be inspected and the inspector would give the District guidance about what is needed to complete the evaluation. Mr. Blaney speculated that the engineer will want the pool drained and may also request excavation near the problem area.

Supervisor Davidson asked if it would cost another \$400 for a second visit if the engineer decides he wants the pool drained. Mr. Blaney replied affirmatively and recommended digging the holes and having them ready so the engineer can evaluate the possibility of structural damage. Supervisor Davidson asked if CPH charges markup on work performed by another consultant. Mr. Blaney replied no.

Mr. Kloptosky recommended lowering the pool, pulling tiles and digging out, prior to the engineer's visit, in order to avoid costs for an additional visit.

Supervisor Gaeta recommended giving notice to residents regarding the pool closure. Supervisor Davidson asked that the pool not be closed during a holiday.

In response to Mr. Blaney's question, Mr. McGaffney confirmed that the pool was not completely drained when it was last evaluated. Discussion ensued regarding whether a sump pump was used when the pool was completely drained. Mr. Blaney explained that if a sump pump was not used, it could have impacted or caused the cracks. Mr. McGaffney confirmed that the cracks were present before the pool was drained.

On MOTION by Supervisor Gaeta and seconded by Supervisor Lawrence, with all in favor, engaging Parker, Lynchburg and Associates to conduct an inspection of the pool and authorizing the Field Operations Manager to take steps, as described, for the inspection, was approved.

Mr. Blaney recalled that the problem at the spa is related to the skimmer and casing problems with the pavers; he recommended repair as soon as possible. In response to a question, Supervisor Davidson stated that the cost is included in the Fiscal Year CIP items. Mr. Blaney indicated that the estimate he previously provided was for \$3,025. Supervisor Chiodo noted that the Duda Pools proposal of \$7,000 is much lower than the proposal provided by Mr. Blaney and

asked if the lower proposal is being approved. Mr. Kloptosky stated that he is unsure and must review the bids to confirm that the scope of work is the same. Mr. Wrathell suggested authorizing the repairs, subject to Mr. Kloptosky's verification of the scope of work.

On MOTION by Supervisor Davidson and seconded by Supervisor Gaeta, with all in favor, authorizing the spa repairs, subject to Mr. Kloptosky's review of the scope of work, and proceeding with the contractor selected by Mr. Kloptosky, was approved.

Regarding the Creekside croquet court, Mr. Blaney indicated that an expert from MacCurrach Golf Construction, Inc. conducted an inspection. Mr. Markovitz stated that, in MacCurrach's opinion, the depressions are indications of settlement, not shifting of underground materials. MacCurrach provided three (3) options, including use of a top dressing machine to place and level settled areas or excavating and filling the areas with new material, laser leveling and replacing all high wear areas with new sod. The final option is to excavate and replace the entire court.

Ms. Gaeta recommended keeping Mr. Kloptosky informed of these site visits. She asked for an estimate of the various options.

Mr. Blaney stated that the estimate received for Option B is \$19,000 and Option C is \$54,000. He explained that an estimate was not received for Option A because MacCurrach felt that the regular maintenance crew could complete the work using the dressing machine.

Regarding use of the equipment, Supervisor Gaeta reminded Mr. Blaney that the golf course is not part of the CDD. Mr. Blaney stated that he could obtain a quote from MacCurrach to complete the work. Mr. Kloptosky questioned if Option A is a viable solution, as he believes Austin has been doing this, over the past few years, and the problem remains. Mr. Kloptosky will discuss this with Austin. In response to Supervisor Davidson's question, Mr. Markovitz confirmed that the proposed costs are for MacCurrach to perform the work, not a subcontractor.

Supervisor Gaeta asked for warranty information for the work proposed today. Mr. Blaney advised that the pool and warranties are five (5) years. Mr. Blaney will obtain the warranty information from MacCurrach.

Regarding The Village Center croquet court, Mr. Markovitz stated that it is showing patches of fungus and mildew due to poor drainage. In MacCurrach's opinion, work is necessary to improve drainage and remove the water more rapidly. The court also contains sod that is not shade-tolerant so it is not growing well in the shaded spots. MacCurrach recommended installing a system of perforated pipes, which will outfall to the nearby drainage structures. The estimated cost is \$10,235. Supervisor Lawrence felt that figure is low to complete the drainage work and resod. Mr. Markovitz stated that this court is much smaller and the rebuild of the Creekside court was for PGA quality work.

Regarding Option B, at the Creekside court, Mr. Blaney indicated that the estimated work time is seven (7) days and Option C is ten (10) days. The Village Center court repair estimate is four (4) days. Mr. Blaney confirmed that the estimated time is working days.

Supervisor Gaeta recalled the roadway repairs and that the Board originally allocated \$30,000 for the Sailfish Drive project. She noted that \$12,000 or \$13,000 was spent and asked what happened to the remaining money for that project. She wondered if the remaining \$17,000 factored in to the \$150,000 road repair budget in the Fiscal Year 2013 budget.

Supervisor Lawrence stated that the drain repair was to be paid from the road reserve; meaning, the money was spent and the road reserve was reduced accordingly.

Mr. Blaney recalled discussion of the parking lot, at the last meeting. He stated that patching could be done; however, resurfacing is recommended. Mr. Blaney explained that the parking lot has many surface tension cracks and there is deterioration throughout.

Supervisor Lawrence asked if the proposed cost includes relining. Mr. Blaney confirmed that the \$48,000 estimate includes restriping. Mr. Kloptosky advised that S.E. Cline's bid included restriping but not tree removal. Mr. Kloptosky pointed out that he does not find restriping listed on the District Engineer's scope of work. Mr. Blaney stated that it is included but not listed. Mr. Kloptosky asked Mr. Blaney if his bid is simply the Cline bid with the addition of \$8,000 for restriping. Mr. Blaney noted that he did not see Cline's bid. Mr. Kloptosky asked if the District Engineer's estimate is from a contractor. Mr. Blaney indicated that it is based on unit pricing. Referring to Mr. Kloptosky's understanding of Cline's bid, Supervisor Chiodo asked Mr. Kloptosky if he recommends obtaining another bid. Mr. Kloptosky stated that he will obtain another bid, if the Board directs him to do so; however, he already obtained the Cline bid without them knowing the scope of work and it includes the same

items at about the same cost. The Board Members confirmed that they are not comfortable with only one (1) bid.

B. Amenity Manager

- **AMG Role in Support of Security Objectives**

Mr. Deary referred to AMG's vision statement regarding its role in supporting the District's security objectives. He summarized that AMG considers itself a partner of the District, with a long-term commitment. He noted that Grand Haven seems to turn over contractors every few years. He feels that AMG has demonstrated their loyalty.

Supervisor Lawrence asked Mr. Deary to comment on the statement "The District's amenity facilities are not controlled or secured as well as the average community with which we work." Mr. Deary clarified that the statement, or his response, does not presuppose exactly what the District's issues are. Mr. Deary indicated that it is only a comment; in relation to other communities that AMG has served for many years, a card system for pedestrian access to facilities is the norm. He acknowledged that it does not solve all problems and it does not suppose that the District's facilities are designed the same as others. He discussed the benefit of funneling traffic to control entry. He explained that access cards have been the norm for a long time. Mr. Deary confirmed that access card systems work but noted that the District must be comfortable with the costs, given that the community will need to be retrofit. Mr. Deary stated that personnel costs are generally more expensive than equipment; however, given the District's layout, they may always require a combined approach to controlling access.

Mr. Deary discussed access points and estimated a cost of \$40,000 to \$50,000 to implement the access card system at those points.

Mr. Kloptosky indicated that he asked Mr. Deary to include comments regarding what other communities do, which is why these comments were included in Mr. Deary's report. Mr. Deary noted the difficulty in controlling access without a point of entry system and stated that, if the District wants to control time and is concerned about safety and liability, it cannot be done without this type of system.

Regarding draining the pool, Mr. McGaffney reiterated that the cracks were in the pool prior to it being drained.

Mr. McGaffney noted the high number of lightning strikes this year and provided an estimate for four (4) new AquaCal pump units at The Village Center, at a cost of \$6,600 each.

He indicated that Raypack units are approximately \$1,000 less but do not include the same warranty; AquaCal's warranty is five (5) years and Raypack's is only two (2) years. Mr. McGaffney confirmed that the current units are ten (10) years old and it no longer makes sense to repair them. The quote includes a sequencer to phase startup after a surge.

Mr. McGaffney explained that the pool temperature should not rise above 86 degrees but it was at 87 yesterday; if it reaches 88 degrees, he will need to close the pool. Supervisor Gaeta asked about obtaining additional quotes. Mr. McGaffney indicated that the District can do so but stated that Duda Pools is the AquaCal dealer for the region so they cannot use another dealer if they want AquaCal pumps. Mr. Kloptosky supported purchasing the AquaCal units.

Mr. Kloptosky discussed the condition of the pump pad and the need to repair it or replace it. He recommended replacing the pad but needs to obtain quotes. He noted the project could be delayed, if permitting becomes an issue.

Mr. McGaffney recommended that this project be coordinated with the pool inspector and pending work related to the cracking, etc.

Discussion ensued regarding replacing the pad.

Supervisor Davidson stated that \$24,000 is budgeted for next year and asked if funds from a reserve account could be used to fund the project this year and those funds be repaid next fiscal year. Mr. Wrathell recommended that this be an unbudgeted expense this fiscal year and withdrawn from next fiscal year, with that cash being used to repay the reserves, as already anticipated, along with cutting back on other anticipated projects in Fiscal Year 2013, to make up any additional costs.

Regarding the estimated cost to replace the pad, Mr. Kloptosky felt it would be approximately \$10,000; however, he was not comfortable giving an amount. Mr. Wrathell felt that \$10,000 was too little and recommended authorizing Mr. Kloptosky to proceed and spend, as necessary, to replace the pad; a not-to-exceed amount may limit him proceeding with the work. Mr. Clark supported Mr. Wrathell's suggestion.

On MOTION by Supervisor Gaeta and seconded by Supervisor Davidson, with all in favor, the Duda Pools proposal for four (4) new AquaCal pumps, at a not-to-exceed cost of \$33,537, and authorizing the Field Operations Manager to obtain bids for the concrete pad and select a contractor, was approved.

Supervisor Davidson reiterated that the pool inspector's visit should be coordinated with this pool closure.

Mr. McGaffney indicated that a Labor Day Cookout will be held. Tickets will be \$5, at the door.

******The meeting recessed at 11:50 a.m.******

******The meeting reconvened at 12:01 p.m.******

Regarding the new pumps, Supervisor Lawrence recommended including additional costs for a sequencer and variable speed drive for the new pumps in the capital improvement budget.

C. Field/Operations Manager

Mr. Kloptosky reiterated that there is a problem with wild hogs in the community. He is bringing this to the Board's attention because a resident brought it up. Mr. Kloptosky noted that he first advised the resident that the CDD does not get involved in private property issues; it is a Master Association matter. The resident informed that the damage being done to his property is also being done to the CDD's common area. Mr. Kloptosky investigated further but is not aware of a CDD policy regarding hog removal on property. He noted that removal of hogs requires killing them, which would involve discharging a firearm on common property.

Supervisor Pollinger stated that this problem also exists in Wild Oaks and stated that those residents have quietly and privately disposed of 39 hogs. He noted that residents are taking care of this on their own and advised the Board to stay out of it.

Mr. Kloptosky discussed the possibility of setting traps but that is not possible in the area because of liability issues; however, the problem will continue to face the District.

Mr. Clark explained his concerns about trapping and voiced his support for Supervisor Pollinger's suggestion.

Mr. Sieling confirmed that he contacted several people and finally found someone able to remove the hog from his property.

Ms. Janet Search, a resident, asked if the golf course could assist in trapping the hogs. Mr. Kloptosky stated that the golf course is not opposed to doing so; however, they do not currently have a hog problem and is afraid that putting out bait will attract them.

Mr. Sieling asked that the Board consider taking action and reimbursing him for his expenses. Supervisor Davidson stated that the District cannot reimburse him; he needs to work with other residents to take care of his private property. Supervisor Davidson indicated that the

District is limited because they cannot allow the discharge of a firearm on District property and there is no safe place to trap the hogs.

Mr. Kloptosky indicated that the Marlin Drive sheds are installed and staff completed transfer of the Marvin Drive storage facility.

Mr. Kloptosky recalled the need for upgrades in the office and provided the Board with a written list of items needed. Supervisor Davidson stated that Mr. Kloptosky's information is basically regarding the ineffectiveness of the current, antiquated I.T. system and using it to generate a resident database, etc.

Mr. Kloptosky recalled that the Board questioned the high cost of the Dolphin Technical Solutions proposal to address the Wi-Fi issues. The proposal was for \$4,132, which involves installing ports outside of the buildings; exterior use units cost more than interior. The proposal also includes costs for installation of a gateway that would limit the bandwidth use by each user. Supervisor Lawrence pointed out that the District is simply trying to improve access in the café; however, this proposal appears that it will also give access at the pool. Supervisor Lawrence questioned if access at the pool is necessary. Mr. Kloptosky advised that there was access at the pool through the DSL lines and they are trying to recreate the same service level. Supervisor Davidson asked if Mr. Kloptosky discussed economies of scale; would the cost be less if the work was performed when they are already on site.

In response to a resident question, Supervisor Gaeta stated that this is a matter of restoring service to the previous level. It was noted that the previous network was not secure but the new one would be.

Mr. Kloptosky indicated that he received concerns from residents regarding the lack of shade at the tennis courts and requests that the District consider adding awnings or pergolas.

D. District Counsel

- **Developer Bankruptcy**
- **R.A. Scott Litigation Update**

Mr. Clark indicated that the case was set for trial during the first two (2) weeks of December and mediation will take place before the trial date. He will continue to update, as details become available.

- **Rule Changes**

Mr. Clark provided a handout of an additional proposed amendment to the rules. The rule hearing will be on September 6, 2012. As a result of Mr. Cullis' project, Mr. Clark indicated that he researched definitions in the rules regarding who can use the amenities. He was not satisfied with the definition of property owner, which essentially included anyone who owns property in Grand Haven. Since a small piece of Grand Haven is outside the District, the District needs to limit access to those property owners that are within the assessment programs and paying for the facilities. He provided language for the Board's consideration. The addition of this language will alleviate those concerns.

Supervisor Davidson stated that the other matter of the public hearing is that the act of fishing will now be considered a use of an amenity.

- **Cullis Agreement**

This item was previously discussed.

E. District Manager

- **Next Community Workshop/Regular Meeting**

- **BOARD OF SUPERVISORS MEETING**

- **September 6, 2012, at 3:00 P.M. Regular Meeting**

- **September 6, 2012 at 5:00 P.M. (Public Hearing)**

The next regular meeting is scheduled for September 6, 2012 at 3:00 p.m., with a public hearing commencing at 5:00 p.m.

- **COMMUNITY WORKSHOP**

- **September 20, 2012 at 10:00 A.M.**

The next workshop is scheduled for September 20, 2012.

SEVENTH ORDER OF BUSINESS

BUSINESS ITEMS

A. Proposed Fiscal Year 2013 Budget

Mr. Wrathell reviewed the proposed budget and noted that he has refrained from updating the CIP items until final decisions are made.

Supervisor Davidson noted that \$4,000 must be added to the aquatic contract line item for the LAKEWATCH work approved at this meeting.

Supervisor Gaeta advised that there was an increase in pest control, which must be reflected on Page 4; the amount should be \$2,680.

Mr. Wrathell stated that the miscellaneous contingency line item will be the victim of these expenditure increases.

Supervisor Gaeta questioned a line item of \$700 for a television in the café. Mr. Wrathell reminded the Board that this is the draft and the CIP items will be whatever the Board approves.

- **Review of 2013 Capital Plan**

Supervisor Lawrence referred to his list and voiced his understanding that the Board agreed to budget \$466,927 and that, although the list is not finalized, the Board does not plan to exceed this amount. Additionally, the Board agreed to pay back Fiscal Year 2012 overage, currently totaling \$161,044, leaving the District with approximately \$300,000 to spend on CIP items. Supervisor Lawrence noted that the CIP items must be revisited once the District Engineer completes his evaluation of the District's roads, etc.

Mr. Wrathell pointed out that the Board just approved another \$33,000 of work and suggested that the anticipated overage payback amount should be increased from the currently projected \$161,044; which will further reduce the available spend amount. Mr. Wrathell recommended resolving this today; otherwise, the Board will be left doing so at the public hearing.

Supervisor Davidson stated that the final bill was received for The Crossings road project. He indicated that approximately \$5,000 remains in the 2008 bond and District Counsel agreed that the remaining funds can be credited towards the IT Infrastructure Reinvestment project.

- **Proposed Budget Additions:**
 - **I.T. Infrastructure Reinvestment for Safety and Security**
 - **“Keeping Grand Haven Grand” Implementation Timeline**

Supervisor Davidson recalled that information regarding beneficial user rights (BUR) compliance is being included in the 197 letter mailing. The letter instructs property owners with renters to register them. Supervisor Davidson recommended beginning the registration and assignment of BURs on November 1; however, he prefers to do so once the new database is active and the smart amenity access cards (SMAAC) system is started. He presented letters to be sent to property managers and the Flagler County Association of Realtors, explaining the upcoming activities in Grand Haven, including registration of renters, deactivation of gate access devices (GADs), implementation of SMAACs, etc.

Supervisor Davidson discussed issues regarding renters within the community.

In response to a question regarding the cost, per property owner, for the security system upgrades, Supervisor Davidson indicated that it will be \$34.

Discussion returned to the need to have the reregistration process in place prior to deactivating GADs.

Mr. Rob Carlton, a resident and Master Association President, feels that the money involved in this project and the complexity of the problem are of importance. He feels that the major problem is that the District does not really know who is living there. He confirmed that residents do not understand the need to spend this amount of money, in this hard economy; however, he feels that those residents are not the ones with renters living next to them. Mr. Carlton voiced his opinion that the problems will worsen with time and that this is money well spent. He acknowledged Supervisor Pollinger's comments that the statistics are not particularly impressive; however, he feels that things are much different than they were a few years ago. Mr. Carlson concluded that the Master Association fully supports leaving this project in the budget.

Mr. Heritage cautioned against selling this expenditure as one that will improve safety and security. He pointed out that the previous problems were largely isolated to a person who was legally in the community.

Supervisor Davidson acknowledged that, currently, the crime within the community is mostly internal; however, he fears what will happen in the coming years. He feels that doing nothing will increase the likelihood of things happening.

Supervisor Pollinger stated that he is not in favor of "doing nothing", he simply wants to know how this affects each household's overall assessment. Additionally, if the timeline is being pushed now, he questioned why the work cannot be pushed back a few more months, with the possibility of spreading the expense over the next two (2) fiscal years. Supervisor Davidson stated that the project is too integrated to do so.

Supervisor Chiodo voiced his feeling that the District is rushing, without considering all pieces to the puzzle. He recalled Mr. Deary's comment that access gates are the best and most secure approach, as opposed to using on-site personnel to check people. Supervisor Chiodo noted that access gates have not really been researched.

Supervisor Pollinger recalled that unexpected expenses are becoming the norm and questioned how this impacts it.

Supervisor Davidson pointed out that access gates require a SMAAC and that the gates would cost another \$100,000 to \$150,000. Regarding the overall assessment, Supervisor Davidson stated that it is currently projected to increase by \$77.97, including this expenditure.

Mr. Wrathell noted that an issue can arise when residents allow others to use their SMAAC to access amenities.

Supervisor Lawrence noted that this item, with the addition of other items, brings the projected CIP items to \$488,000, meaning that the Board must cut \$22,000 more from the proposed budget. Supervisor Lawrence questioned what to cut from the CIP items. Supervisor Davidson asked how the District cannot secure the amenities and know who is using them and living in the community. Supervisor Davidson felt that the improvements are for people who live there and pay assessments.

Mr. Kloptosky stated that the estimate to repaint Creekside is no longer \$14,000; it is approximately \$9,000.

Mr. Wrathell stated that, in order to remain at the \$466,000 figure, and with increasing the reserve repay amount to approximately \$210,000, the Board must reduce CIP spending to \$255,000. Supervisor Lawrence stated that there is nothing on the “must do” list that cannot be done, with the exception of the landscaping item. Supervisor Lawrence felt that the Board can either “gut” the CIP items or go in knowing they will need to borrow from the reserves again. Mr. Wrathell recalled that the Board already plans to borrow from the reserves to pay for Sailfish Drive.

Mr. Ray Smith, a resident, stated that he supports upgrading the office but also supports spreading it over time. He supports including items in the budget, as placeholders. Mr. Smith voiced his opinion that the sequence of events outlined by Supervisor Davidson, including implementation of a database, infrastructure and office changes, will not be completed by October 1. He cautioned against a structured timeline.

Ms. Search recalled petitions turned in at the last meeting. She read from a portion of the petition:

“Grand Haven is already a beautiful community; adding to the view with pavers, etc. is an option – not a necessity.”

Therefore, we respectfully request that in approving this year's budget, you include items that will improve our safety and security – not additional amenities and cosmetic enhancements.”

In light of the above request, Ms. Search pointed out that the proposed budget contains \$60,000 for landscape renovations and contended that no one ever discusses what will be renovated. Supervisor Davidson stated that Ms. Search was not at the meetings; there have been many discussions. Supervisor Davidson explained that much of the renovation work is related to vine removal which can damage trees.

Ms. Search asked if the SMAAC would still provide access at the gates. Supervisor Davidson advised that the SMAAC and GADs are different cards.

Ms. Search recalled Supervisor Pollinger's suggestion, at the last meeting, that money be set aside for unexpected problems and Supervisor Lawrence's suggestion of access gates at the facilities, both of which she finds good suggestions.

Supervisor Davidson discussed his extensive time, research and steps taken to work towards enhancing security in the community. He noted the excellent work by Dolphin Technical Solutions, who is capable and qualified to perform the I.T. and the integration work. Supervisor Davidson polled the Board to determine their stance on expending \$60,300, less \$5,000 for the security related line item on the CIP list, as a “must do” for Fiscal Year 2013.

Supervisor Gaeta voiced her feeling that this is a “must do” item. She feels if nothing is done, the security problems will only worsen. She supported including it in the budget.

Mr. Kloptosky voiced his concern at finding out from Mr. Deary that Grand Haven is “behind the curve” in relation to community safety operations.

Supervisor Davidson clarified the split of the \$60,300 line item.

Supervisor Chiodo stated that he is in favor of upgrading security and feels that, in the long term, security access gates must be considered. If necessary, the District should reconsider landscape renovation type expenditures and reduce them. Supervisor Chiodo felt that the proposed budget still contains “nice to do” items that could be eliminated, such as the Wi-Fi improvement.

Supervisor Pollinger stated that, prior to becoming a Board Member, he was disturbed by the constant delays in making decisions, at the expense of the community. He indicated that he supports a measured increase every year, rather than a massive increase periodically. Supervisor

Pollinger noted that he has been vocal because this is a project that a Board Member has invested a lot of time in and there may have been a tendency to drive the issue because of the passion of the work involved. Supervisor Pollinger felt that the overall impact on the budget and increase to the property owners is reasonable, under the circumstances. He stated that he will support the budget and increase but cautioned that the timeline is far too ambitious.

Supervisor Davidson discussed how he developed the timeline.

Supervisor Lawrence stated that the current budget calls for an assessment increase of 4%. He voiced his support for the project; however, he is concerned about having enough capital funds to complete all of the “must do” items. Supervisor Lawrence recommended increasing the capital expenditure line item by \$50,000 but doing so without increasing assessments more than the anticipated 4%.

Mr. Wrathell referred to Page 15 of the proposed budget and noted that it projects an ending fund balance of \$27,078 for the 2004 bonds. Over the years, extra cash has been built. Page 17 relates to the 2008 bonds and, assuming 100% collection, an ending fund balance of \$171,570 is projected. Regarding the 197 letters that will be sent, Mr. Wrathell stated that a 2% cushion is generally included in the assessment figure, which equates to approximately \$58,000 extra. Mr. Wrathell felt that, for the 2004 and 2008 bonds, the District could lower the debt assessment amount by \$30 and use fund balance from both bonds. He recommended using \$50,000 from the 2008 bond and approximately \$7,000 from the 2004 bond. This approach would lower the debt assessment amount but increase the O&M and infrastructure reinvestment portion. Rather than a 4% increase across both, the O&M and reinvestment portion would increase by roughly 6% but the debt service side would be reduced by a corresponding amount.

In response to Supervisor Chiodo’s question, Mr. Wrathell stated that he is confident that \$50,000 of bond surplus can be used. Supervisor Chiodo explained that this gives the District extra money for unknown expenses.

Noting that, technically, due to the Executive Session, the meeting did not commence until nearly 10:00 a.m., Supervisor Davidson asked if the Board was agreeable to continuing for 30 additional minutes. The Board agreed.

B. Development of BOS Policy Regarding the Removal and/or Addition of an Amenity to the Existing Amenity Package

Supervisor Davidson reviewed his edits and stated that the goal is to present this item during the public hearing and for the policy to be implemented.

A resident commented that this document was to be online so residents could review it; however, it was not.

Supervisor Gaeta pointed out that the term “Survey Monkey” was to be removed and replaced with “survey”.

The Board discussed the final draft.

Noting that this item evolved largely from the croquet court matter, Supervisor Lawrence voiced his opinion that the document needs more work and that if it is presented at the public hearing, it will become the center of controversy. He recommended withdrawing it from the public hearing, obtaining public input and considering it at a future public hearing.

This item was postponed to the next workshop and will be placed online for public viewing.

C. Water/Irrigation Analysis (MK) *(to be provided under separate cover)*

Supervisor Davidson indicated the purpose of the analysis was to determine why the District is spending so much on water.

Mr. Wrathell stated that the analysis is intended to show why there was an increase in expenditures from 2010 to 2011. The proposed budget uses actual usage figures from 2011. Mr. Wrathell explained the findings and indicated that the large account is the master meter going in to the reuse pond. The costs related to that specific meter jumped by \$8,600 from 2010 to 2011.

Supervisor Chiodo asked how that meter can increase by \$8,600 but the golf course’s reuse water charge went down. Mr. Wrathell acknowledged that issue and stated that Mr. Kloptosky’s staff handles the billings on those meters behind the pond. Supervisor Lawrence explained how the billing is determined. Discussion ensued and it was noted that it is unlikely that the District’s usage increased and the golf course’s decreased.

Mr. Wrathell stated that the variance between 2010 and 2011 was \$33,746 but the variance on the reuse water is only \$8,600 of that amount; the balance of the difference is related to something else. Supervisor Lawrence noted significant increases in specific areas and suggested that there might be leaks. Mr. Wrathell advised that it was discovered that several accounts did not receive a bill each month and some would go several months without a bill. Discussion ensued regarding billing anomalies and possible errors causing the increase.

Supervisor Davidson directed Mr. Kloptosky to investigate the areas with tremendous increases.

Supervisor Lawrence reiterated his opinion that the District should move forward with deactivating the mass-enabled GADs beginning with 200 on August 20, followed by 200 more each day, if no more than two (2) people come in with a problem. Supervisor Davidson stated that he wants to delay this until the new system is in place, in case some of them are renters, and went on to detail the cumbersomeness of proceeding now. Supervisor Lawrence recommended maintaining a list, for the time being, and reactivating the GADs now and completing the registration at another time. Supervisor Lawrence pointed out that residents are concerned about security; the District is spending \$60,000 to upgrade the system and asked why they do not start doing something now.

Mr. Kloptosky stated that the office is currently understaffed; however, even when fully staffed, with the current system, only one (1) person can utilize the database. Supervisor Lawrence acknowledged the concern, stating he is only suggesting deactivating the GADs and resolving the other issues during the reregistration/BUR process.

Supervisor Lawrence motioned that the District proceed, beginning Monday, August 20, 2012, with Step 4, deactivating 200 GADS and deactivating another 200 on Wednesday, August 22, 2012, provided no more than two (2) people have come in with a problem.

Mr. Kloptosky stated that he understands the goal and is willing to try; however, he prefers to consult with the new office employee. It was recommended that the motion be changed to implement deactivation at such time as the office staff feels they are ready.

On MOTION by Supervisor Lawrence and seconded by Supervisor Davidson, with all in favor, authorizing deactivation of the 1,400 mass enabled GADs, at such time as the office staff is prepared and in manageable incremental amounts, was approved.

Regarding the assessment approach previously presented, Mr. Wrathell indicated that 36 units have paid off their debt assessments; meaning, if the proposed plan is implemented, everyone, except those 36, will benefit from a lower debt assessment. Mr. Wrathell stated that Mr. Clark recommends reviewing the trust indenture to determine if excess can be utilized, rather than affecting the assessment in the way described.

EIGHTH ORDER OF BUSINESS

OPEN ITEMS

This item was not discussed.

NINTH ORDER OF BUSINESS

SUPERVISORS' REQUESTS

Supervisor Davidson requested that Mr. Kloptosky purchase a chain cutter for the storage room.

Supervisor Davidson asked if the realtor letters are ready to send. Supervisor Lawrence indicated that he has suggestions.

Supervisor Davidson recalled the yearly Croquet Club Tournament and asked if the Board remains agreeable to the \$100 flat fee for participants. The Board agreed.

Supervisor Davidson advised that the "Grand Haven North" project has been renamed "Grand Living". The project was approved at the planning and zoning meeting.

TENTH ORDER OF BUSINESS

ADJOURNMENT

There being no further business, the meeting adjourned.

<p>On MOTION by Supervisor Gaeta and seconded by Supervisor Lawrence, with all in favor, the meeting adjourned at 2:06 p.m.</p>
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Secretary/Assistant Secretary

Chair/Vice Chair