

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

A Regular Meeting and three (3) Public Hearings of the Grand Haven Community Development District's Board of Supervisors were held on **Thursday, September 6, 2012** in the **Grand Haven Room, Grand Haven Village Center, 2001 Waterside Parkway, Palm Coast, Florida 32137**. The Regular Meeting began at 3:00 p.m., with the Public Hearings commencing at 5:00 p.m.

Present at the meeting were:

Dr. Stephen Davidson	Chair
Peter Chiodo (via telephone)	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
Howard McGaffney	Amenity Management Group (AMG)
Roy Deary	Amenity Management Group (AMG)
Barry Kloptosky	Field Operations Manager
Jim Cullis	Grand Haven Realty
Al Lo Monaco	Resident
Ginger Richards	Resident
Linda Struble	Resident
Anne Craig	Resident
Diane Layng	Resident
Ron Merlo	Resident
Ray Smith	Resident
Roy and Janet Search	Residents
David Alfin	Resident
Rob Carlton	Resident and Master Association President
Eugene Murphy	Resident
Vic Natiello	Resident
Otto Bohmueller	Resident
Lisa Mrakovic	Resident
Vincent Marmo	Resident
Sara Lockhart	Resident
Don Newman	Resident
Gabriella and Frank Tuscano	Residents
Warren Friedman	Resident

Brenda Gerber	Resident
Anthony D. Blandt	Resident
Joe Palermo	Resident
Pat Maloney	Resident
J. B. Howden	Resident
Dian Armstrong	Resident
Dick Layng	Resident
Thomas and Teresa McKeon	Residents
Frank Mrakovic	Resident
Ken Heritage	Resident

FIRST ORDER OF BUSINESS

CALL TO ORDER/ROLL CALL

Mr. Wrathell called the meeting to order at 3:09 p.m., and noted, for the record, that Supervisors Davidson, Gaeta, Pollinger and Lawrence were present, in person. Supervisor Chiodo was attending via telephone.

SECOND ORDER OF BUSINESS

PLEDGE OF ALLEGIANCE

All present recited the Pledge of Allegiance.

Mr. Wrathell indicated that today’s public hearing related to adoption of the Fiscal Year 2013 budget is time certain for 5:00 p.m.

THIRD ORDER OF BUSINESS

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

Mr. Wrathell relayed the Board’s request that questions related to the budget be held until the public hearing.

Mr. Al Lo Monaco, a resident, commended the Board, Mr. Kloptosky and Staff for their work on the tennis courts; previous drainage issues are resolved and play has continued, in spite of the heavy rains.

FOURTH ORDER OF BUSINESS

CONSULTANT, GUEST REPORTS & PRESENTATIONS

- **Palm Coast Race Series: Proposed January Grand Haven Event; *Jim Cullis, Grand Haven Realty (to be provided under separate cover)***

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. Mr. Cullis felt that this event would be a good opportunity to showcase Grand Haven. He noted that he provided information to the Board and the only thing remaining is determination of the actual route, which is expected by next week.

Mr. Cullis stated that the race date is January 19, 2013 at 8:00 a.m., and will last approximately two (2) hours. He spoke to the golf club, which will set aside the Grand Haven Room to stage the event and overflow parking is being coordinated with the club. Mr. Cullis advised that this race will include a free race for children and students. The Flagler County Sheriff's Department and the Palm Coast Fire Department, including paramedics, will be on site. The City's Public Works staff will handle traffic management. Insurance will be provided.

Mr. Cullis pointed out that all proceeds from the race will be used to create a scholarship fund for Grand Haven students.

Supervisor Pollinger referred to the 1,500 participants figure and asked if the number is cumulative. Mr. Cullis replied affirmatively. Supervisor Pollinger questioned how many participants are expected for this race. Mr. Cullis advised that it is typically 150 to 200. Supervisor Pollinger stated that he is undecided about approving the race, as the route remains undetermined and he is concerned about the impact on the entrance gates and trails.

Discussion of the race route ensued. Mr. Cullis reiterated that this is a two (2)-hour event and that sufficient security will be on site. In terms of size, this is similar to a regular golf tournament. Mr. Cullis confirmed that this is an official City of Palm Coast event. In response to Supervisor Gaeta's question, Mr. Cullis confirmed that the golf course is okay with the race taking place on a Saturday morning, as it is early enough in January. Supervisor Gaeta questioned if the guards would be provided a list of participants. Mr. Cullis replied affirmatively, stating that he would coordinate with the City; preregistration is required, so the City will have the names.

A question of spectators was raised. Mr. Cullis will ask for an approximate number of spectators. Ms. Leister asked who will clean up after the race, as she does not want Austin Outdoors to do it. Mr. Cullis stated that the race organization cleans up after the race.

Ms. Diane Layng, a resident, questioned if the race proceeds can be used for a scholarship for only Grand Haven students, if the race is being sponsored by the City and whether there are other races in Palm Coast that support students in other communities who live

in Palm Coast. Mr. Cullis explained that the proceeds from almost all of the races go to charities; the City asked him what charity he wanted it to go to. Ms. Layng volunteered to be on the committee scholarship award committee.

- **2013 FY LRRP Proposed Budget, Detail: *Louise Leister, Horticultural Consultant***

Ms. Leister presented her 2013 proposed budget for landscaping. She noted that, at \$60,000, it is less than half of last year's \$150,000 budget. Work will be curtailed to only very important items. The proposed work includes removal of dead trees that are a threat to life or property, vine removal where the vines are killing trees and shrubs, continuation of irrigation head replacement with MP rotators, vine removal on large oaks and hydro seeding, removal and replacement of spartina on the sidewalk islands in The Crossings to the pool to remove snake threats, landscape repair at the Front Entrance and Wild Oaks Park and work on The Village Center Main Entrance fountain Circle, with installation of two (2) bent palms.

Ms. Leister noted that Grand Haven has a problem with deer eating the Asiatic jasmine in certain areas. Those areas will be replaced with a different type of plant.

Regarding Wild Oaks, Supervisor Pollinger voiced his opinion that, at night, the Front Entrance is abysmal looking; the landscape lighting is broken and the landscaping is overgrown. Discussion ensued regarding tidying of certain areas and fixing lighting. Ms. Leister recalled an estimate of \$20,000 to address the Front Entrance.

Mr. Eugene Murphy, a resident, inquired about whether bicycles are permitted on the existing sidewalks and trails, noting the danger of allowing them. He suggested that the District consider installing a bicycle path.

FIFTH ORDER OF BUSINESS

CONSENT AGENDA ITEMS

A. Approval of Minutes

- **August 2, 2012 Community Workshop**
- **August 16, 2012 Regular Meeting**

B. Approval of Requisition

- **Number 27, Flagler County Public Works, Master Infrastructure Additions to Crossing Subdivision (2008 Construction Account)**

C. Special Services Agreement from Aquatic Systems, Inc., for LAKEWATCH Water Sampling

Mr. Wrathell presented the consent agenda items for the Board’s consideration. He noted that Requisition Number 27 is for \$14,935.32, which is under budget, compared to the agreement. Mr. Wrathell advised that the map is still needed for the Special Services Agreement with Aquatic Systems, Inc., and will be incorporated into the agreement. Mr. Kloptosky advised that he has a copy of the newest map. Supervisor Davidson noted that the District could stipulate five (5) ponds without specifying them. Currently, the District plans to sample Lakes 43, 28, 4, 12 and 13.

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

SIXTH ORDER OF BUSINESS

STAFF REPORTS

A. District Engineer

Noting that the meeting and workshop dates were swapped this month, Mr. Wrathell indicated that the District Engineer’s work is still in progress. He recommended that the District Engineer’s report be presented at the upcoming workshop, later in the month.

B. Amenity Manager

There being nothing to report, the next item followed.

C. Field/Operations Manager

Mr. Kloptosky indicated that a City inspector inspected the kitchen and concluded that the grease trap in the Café kitchen is not compliant. In order to become compliant, cleaning and installation of pipe, on the inside, was needed. Mr. Kloptosky presented before and after pictures. He noted that the inspector originally wanted the tank replaced; however, he relented, once Mr. Kloptosky pointed out that the current tank was approved by the County and the facility has not been renovated since then. Mr. Kloptosky commended the Amenity Center staff for their work cleaning the tank and saving the District approximately \$600 to have a private company clean it. Regarding the compliance issue, Mr. Kloptosky explained that the work would eventually have needed to be completed, if the kitchen facility was ever renovated; therefore, he obtained quotes totaling approximately \$4,500 and the work necessary to become compliant was completed by S.E. Cline and the tree contractor.

Supervisor Chiodo asked if a regular cleaning schedule has been developed. Mr. Kloptosky replied affirmatively; a company will clean and maintain the tank on a quarterly basis. In response to a question, Mr. Kloptosky indicated that the problem with the tank was not cracking; rather, tree roots were intruding at the seams. S.E. Cline cleaned it and applied a sealer to the tank.

Mr. Kloptosky indicated that the benches and waste receptacles were installed along Waterside Parkway. Resident comments are generally positive, with requests for more. Mr. Vic Natiello, a resident, noted that the plastic garbage bags are visible. Mr. Kloptosky confirmed that the bag issue will be corrected. In response to a question, Mr. Kloptosky stated that two (2) benches were installed.

Mr. Kloptosky presented pictures of the two (2) storage sheds installed on Marlin Drive. He informed the Board that savings were realized, as a result of staff performing certain work, rather than hiring a contractor. Mr. Kloptosky confirmed that the offsite rented storage facility was closed, as of July, saving approximately \$1,400 per year.

Mr. Natiello pointed out that a rarely used cooker is taking two (2) places in the parking lot and asked if it could be relocated out of the parking lot. Mr. Kloptosky replied affirmatively.

Ms. Layng asked Mr. Kloptosky if he is encouraging the Board to keep a budget line item for additional benches and waste receptacles. Mr. Kloptosky replied affirmatively, stating that the recent additions were well received and more could be added.

Mr. Kloptosky recalled the Board's approval of the AquaCal expenditure for The Village Center pool pumps, based on the estimate he provided, along with replacement of the concrete pad. The final proposal is approximately \$43,000, \$33,000 for the AquaCal units, etc., and \$10,000 for the new pad. Work should commence within the next week. He noted that the pool will be closed for about five (5) days and hopes to open the sidewall at the same time so the engineer can assess the problem in that area. In response to Supervisor Gaeta's question, Mr. Kloptosky confirmed that he will notify the residents regarding the pool closure, once the start date is determined.

- **Water/Irrigation Analysis**

Mr. Kloptosky indicated that he met with Ms. Leister and Austin Outdoors regarding the increase in water usage. Austin Outdoors inspected the community and found no leaks or defective meters. Mr. Kloptosky noted that every location with the new MP rotators showed a decrease in water usage and cost; they are working. Generally, reason for the increases in certain

locations cannot be determined. Mr. Kloptosky speculated that it is related to errors with the City or the meter reading. Supervisor Lawrence asked if the District could challenge those bills. Mr. Kloptosky stated that the analysis continues and a meeting with the City will be scheduled at a later time. Supervisor Chiodo recommended that the Board go on record, formally, notifying the City that the District believes there is an issue with the billing, particularly with the installation of new meters. Supervisor Davidson pointed out that the bills also contained \$30,000 in stormwater fees that should not have been charged. Mr. Kloptosky clarified that the amount is \$15,000.

Mr. Wrathell indicated that Management already contacted the City for the details of an odd transfer of \$10,000. He recalled the arrangement that everything east of Colbert should not be charged the stormwater fee and everything west of it is still charged.

Mr. Kloptosky indicated that he forwarded a letter to Management and the Board from a resident voicing their extreme dissatisfaction with the new Beneficial User Rights (BUR) and gate access device (GAD) policies. He feels that this is the beginning of a deluge of letters that will be received. Supervisor Davidson asked District Counsel to comment on the resident's objection and feeling that, since they paid their assessments, they should be able to have GADs. Mr. Kloptosky read the following excerpt from the letter:

"As the owner of the property noted above, I need uninhibited access to my property at all times for both safety reasons and to ensure that the tenant is compliant with all rules and regulations, under the terms of the lease. I, as a property owner in good standing, have the right to inspect my property at any time and, therefore, must have access to the gate at all times. I resent the fact that the receptionist was told to tell homeowners that they could call the main gate for entry. I pay all the taxes and Grand Haven assessments for amenities and feel this is an infringement on my rights as a property owner. You have no right to deprive me of access to my property or hinder it in any way. My holding on to the GAD does not in any way impact the three (3) concerns listed in your compliance review."

Mr. Clark stated that the Board previously discussed whether GADs are a right or a privilege and his opinion remains the same. He feels that the District has no obligation to provide a particular means of remote convenient access to people; it is a privilege that the District grants and can attach conditions to. Mr. Clark voiced his concern regarding the use of

the word “right” in the letter and the implication that there is a property right to bypass the guard portion of the gate. He feels that presumption is not accurate; this is a gated community that has certain public access obligations but those do not include the ability of anyone to bypass the guard, unless granted under conditions determined to be appropriate by the Board. Mr. Clark advised that he included recommended language for the rules, based on the feedback, to state that the District can condition the circumstances under which a GAD will be allowed. He stated that the property owner still has access to his property; however, he must now go through the guard.

Supervisor Davidson pointed out that the property owner can retain their GADs and use of the amenities; however, that means that the tenant’s GADs will be deactivated and lose the use of the amenities. He stressed one (1) or the other will be allowed the GADs and BURs. If the property owner wishes to keep his GAD and BUR, it is fine but the tenant will not be able to.

Mr. Ray Smith, a resident, commented that the Board will receive many letters and urged them to stand fast on its decision.

Mr. Kloptosky advised that he forwarded a letter to Management and District Counsel regarding an incident that occurred between 42 and 44 Shinnecock Drive. The letter is from an attorney and puts the District on notice of injuries and damages sustained by his client as the result of an incident on August 22, 2012 when she fell on the sidewalk between 42 and 44 Shinnecock Drive. The letter further states that their preliminary investigation indicates that the District shares in the responsibility for their client’s injuries and asks the District to refer the information to its insurance company, along with providing them with the insurance information.

D. District Counsel

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

Mr. Clark indicated that mediation is set for September 17 and, if there is a tentative agreement, another shaded meeting will be necessary at the September 20, 2012 meeting, to consider the proposal. He recommended recessing this meeting to September 20, rather than adjourning. In response to Mr. Wrathell’s question, Mr. Clark confirmed that Management should advertise the shaded meeting.

- **Rule Changes**

Mr. Clark advised that the proposed new language will be discussed during the public hearing portion of today’s meeting.

- **Cullis Agreement**

Mr. Clark recalled previous discussions regarding clarification of the portion of Mr. Cullis' property that falls within the District's boundaries and potential language to clarify that the property carries no entitlement to use the District's amenities. Mr. Cullis' attorney contacted Mr. Clark. Mr. Clark stated that he explained that the District wants to exclude that portion of Mr. Cullis' property from the District. Mr. Cullis' attorney initially felt that excluding it is too difficult; however, Mr. Clark explained to him that it can be completed at the City level. Supervisor Davidson reported on his presentation to the City Council regarding removal of the property. Mr. Clark indicated that the first step is for the District to adopt a resolution authorizing filing of a petition with the City.

Mr. Clark presented Resolution 2012-16 for the Board's consideration. He described the contents of the resolution and exhibits. Exhibit B will state "Parcel ID Number 17-11-31-0000-01030-0000" and noted that a legal description will be provided. Mr. Clark asked Mr. Cullis to have his surveyor prepare a legal description for the eliminated property, which will be attached.

Mr. Clark recommended that the Board approve Resolution 2012-16, for the purpose of moving forward with this action.

For the benefit of the public, Supervisor Davidson explained the purpose and necessity of this action. He advised that he will attend the September 18 City Council meeting, which is the second reading of the ordinance.

On MOTION by Supervisor Davidson and seconded by Supervisor Gaeta, with all in favor, Resolution 2012-16, Authorizing Filing of a Petition with the City of Palm Coast, Florida to Modify Boundaries of Grand Haven Community Development District, subject to the addition of Exhibit B, was adopted.

E. District Manager

- **Next Community Workshop/Regular Meeting**
 - **COMMUNITY WORKSHOP**
 - **October 4, 2012, at 10:00 A.M.**

Mr. Wrathell clarified that the next workshop is September 20, 2012 and, as discussed earlier, today's meeting will be continued to the same date, commencing just prior to the

workshop. Mr. Clark recommended advertising 9:00 a.m., as the start time for the shaded meeting.

A workshop is also scheduled for October 4, 2012.

- **BOARD OF SUPERVISORS MEETING**
 - **October 18, 2012 at 9:30:00 A.M.**

The next meeting is scheduled for October 18, 2012.

*****The meeting recessed at 4:22 p.m.*****

*****The meeting reconvened at 4:30 p.m.*****

SEVENTH ORDER OF BUSINESS

BUSINESS ITEMS

A. “Keeping Grand Haven Grand” Implementation

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

Supervisor Davidson recalled the Board’s agreement to proceed and implement the BUR Policy and asked the Board to take formal action.

On MOTION by Supervisor Davidson and seconded by Supervisor Lawrence, with all in favor, the Beneficial User Rights Policy and implementation, was approved.

- **Authorize Deactivation of Mass-Enabled GADs**
- **Authorize BUR Compliance Review**
- **Authorize Transmission of Letters to Realtors and FCAR**

Supervisor Davidson presented draft letters for the Board’s consideration.

On MOTION by Supervisor Davidson and seconded by Supervisor Lawrence, with all in favor, Transmission of Letters to Realtors, was approved.

On MOTION by Supervisor Davidson and seconded by Supervisor Gaeta, with all in favor, Transmission of Letters to Flagler County Association of Realtors, was approved.

- **Proposed Timeline**

This item was not discussed.

- **Miscellaneous Registration Forms**

Supervisor Davidson reviewed documents related to the resident information packet. He discussed the reluctance of some to sign a waiver of liability and recommended changing it to an acknowledgement of liability.

Mr. Clark stated that the waiver and release language was removed for that very reason; the Board was concerned about people not signing it. He reiterated that the District cannot prohibit usage for those that refuse to sign a waiver. He noted that the rules address using the facilities at one's own risk; therefore, the District could determine that, by signing an acknowledgement that they read the rules and agreed to abide by them, that they have acknowledged liability. Mr. Clark liked changing the title but felt some will still not sign. In response to Supervisor Davidson's question, Mr. Clark stated that he does not feel that the District can condition the use of the facilities on signing a contract to accept liability.

Supervisor Davidson reviewed rental and lease documents from various organizations. He discussed designing the new database to compare and contrast the City, Property Appraiser and the CDD's data regarding property owners and residents.

- **Proposed Budget Additions**

- **I.T. Infrastructure Reinvestment (ITIR) for Safety and Security**

- ✓ **Authorize \$5,064.68 Credit from Series 2008 Bonds to ITIR Line Item**

- ✓ **Authorize Chair to Execute ITIR Agreements, *To Be Dated 10/1/2012***

- **Project Scope: Data Solution Phases**

- **Detailed Data Solutions Estimated Costs**

- **DVR Upgrade Proposal**

******These items were presented out of order.******

Supervisor Davison explained the current equipment, the CDD and Door King databases, and the inability of the systems to interact. He detailed reconfiguring the systems and upgrading to allow interaction. Supervisor Davidson described the smart amenity access cards (SMAAC) system, which would enable the District to monitor amenity access and usage. He concluded that all can be accomplished with a small \$26.50 investment, per door front. He explained the

need to upgrade the DVRs, as the video from the cameras is not clear, and the integration of the software with the other systems making the video more useful. The DVR upgrades amount to an additional \$5.26 per lot. Supervisor Davidson summarized that the data solutions, system upgrades and integration, hardware and software, SMMAC system with cards, etc., totals approximately \$31.76 per property.

Supervisor Lawrence stated that he supports the Board's direction but has major reservations regarding the \$50,000 quote, such as \$19,500 for labor, which he finds excessive. Supervisor Lawrence proposed holding a conference call with Mr. Tony Gaeta, of Dolphin Technical Solutions, to ask questions. He reiterated his opinion that the quote seems out of line, monetarily.

Supervisor Davidson indicated that the Board has the full breakdown. He explained that this is a complicated process and the District needs a firm that can complete all phases of work. Supervisor Davidson stated that the District interviewed various companies but could not find one that could address all aspects, with the exception of Dolphin Technical Solutions. To that end, Supervisor Davidson recommended that the District single-source its technology-related work to Dolphin Technical Solutions.

Supervisor Lawrence voiced his understanding but reiterated his opinion that the District should not rush to justice; currently, he is not comfortable and he wants to be, before spending the District's money. Supervisor Lawrence wants answers to certain questions, prior to giving his support.

Supervisor Pollinger stated that he has no problem with placing the proposal in the budget; however, he is not fully comfortable with it.

Mr. Clark explained that, as part of the budget discussions, the Board is considering including a line item for these costs but it is not approving the expenditure, at this time. They are not considering any proposal or committing to award a contract, at all. Mr. Clark stated that, as it relates to the budget process, the Board is not authorizing the work to move forward or selection of a contractor; they are discussing a concept.

Supervisor Lawrence confirmed his understanding and stated that his concerns relate to an agenda item geared at authorizing the Chair to execute the agreements.

B. Fiscal Year 2013 Proposed Budget

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

Mr. Wrathell indicated that the major items still under discussion are related to infrastructure reinvestment. The community is maturing and a lot of the infrastructure is aging and must be repaired or replaced. He noted that the Board previously considered CIP items on a must do and want to do basis and concluded that the District's available cash will only allow for the must do items.

Mr. Wrathell explained that Fiscal Year 2013 commences on October 1, 2012 and ends on September 30, 2013. He referred to the proposed assessment summary, on Page 19, located behind Tab A, explained the various assessment categories and indicated that the assessment increase for Fiscal Year 2013, as compared to Fiscal Year 2012, is \$77.97 per unit, with the golf course Escalante, LLC portion decreasing by \$305. Mr. Wrathell detailed how the proposed budget calls for using a small portion of the debt service funds this year to reduce everyone's debt assessment by \$32.56, which helps offset the increases in the admin and field ops and infrastructure reinvestment categories, to arrive at the \$77.97 figure. Mr. Wrathell noted that, unfortunately, the District does not have the ability to apply the excess cash to benefit the approximately 36 property owners who already paid their debt in full; those property owners' assessments will increase by the full amount.

Mr. Wrathell indicated that the Board has the ability and discretion, based on public input, to revise or adjust the budget. He noted that the assessment information is due to the County by September 15.

Mr. Wrathell referred to revenues, on Page 2, and explained the District's revenue sources. He recalled the notice recently sent to property owners regarding the proposed assessment increase and pointed out that the amount listed in the letter contained a 2% cushion above what is proposed, in anticipation of any adjustments prior to adoption.

Mr. Wrathell referred to the expenditures, on Pages 2 through 5, and noted that they are typical. Pages 7 through 14 contain detailed descriptions of all expense items. Mr. Wrathell provided a detailed, line-by-line explanation of the District's expenditures. He highlighted the addition of a \$50,505 renewal and replacement line item, on Page 2, to address the District's infrastructure reinvestment needs.

Regarding the infrastructure reinvestment expenditure line items, on Pages 4 and 5, Mr. Wrathell explained that the items and figures highlighted in yellow have not been finalized; they are still under consideration, by the Board.

Mr. Wrathell referred to the amount highlighted in blue, on Page 6, and explained that, due to unforeseen projects, the District projects are over budget for Fiscal Year 2012 by \$182,083. For Fiscal Year 2013, the District plans to repay the 2012 over expenditure, using part of its infrastructure and reinvestment funds. He explained that, for Fiscal Year 2013, the District anticipates infrastructure reinvestment revenues of \$474,000; however, of that, 161,044 will be used to repay the Fiscal Year 2012 over expenditures. This leaves the District with only \$313,982 to spend on infrastructure reinvestment in Fiscal Year 2013.

Mr. Wrathell discussed the ending fund balance breakdown, noting that \$500,000 is committed to disaster recovery and \$150,000 is committed to roads. The assigned fund balance figures are \$659,362 for three (3) months working capital and \$150,000 for litigation. The unassigned fund balance amount is \$216,345.

Mr. Wrathell reviewed the debt service fund budgets and amortization schedules, related to the District's Series 2004A and 2008 bonds, on Pages 15 through 18, noting the associated revenues and expenditures. Mr. Wrathell noted that, on Page 17, the interest expense – November 1, 2012 line item, at the bottom of the page, should read 2013, rather than 2012.

Suspecting that the public comments today will be related to the infrastructure reinvestment items, Mr. Wrathell reminded the Board that, if they cannot make a decision on every item today, the budget does not require them to decide. The Board could agree to some and the remaining funds can be used throughout the fiscal year, at the Board's discretion, by creating a general category.

- **Review of 2013 Capital Plan**
 - **Proposed Budget Additions**
 - **I.T. Infrastructure Reinvestment (ITIR) for Safety and Security**
 - ✓ **Authorize \$5,064.68 Credit from Series 2008 Bonds to ITIR Line Item**
 - ✓ **Authorize Chair to Execute ITIR Agreements, *To Be Dated 10/1/2012***
 - **Project Scope: Data Solution Phases**
 - **Detailed Data Solutions Estimated Costs**
 - **DVR Upgrade Proposal**
 - **LRRP 2013 Proposed Budget, Detail**

✓ **Duties, Responsibilities and Benefits of the Horticultural Consultant**

These items were discussed elsewhere during the meeting.

- **Unaudited Financial Statements as of July 31, 2012 (for informational purposes)**

This item was not addressed.

EIGHTH ORDER OF BUSINESS

OPEN ITEMS

This item was not discussed.

NINTH ORDER OF BUSINESS

SUPERVISORS' REQUESTS

This item was not discussed.

TENTH ORDER OF BUSINESS

Affidavits of Publication for September 6, 2012 Regular Meeting and Public Hearings

The affidavits of publication for today's regular meeting and public hearings were located behind Tab 10.

ELEVENTH ORDER OF BUSINESS

Public Hearing to Consider Resolution 2012-13, Relating to the Annual Appropriations and Adopting the Budget for the Fiscal Year Beginning October 1, 2012 and Ending September 30, 2013, Pursuant to Florida Law

*****Mr. Wrathell opened the Public Hearing.*****

Ms. Sara Lockhart, a resident, voiced her support for the infrastructure reinvestment program, specifically, the IT portion for SMAACs and GADs. She feels it is very important and the time is right. She supports keeping all of the IT contracts under one (1) contract to maintain continuity.

Mr. Otto Bohmueller, a resident, noted that, previously, there were 1,901 properties but now the number is 1,899 and asked what happened to the two (2) properties. Mr. Wrathell stated that, a few months ago, Mr. Cullis paid off the debt owed on two (2) properties that he could not develop and the District entered into an agreement with him to only build four (4) units, rather

than six (6). The agreement allows for collection of assessments, including back assessments, should Mr. Cullis build six (6) units. This process resulted in the total number of units decreasing by two (2).

Mr. Bohmueller referred to the water services line item, on Page 2, noting that the Fiscal Year 2012 budget amount was \$78,000 and, only \$35,000 was spent during the first half of the fiscal year, with an additional \$72,000 projected through the end of the fiscal year, bringing the projected expenditure amount to \$108,049. He pointed out that \$109,000 is proposed for Fiscal Year 2013. Mr. Bohmueller questioned what caused the increase.

Mr. Wrathell advised that Management is still researching the increase and that the costs include some stormwater fees that probably should not have been charged to the District. Mr. Kloptosky is investigating potential issues with newly installed meters. Mr. Wrathell noted that, after adopting the Fiscal Year 2012 budget, the actual Fiscal Year 2011 expenditure was \$108,049, which is why the proposed budget anticipates \$109,000. Mr. Wrathell explained that the first half expenses for Fiscal Year 2012 often appear under budget; however, that generally relates to the timing and receipt of invoices for services.

In response to a question, Mr. Wrathell indicated that a number of the projected through September 30, 2012 figures include costs incurred after the March actuals or include anticipated costs, based on discussions with Mr. Kloptosky regarding anticipated expenditures.

Mr. Bohmueller referred to the amenity operations and maintenance and asked if AMG should give the District a credit for the time the tennis courts were closed. Mr. Kloptosky replied that AMG did not stop working while the tennis courts were closed; in fact, they worked on many items during that time, including painting the fences and streetlights, removing, cleaning and replacing windcreens; performing storm-related cleanup, at no additional cost to the District, as well as painting the Café and Grand Haven Room at no charge. Mr. Kloptosky noted that AMG incurred extra time and labor to clean the courts during the years that they were not functioning properly but did not charge extra for the additional labor.

Ms. Theresa McKeon, a resident, voiced her concern about the streetlights, noting that some are virtually useless, due to overgrown trees. She recommended that the District coordinate with homeowners to have the trees trimmed, around the streetlights that the District is maintaining. Ms. McKeon referred to the gate house line item and noted that the gate houses are not in good shape. She recommended replacing the blinds, mat, door, painting and cleaning.

Mr. Kloptosky stated that the streetlight line item includes tree trimming in the common areas and all maintenance. He noted that the private property streetlights are the homeowner's responsibility so it must be discussed with the Master Association. Regarding guard house maintenance, the line item includes the building and gate equipment. Mr. Kloptosky advised that the guard houses are on a maintenance schedule and lack of staff prevents addressing them more frequently.

Mr. Joe Palermo, a resident, asked for an update on the City of Palm Coast stormwater rebate. Supervisor Lawrence indicated that the City agreed to rebate the District from 2004 forward; they did not agree to go back from 2001 to 2004. Supervisor Lawrence advised that the City is evaluating the current stormwater fee structure and he feels they may abolish the fees and institute a different funding mechanism, which would likely be a disadvantage to the District, as it has its own stormwater system. Generally, it is not good news.

Mr. Vincent Marmo, a resident, voiced his support for upgrading the technology and security system. He commended the Board for developing a responsible and efficient budget.

Mr. Chip Howden, a resident, asked if the budget contains the stormwater rebate. He noted that he attended the City Council meetings and the City Manager commented that this subject was addressed at a workshop; however, no one was interested. Mr. Howden recalled the City Council passing a motion to refund the fees as discussed by Supervisor Lawrence and included a statement that they would reevaluate the matter. Mr. Howden suggested District Counsel comment on whether the City can dismiss something in a workshop that was approved by motion in a meeting.

Mr. Smith referred to the infrastructure reinvestment budget. Regarding the overage in expenditures in this category for Fiscal Year 2012, he commended the Board for their decision to repay the overage from the Fiscal Year 2013 budget. He pointed out that, while doing so, the District is left with only \$313,982 for infrastructure reinvestment. In light of this, Mr. Smith recommended that the Board not commit to any specific project for Fiscal Year 2013 and establish a fund that can be spent on whatever is needed.

As part of the budget adoption, Mr. Wrathell recommended that the Board retain the ability to revise the expense items for infrastructure reinvestment purposes, as a result of further discussions during this meeting. Mr. Clark stated that the Board can adopt the budget and have the discretion, from meeting to meeting, to make amendments to line items and shift funds, if a project presents itself, for which there is no line item. In lieu of the infrastructure reinvestment

line items, on Pages 4 and 5, Mr. Wrathell recommended budgeting the entire \$313,982 to the general infrastructure replacement/repair line item. This will allow the Board to adopt the budget and prioritize and approve projects, throughout the year.

Supervisors Lawrence and Chiodo supported this approach. Supervisor Davidson stated that he is not opposed to this approach but would like the IT infrastructure reinvestment item included as a separate line item in this category. Supervisor Pollinger voiced his concern that the District will continue to face the unexpected; therefore, he prefers to adopt the budget without specific infrastructure reinvestment line items.

Ms. Layng voiced her concern that the District is not fully aware of who is living in Grand Haven and using the amenities. She acknowledged that unforeseen things will continue to occur but stressed that the District needs to get control of this issue, as it will only become worse. She implored the Board to include the safety and security item as a must do item. She asked that it not be lumped in with other things as an item that will be done when they get to it; she feels the community passed that line many months ago.

Ms. Pat Maloney, a resident, stated that she is concerned about the possibility of the project being pushed off; it has been needed for a long time. She feels that the District's estimate of the number of renters is not accurate. She discussed witnessing people who no longer live in the community using the amenities and other incidents occurring within the community.

Ms. Lisa Mrakovic, a resident, agreed that the safety and security matter should not be put off any longer; the District is behind in addressing it.

Mr. Natiello supported the previous comments. He noted that he works in the database management field and stated that the District's system is so woefully out of date that it is almost laughable. He questioned the reason for delaying this upgrade any longer. He suggested that those Board Members that continue to punt this issue will need to explain their reason soon. A single incident in the community could look very bad. Mr. Natiello reiterated his opinion that the District's database is not just slightly out of date; it is ridiculously out of date. Supervisor Gaeta pointed out that the District does not really have a database.

Mr. Marmo voiced his support for the IT system.

Mr. Ken Heritage, a resident, felt that property owners should put the expense into perspective; it amounts to a single dinner out.

Supervisor Davidson discussed the BUR policy and how it will impact usage of the amenities. He stated that the SMAAC system and IT upgrades are necessary to monitor and

enforce usage. Supervisor Davidson reiterated his position that the \$60,300 should be included as a specific budget item.

Supervisor Chiodo noted that this matter is a priority to many residents and that the Board recognizes the need for a database. He felt that the Board must commit itself to finding closure on this matter, as quickly as possible. He recommended that the Board make a decision at the next meeting, after having their questions answered.

Mr. Rob Carlton, a resident, stated that the GHMA Board supports this project. They feel it is long overdue. He noted the lack of knowledge of renters, etc. and that, if the District does not address it, more serious problems will occur, as time goes on. The cost per household is minimal.

Supervisor Gaeta voiced her opinion that there are far more unknown people in the community. She discussed the potential revenue, if even a small number of unauthorized users elect to purchase a \$2,500 per year pass. Supervisor Gaeta discussed the need for a database and the time savings it will effectuate in the future.

Mr. Wrathell reminded the Board that this item can be included as a line item; however, that inclusion does not commit the District to completing the project. Separate authorization to hire a contractor to perform the work would be necessary, at some point in the future.

Mr. Howden recommended approving the total infrastructure budget but recognizing the IT matter by specifying the \$61,000 expenditure.

Supervisor Lawrence suggested that the Board show its commitment to security by including in the infrastructure reinvestment category, \$61,000 for community access data solution and that a conference call with Mr. Gaeta be scheduled for the October meeting. He felt that the meeting should also include a discussion regarding how they will implement monitoring of those accessing the facilities, be it installation of gates versus inspection by a facilitator.

Supervisor Davidson recalled previous discussions and the decision to utilize fulltime scanning upon implementation, followed by random checks.

Supervisor Gaeta discussed the abilities of the IT technology in granting, limiting and monitoring access.

Supervisor Pollinger questioned if the budget sets aside enough for this project, along with the unforeseen items that may come forward. If the Board is confident that it has, then the item should be placed in the budget and the District can move forward.

Supervisor Davidson recalled the Board's prior approval to credit approximately \$5,000 remaining from the 2008 bond to this project, meaning, the District has \$66,000 that can be used for the project.

*****Mr. Wrathell closed the Public Hearing.*****

Mr. Wrathell presented Resolution 2012-13 for the Board's consideration.

Mr. Wrathell clarified that the \$5,000 that Supervisor Davidson spoke of is separate and distinct line item.

On MOTION by Supervisor Davidson and seconded by Supervisor Gaeta, with all in favor, Resolution 2012-13, Relating to the Annual Appropriations and Adopting the Budget for the Fiscal Year Beginning October 1, 2012 and Ending September 30, 2013, as amended to include the \$61,000 community access data solution line item, within the infrastructure reinvestment category, with the balance placed in the general infrastructure replacement/repair line item, was adopted.

TWELFTH ORDER OF BUSINESS

Public Hearing to Consider Resolution 2012-14, Imposing Special Assessments to Fund the District's Proposed Budget(s) for Fiscal Year 2012-2013; Certifying an Assessment Roll; Providing for the Collection and Enforcement of Special Assessments; Providing for Amendment of the Assessment Roll; Providing A Severability Clause; and Providing an Effective Date

Mr. Wrathell presented Resolution 2012-14 for the Board's consideration.

Mr. Wrathell asked Mr. Clark if the budget public hearing was sufficient or if it is necessary to open another public hearing to hear comment on the assessments. Mr. Clark advised that, since the assessment figures were addressed during the budget public hearing, it is not necessary to open a new public hearing.

On MOTION by Supervisor Davidson and seconded by Supervisor Pollinger, with all in favor, Resolution 2012-14, Imposing Special Assessments to Fund the District's Proposed Budget(s) for Fiscal Year 2012-2013; Certifying an Assessment Roll; Providing for the Collection and Enforcement of Special Assessments; Providing for Amendment of the Assessment Roll; Providing A Severability Clause; and Providing an Effective Date, was adopted.

THIRTEENTH ORDER OF BUSINESS

Public Hearing to Adopt Amendments to the Policies and Fees for All Amenity Facilities

- **Affidavits of Publication**
 - **Notice of Rule Development**
 - **Notice of Rule Making**

The affidavits of publication for today's amendment adoption public hearing were located behind Tab 13.

Mr. Clark recalled discussion at previous meetings regarding changes to the District's amenity facility rules. Many of the changes address the issues discussed today, including defining the amenities and who can use them. Mr. Clark recalled the matter of a small portion of Mr. Cullis' property falling within the District's boundaries but for which no assessments are paid. Should the City not agree to remove the property from the District's boundaries, this change ensures that the only people that can use the amenities are those that are being assessed and are paying for usage.

Mr. Clark recalled that the next changes relate to fishing in the ponds. The fishing policy was changed to clarify that the ponds are an amenity and, therefore, only those who are entitled to use the amenity facilities may fish in the ponds. Mr. Clark indicated that enforcement would follow the same procedures as for any other amenities.

Mr. Clark advised of additional changes to further define that a GAD is not a right associated with property ownership or membership; rather, it is subject to the policies established by the Board of Supervisors, from time to time. He noted that this clearly defines what has always been the District's understanding that it can regulate GADs and that no one is entitled to them. The changes further address renter GADs. Mr. Clark highlighted the recommended changes, in red, on Pages 3, 4 and 5, located behind Tab 6D.

*****Mr. Clark opened the Public Hearing.*****

Ms. McKeon questioned how the fishing policy will be enforced. Mr. Clark stated that the policy now gives the District a legal means to ask people to stop fishing. By defining the ponds as an amenity, the District can now regulate and enforce usage. Supervisor Davidson indicated that Staff will have the ability to ask people to leave.

A resident voiced her understanding that, once the BURs are given to a renter, the owner will no longer be able to have a GAD. She asked how the District would handle access for an owner, should there be a problem with their property. Supervisor Davidson explained that a property owner can access the community through the guard gate. This policy does not disallow an owner access; the owner simply loses the convenience of a GAD.

*****Mr. Clark closed the Public Hearing.*****

- **Consideration of Resolution 2012-15, Adopting Amendments to the Policies and Fees for All Amenity Facilities**

Mr. Clark presented Resolution 2012-15 for the Board's consideration. Noting that the agenda package contains only the first two (2) changes discussed, Mr. Clark provided a new version containing all changes.

On MOTION by Supervisor Lawrence and seconded by Supervisor Pollinger, with all in favor, Resolution 2012-15, Adopting Amendments to the Policies and Fees for All Amenity Facilities, was adopted.

FOURTEENTH ORDER OF BUSINESS

ADJOURNMENT

As previously discussed, the meeting recessed.

On MOTION by Supervisor Lawrence and seconded by Supervisor Davidson, with all in favor, the meeting recessed at 7:06 p.m., and was continued to September 20, 2012 at 9:00 a.m., with a shaded session to commence at 9:00 a.m., with the continued meeting commencing, thereafter.

Secretary/Assistant Secretary

Chair/Vice Chair