

**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, April 18, 2013 at 9:30 a.m.**, in the **Grand Haven Room, Grand Haven Village Center, 2001 Waterside Parkway, Palm Coast, Florida 32137.**

Present at the meeting were:

Dr. Stephen Davidson	Chair
Peter Chiodo	Vice Chair
Marie Gaeta	Assistant Secretary
Tom Lawrence	Assistant Secretary
Raymond Smith	Assistant Secretary

Also present were:

Craig Wrathell	District Manager
Scott Clark	District Counsel
Allen Skinner	District Engineer
Robert Ross	Amenity Management Group (AMG)
Howard McGaffney	Amenity Management Group (AMG)
Roy Deary	Amenity Management Group (AMG)
Barry Kloptosky	Field Operations Manager
Al Lo Monaco	Resident
Vic Natiello	Resident
Rob Carlton	Resident
David Alfin	Resident
Bob Hopkins	Resident
Ron Merlo	Resident
Frank Benham	Resident
Linda Struble	Resident
Bob and Carol Olsen	Residents
Janet and Rick Ward	Residents
Turner Lett	Resident
Gloria Schleith	Resident
J. James Lewis	Resident
Sam Halley	Resident
Tom Rodwick	Resident
Frank Kaveney	Resident
James Baldini	Resident
Bill Waters	Resident
Thomas and Janet Kelly	Residents

Marc Hitchins
Vincent Marmo
Ray Borer
Sharon Downes

Resident
Resident
Resident
Resident

FIRST ORDER OF BUSINESS

CALL TO ORDER/ROLL CALL

Mr. Wrathell called the meeting to order at 9:35 a.m., and noted, for the record, that all Supervisors were present, in person.

SECOND ORDER OF BUSINESS

PLEDGE OF ALLEGIANCE

All present recited the Pledge of Allegiance.

A moment of silence was observed in recognition of the Boston Marathon bombing.

THIRD ORDER OF BUSINESS

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

Ms. Jane Ward, a resident, stated that she has concerns regarding access to the cottages adjacent to the golf course. She believed that the parking lot is owned by the District and questioned if that makes it public access to the cottages. She was concerned about liability related to construction and other types of vehicles going through the parking lot. Ms. Ward stated that usage of a parking lot as the access way to homes seems ridiculous. She noted that construction vehicles present a liability and damage issues. Ms. Ward indicated that, at times, the parking lot is full, with cars parked on the road; adding additional vehicles creates a danger. She felt that the developer would have planned for access, when the cottages were planned.

Mr. Bob Olson, a resident, stated that he wants the District to tell Mr. Cullis that the property where the cottages are planned is not buildable; there is no road access to the property. He recalled comments at the last meeting about the parking lot being subject to public access. Mr. Olson understands access from a public road to a public parking lot but questioned where it states that access to private property must be given through a public parking lot.

Ms. Gloria Schleith, a resident, agreed with the previous comments about the parking lot matter. She stated that she has additional questions regarding Mr. Cullis. Ms. Schleith questioned why Mr. Cullis was given permission to use the Grand Haven logo on his sign for the

medical buildings. Supervisor Davidson indicated that Mr. Cullis owns the copyright to the logo.

Ms. Schleith asked about the parcel in Wild Oaks that was supposed to be given to Mr. Cullis for the medical building. Supervisor Davidson clarified that the parcel was actually a piece of property that Mr. Cullis owned; the District did not own it. Mr. Wrathell explained that the District had its boundaries amended to cut out the parcel to eliminate any arguments regarding whether that development had any rights to use District facilities. In response to a question from Ms. Schleith, Supervisor Davidson clarified that Mr. Cullis must call his new development Grand Living; he cannot use the name Grand Haven. Supervisor Davidson pointed out that the name of Mr. Cullis' company is Grand Haven Realty, which is what appears on the logo on the signage.

Mr. Sam Halley, a resident, noted that the cottages will not be subject to CDD assessments, while all other property owners must pay them. Supervisor Davidson stated that Mr. Halley's comment is not true. Mr. Halley questioned why the cottages cannot be accessed through the Villages condominiums, rather than through the parking lot. Mr. Halley voiced his opinion that Mr. Cullis beat the District out of \$30,000 when Creekside was redone.

Mr. Halley recalled giving Supervisor Davidson the bylaws, stating that it is illegal for Mr. Cullis to have a sales office in the District. Supervisor Davidson indicated that he checked into the matter and found that Mr. Cullis made a deal with the City of Palm Coast to allow him to use the building as a sales office for the next two (2) years. Mr. Halley asked to see the documents.

Ms. Janet Kelly, a resident, speaking on behalf of herself and her husband, Mr. Tom Kelly, reported an unusually large accumulation of sludge and debris in the east end of the pond at Lakeside. She presented photographs of the conditions on March 12, 2013. She visited the CDD office and requested that the problem be addressed. The pond was sprayed in the afternoon and the problem dissipated in three (3) days but reappeared a week later. She noted that the problem is getting worse and the smell is bad, even after four (4) spray treatments within the month.

Regarding the cottages, Supervisor Davidson indicated that when Mr. Cullis approached the Board, he had a conceptual plan; there is no real plan. District Counsel and Mr. Cullis had discussions.

Mr. Clark reported that Mr. Cullis must develop a plat and present it to the District because the conceptual drawing does not contain detail about traffic flow. He noted it proposes that the District assume Tract A, within his project; the District must decide if that is of interest. Mr. Cullis advised Mr. Clark that a plat is pending.

Regarding the concerns raised, Mr. Clark confirmed that the District is also concerned about liability and damage to CDD property. Those matters will be discussed with Mr. Cullis. Mr. Clark feels that the District has the right to ask questions about ingress and egress and explore alternatives; however, the District does not have authority to deny access or tell Mr. Cullis that his property is unbuildable. Mr. Clark pointed out that if the land is deemed unbuildable, there is a consequence to the District with regard to bonds; if he cannot develop it, the District cannot collect assessments and the difference will fall to the remaining property owners.

Supervisor Chiodo asked why surveyors are staking the property if a plat has not been developed. Mr. Clark stated that surveyors are necessary during the plat development process; the plat requires surveys.

Mr. Clark explained platted versus unplatted and what can be assessed. He indicated that the assessment methodology that was adopted at the beginning of the project calls for the District to levy bond and operation and maintenance (O&M) assessments against actual buildable property; buildable property is defined when plats are recorded. Mr. Clark stated that Mr. Cullis approached the District a few months ago to reduce the number of assessable units from six (6) to four (4). The District required Mr. Cullis to pay off the bond assessments for two (2) of those units. Subsequently, Mr. Cullis requested to only pay O&M assessments on the remaining four (4) units. The District agreed to adjust the O&M to four (4) on the condition that, if more than four (4) units are developed, the District will be paid for the additional units, plus back payments.

A resident asked how this property was sold. Mr. Clark indicated that it is a planned unit development; there is flexibility in the design and owners of the property can request changes. The City has land use authority; the CDD does not. Mr. Clark suggested that residents should notify the City of their concerns. The resident questioned how the sale of the property was approved, as there must be zoning issues because it is three (3) feet from the clubhouse building. The resident suggested that this was a dirty deal. Mr. Clark explained that the City does not

approve the sale of property; the approval process comes when a developer wants to build. Concerns about whether the property is buildable should be directed to the City.

Discussion ensued regarding the limits to the development area.

Mr. Wrathell indicated that the City Planning & Zoning Division contacted him regarding this matter and they were of the misconception of the CDD's involvement in improving the parcel. He corrected that misconception. Mr. Wrathell felt that residents should approach the City.

A Board Member asked for a vote to support residents and state that the CDD does not wish to allow access. Supervisor Davidson indicated that the Board cannot make that statement, as it is a public road and public parking lot. District Counsel will research the matter of whether the District must grant access through the public parking lot to private property.

Supervisor Davidson suggested that residents contact Mr. Ray Tyner, Senior Planner for the City of Palm Coast, who worked with the District on the contraction of its boundaries.

Noting that it is a public parking lot, a resident questioned if the District is liable, should something happen. Mr. Clark replied affirmatively. The resident felt that the District should not be placed in the position of having liability. Mr. Clark explained that any time someone uses the CDD's roads, there is added liability. The resident suggested that the District should demand that Mr. Cullis admit liability for anything that happens. Mr. Clark stated that the issue will be whether there is extraordinary liability because of the layout of the parking lot; the City has certain access standards related to access to developments. The City can apply those standards and may find that the parking lot does not provide adequate access, which is different from the District denying usage. Mr. Clark advised that the District could require indemnification or place reasonable conditions of use, if there are other options that could be considered.

Supervisor Davidson was advised of concerns that Escalante would turn the cottages into rental units in order to sell golf course memberships. He asked Mr. Rob Carlton, of the GHMA, to address this matter, in terms of the CC&Rs.

Mr. Carlton indicated that this concern surfaced awhile ago. Mr. Cullis informed Mr. Carlton that those units would be part of River Club and would abide by their CC&Rs, which means only two (2) rentals per year for a minimum time of at least 60 days. Mr. Cullis acknowledged that he would have liked to have weekend rentals but understands that he cannot. In response to questions, Mr. Carlton stated that the property could not be sublet.

Supervisor Davidson asked Mr. Kloptosky to comment on the algae problems.

Regarding the cottages conceptual plan, Mr. Kloptosky indicated that it is not the same as an approved plan. He noted that the conceptual plan contains two (2) proposed entrances, with gates, from the parking lot. Mr. Kloptosky reinforced that residents should express their concerns to the City.

Mr. Kloptosky reported that he met with residents of Pond 11 regarding issues since December. He discussed treatments that were performed as evidence to residents that the District is aware of the problem, is taking action and is not ignoring them. Mr. Kloptosky explained that, by law, the District is limited in the amount of chemicals it can place in the lake. He met with the aquatics contractor who stated that the lake has resistant algae, as well as the algae being moved by winds. Mr. Kloptosky indicated that residents suggested aerating the pond. He stated that oxygen levels in the pond are fine.

Mr. Vincent Marmo, a resident, suggested that the District install recycling receptacles in the amenity facilities and public areas.

▪ **District Engineer**

******This item, previously Item 5.B., was presented out of order.******

Mr. Skinner stated that Genesis is under contract to prepare drawings for the design remedy to the Sailfish Drive drainage problem. The near complete drawings were provided to Mr. Kloptosky for input. Mr. Skinner noted that the typical process includes the Board's review of the plans, followed by changes, based on those comments. Once the plan is accepted by the Board, Genesis would seek the necessary permits. Mr. Skinner asked that the Board provide their comments.

Mr. Skinner stated that numerous live oak trees must be removed in order to complete the project. Mr. Skinner indicated that live oaks could be planted; however, the District will soon encounter the same root problems. He discussed the Silva Cell system, which was suggested as a way to address live oak root issues; however, after researching the product, Genesis concluded that it is not applicable in this situation. Mr. Skinner noted that root barrier is another option, which can deter root growth; however, it only provides a temporary solution. Based on these findings, Mr. Skinner stated that Genesis does not recommend either of these solutions.

Mr. Skinner concluded that live oaks will be problematic. Genesis contacted Ms. Louise Leister, the CDD Horticulturalist, for her input. Ms. Leister concurred with Genesis' findings

that live oaks will become a problem. Mr. Skinner stated that Ms. Leister felt that the District could consider planting a different type of tree, such as cabbage palms or crape myrtles. He noted that this would solve the live oak problem but would change the appearance.

Supervisor Smith asked Mr. Carlton to comment regarding the architectural guidelines and whether the CDD must continue using live oak trees on residential streets. Mr. Carlton stated that it depends on the particular village and what was in that village's original documents. If the trees in question are street trees, Mr. Carlton voiced his belief that the Architectural Design Committee (ADC) must comment; the ADC understands that the trees must be removed but installing a different type of tree would affect the appearance. Mr. Carlton felt that "spot placement" of different types of trees will eventually change the appearance in Grand Haven.

Mr. Vic Natiello, a resident, contended that the issue of the trees is not a CDD problem.

Supervisor Smith felt that the street trees are a CDD matter because this issue is the beginning of the problems that will be seen throughout the District and the District is the party that must replace or rebuild the roads. He suggested coordinating with the GHMA and, if the guidelines do not allow an alternative type of tree, that fact should be addressed. Supervisor Smith pointed out that the District will spend hundreds of thousands of dollars to rebuild the roads, due to problems caused by live oak trees; he feels that is a ludicrous long-range plan.

Supervisor Lawrence questioned why the tree roots cannot be trimmed, rather than removing the entire tree. Mr. Skinner stated that trimming roots brings a high probability of killing the tree. Supervisor Lawrence asked to have Ms. Leister's input on the matter.

Mr. Skinner noted that live oak trees are more problematic in shallow drain areas, as they lose a lot of leaves, which clump and dam the water from draining.

Supervisor Davidson suggested discussing acceptable types of trees at the next workshop.

Noting that the Board cannot make decisions at workshops, Supervisor Lawrence recommended continuing this meeting to the workshop, so that a decision can be made.

Supervisor Davidson felt that there is no rush to judgment; the matter can be discussed at the workshop and considered at the next regular meeting.

Supervisor Lawrence asked that the Board obtain resident input regarding the tree types.

Mr. Carlton voiced his concern about the Board's direction, as it is not within the District's jurisdiction to determine what types of trees can be planted; he advised against opening the question to residents. Mr. Carlton acknowledged that live oaks are problematic and it will

get worse; however, he feels that the District must develop a plan to deal with the problems, as they arise. Mr. Carlton stressed that replacing the live oaks with another type of tree is not a good plan, nor is curtailing future live oak planting.

▪ **Escalante Pier**

• **Logan Diving and Salvage Inspection Report**

******This item, previously Item 5.D.iii., was presented out of order.******

Mr. Kloptosky indicated that a copy of the inspection report is included for the Board's information. He reported that SK Engineering will prepare a report, based on Logan Diving and Salvage's report, and present the findings to the Board at a future workshop or meeting. Mr. Kloptosky advised that he will not have estimates until the SK Engineering report is finalized.

Supervisor Davidson asked that cost estimates include the necessary cosmetic work, in addition to the other repairs.

▪ **Counteroffer to S. E. Cline**

******This item, previously Item 5.D.ii., was presented out of order.******

Regarding The Village Center north parking lot, Mr. Kloptosky recalled that the Board directed him to discuss a counteroffer with S.E. Cline Construction (Cline). He stated that Cline was initially resistant to change the amount because they wanted to make the repairs; the offer was a cost reduction, in addition to a three (3)-year warranty. Mr. Kloptosky pointed out that repairing specific areas will result in a "patch" appearance in the parking lot, which he finds unacceptable. He stressed that Cline is very resistant and will give no consideration to resurfacing the entire parking lot. Mr. Kloptosky felt that the Board has the option of accepting the \$3,000 cost reduction, with a three (3)-year warranty, or having Cline patch the problem areas. Mr. Kloptosky suggested to Cline that they offer \$5,000, with a four (4)-year warranty; however, he has not heard from Cline.

On MOTION by Supervisor Smith and seconded by Supervisor Lawrence, with all in favor, Mr. Kloptosky's counter-offer of \$5,000, with a four (4)-year warranty, to S.E. Cline Construction, to settle The Village Center parking lot issues, was approved.

******Mr. Skinner left the meeting.******

- **Amenity Manger**

****This item, previously Item 5.A., was presented out of order.****

Mr. Ross reported on the success of The Judy Macko Tennis Tournament held on April 13, 2013.

Mr. Ross stated that he met with the TAG regarding the new SAACs and upcoming checks. He indicated that there has been great resistance. Mr. Ross requests a meeting with the facilitators to inform them of the protocol and how to handle those without new SAACs.

Supervisor Davidson noted that this matter will be discussed later in the meeting. He stated that the CDD Office staff suggested that facilitators begin asking residents for their SAACs and, if they do not have it, the facilitator can provide information about obtaining one. The feeling is that this will encourage people to obtain their new SAACs, in anticipation of implementation of the new system in August.

A resident asked if residents will be expected to show their SAACs every time they enter the amenity facilities. Supervisor Davidson indicated that, beginning in August, every person entering the amenities must show their new SAAC. The resident asked what happens when a facilitator is not around. Supervisor Davidson stated that the cards can be scanned and it will show whether the person is authorized to use the facilities.

Mr. Ross indicated that a pool/picnic party will be held on Memorial Day, Monday, May 27, 2013.

Mr. Ross stated that the bocce court was resurfaced and leveled; players are happy with the improvements.

A resident commented that she has never seen the pool so clean.

FOURTH ORDER OF BUSINESS**CONSENT AGENDA ITEMS**

Mr. Wrathell presented the Consent Agenda Items for the Board's consideration.

A. Approval of Minutes

i. March 7, 2013 Community Workshop

ii. March 21, 2013 Regular Meeting

B. Approval of Unaudited Financial Statements as of March 31, 2013**C. Approval of Protocol for Nonresident Emergency Support Procedures**

Supervisor Davidson noted that an email was sent regarding two (2) minor changes to this document, which will be incorporated into the final version.

- D. Approval of Aquatic Systems, Inc., Automatic Renewal of Waterway Management Program**
- E. SAAC Base Scenario Decision Tree**

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

FIFTH ORDER OF BUSINESS

STAFF REPORTS

A. Amenity Manger

This item was presented earlier in the meeting.

B. District Engineer

This item was presented earlier in the meeting.

C. Field/Operations Manager

i. Sailfish Drive Drainage Plans

Mr. Kloptosky recalled previous discussion about having Austin Outdoor (Austin) remove leaves and water. He reported that Austin will do this on a case-by-case basis, at a cost of \$175 per occurrence. He finds the price reasonable.

Ms. Schleith asked if residents are responsible for that type of cleaning. Mr. Kloptosky stated that the language in the CC&Rs is unclear regarding forcing residents to clean curbs; the language does not enable the GHMA to issue fines.

Mr. Wrathell indicated that a motion is not necessary for this type of work; Mr. Kloptosky can authorize it, under his authority.

Mr. Kloptosky advised that Austin completed the work once and the area looks good.

Supervisor Davidson recalled that this approach is a temporary method to address the puddling and drainage issues on Sailfish Drive; after the rainy season commences, if the results are not acceptable, the previous plan of action will be reconsidered.

In response to a suggestion, Mr. Kloptosky confirmed that the conditions will be monitored and Austin will only perform the work when he directs them to.

ii. Counteroffer to S. E. Cline

This item was discussed earlier in the meeting.

iii. Escalante Pier**• Logan Diving and Salvage Inspection Report**

This item was discussed earlier in the meeting.

Regarding the suggestion of recycling containers, Mr. Kloptosky indicated that he will investigate the City of Palm Coast recycling program and evaluate the cost.

Mr. Kloptosky stated that The Village Center kitchen icemaker is broken. He obtained a proposal of approximately \$3,000 to replace it. O&M funds will be utilized.

Regarding the Wild Oaks manhole repairs, Mr. Kloptosky indicated that District Counsel completed the contract and it is ready for execution. Once signed, he will forward it to Cline and work can commence. The anticipated start date is unknown. In response to a question, Mr. Kloptosky confirmed that the contract is for work on the three (3) worst manholes. He recalled that time and materials are included in the contract, in the event additional compaction is required.

Mr. Kloptosky reported that he heard from the contractor regarding the pergola matter; the tentative start date is during the first week in May. Supervisor Davidson directed Mr. Kloptosky to send an eblast regarding the pending work.

Regarding the pool lifts, Mr. Kloptosky indicated that the contract was finalized, signed and sent to the contractor. The pool lifts were ordered and are expected to arrive in the next week or two (2). Installation should be completed within the next few weeks. Supervisor Gaeta asked if the pools must be closed during installation. Mr. Kloptosky must ask the contractor. Supervisor Gaeta stressed the need to notify the community, if the pools will be closed. He pointed out that permits are required; the contractor will apply for the permit on Monday but the permitting process, alone, could take several weeks.

Supervisor Davidson asked the status of the mailbox relocation permit and noted that, if the City continues to be difficult in the permitting process, even on the pool lifts, which are an ADA requirement, it gives the District's situation more clout.

Mr. Kloptosky indicated that Supervisor Lawrence met with several City Council Members.

Mr. Kloptosky reported that the permitting delay for the mailbox relocation created a problem for the contractor, who had limited time to complete the project; the contractor now has no idea when they can perform the work, as they are currently busy. The contractor had no problem with Mr. Kloptosky hiring another contractor. A proposal from another contractor is pending and, once received, Mr. Kloptosky will compare them.

Supervisor Lawrence indicated that he spoke with Mr. Bill McGuire regarding the issue. Mr. McGuire agreed that it should not be the way it is and he will work to make it better. Supervisor Lawrence noted that the City agreed to review its permit process.

In response to a question regarding the mailbox permit, Mr. Kloptosky noted that the contractor must apply for the permit; the District cannot.

Regarding the LAKEWATCH contract with Aquatic Systems, Mr. Kloptosky stated that it was stalled but finally received. Aquatic Systems agreed to all changes, except for Item 4, related to a hold harmless agreement. Mr. Clark did not recall receiving the contract. Mr. Kloptosky indicated that work can proceed, once District Counsel approves the contract.

Mr. Kloptosky reported that there have been electronic issues at the Wild Oaks and The Crossings entrance gates, involving the failure of the underground wiring. In that regard, a contractor installed new conduit and an electrician ran new wiring. Mr. Kloptosky is hopeful that this work will resolve the issues.

Mr. Kloptosky recalled the retaining wall issue at 37 Jasmine. He stated that another communication was received from the property owners, which was forwarded to Mr. Wrathell. Mr. Kloptosky indicated that he did not respond to it and asked for the Board's input.

Mr. Kloptosky advised that a contractor completed a chemical cleaning of the south entrance columns, near Sand Pine. The same process will be completed at the other entrance that has a vine issue.

Returning to the 37 Jasmine matter, Supervisor Davidson stated that it appears to be a request for the District to pay for improvements to the retaining wall, which were not approved by the District. He reiterated that the wall is not the resident's property. Supervisor Davidson recalled that the Board previously discussed removing the wall, if it begins to fall, at which time, the property owner could then build their own wall on their property.

Mr. Wrathell suggested mailing a letter to the property owners informing them that the Board plans to remove the wall.

Mr. Kloptosky did not recall the cost to remove the side retaining wall.

In response to Supervisor Davidson's question regarding the District's liability, Mr. Clark indicated that the District's position was that the wall did not previously pose a hazard; however, if the District continues to receive communications that it is in bad condition and could fall, the best solution may be to simply remove the wall.

Mr. Kloptosky pointed out that removal of the wall would create a situation where the bank will continue to erode, without stabilization. He questioned who is then responsible for stabilizing the bank.

Mr. Clark recalled asking if removal would affect the integrity of the structure and the answer was no. He recommended advising the property owners of the possibilities and moving forward with removing the wall.

Mr. Kloptosky discussed his long-term concerns. Supervisor Davidson asked Mr. Kloptosky for his recommendation. Mr. Kloptosky recommended that, after the wall is removed, the bank should be smoothed and a stabilization cloth should be installed. Supervisor Lawrence asked if a stabilization cloth will prevent erosion. Mr. Kloptosky explained how the cloth works to limit erosion.

In response to a question, Mr. Kloptosky agreed that the cost for this project should be within the scope of his discretion.

On MOTION by Supervisor Smith and seconded by Supervisor Lawrence, authorizing Mr. Kloptosky to proceed with removal of the retaining wall, on CDD property adjacent to 37 Jasmine, with District Counsel mailing a letter to the property owners outlining the District's plan, was approved.

Mr. Kloptosky reiterated the previously discussed action being taken to address the algae issues in Pond 11. Ms. Schleith voiced her opinion that the problems are not new, something must be done and that this is a forgotten area of the community. Mr. Kloptosky disagreed and stated that, chemically, the lake cannot be treated any more than it currently is being treated.

Supervisor Lawrence discussed the algae growth and treatment processes. He confirmed that the problem exists in ponds throughout the community.

Numerous residents voiced their displeasure with the conditions in Pond 11. Supervisor Davidson reiterated that the ponds are being treated as much as allowed, by law. Supervisor Lawrence suggested investigating the installation of an aeration system in Pond 11. Mr. Kloptosky reminded Supervisor Lawrence that he previously discussed this; there are no issues with the oxygen levels in the pond, which would typically require aeration. Regardless of the oxygen levels, Supervisor Lawrence asked if an aeration system would help reduce the algae in the pond. Mr. Kloptosky posed that question and the answer was that there is no guarantee that aeration will improve the conditions.

Supervisor Davidson recalled the District's work with a university expert, several years ago, to investigate ways to manage the ponds. He noted that Hidden Lake had an aeration system, yet the algae were still very thick. Supervisor Davidson indicated that the results of the study are available on the District website. Fertilizers are leading to algae growth. Supervisor Davidson discussed environmental factors that limit management of the algae and pointed out that new developments are no longer allowed to build huge detention ponds; every house must hold its own water within its lot.

Ms. Kelly asked about the District's long-term plans for the ponds, such as if they could be filled in. Supervisor Davidson confirmed that the District cannot fill in the lakes. Ms. Kelly asked if the District can spray the bugs. Supervisor Davidson indicated that the District will take the bug and smell issues under advisement. Supervisor Smith offered to serve on a neighborhood committee of concerned residents. Ms. Kelly preferred that, prior to forming a committee, the District first try aerating and skimming the ponds.

Regarding the reregistration process, Mr. Kloptosky indicated that all of the villages have been called. As of yesterday, 49% have responded.

Mr. Kloptosky recalled that he worked with Mr. Tony Gaeta, of Dolphin Technical Solutions (Dolphin), regarding the Bright House service and camera issues at the main gate. He indicated that the cameras are not running on real time, as they are on DSL service. Bright House was previously unwilling to run a line to the main gate but is now willing to do so for \$400. The monthly cost would increase from \$80 to \$130 per month; however, this upgrade would increase the service of the cameras. The Board agreed to the upgraded service.

Mr. Kloptosky recalled that the Board approved installation of a sign at the end of River Trail indicating that it is a dead end or has no outlet. Mr. Clark stated that he received Mr.

Kloptosky's email and replied back to him with a link to the Florida Department of Transportation (FDOT) sign manual. Mr. Kloptosky indicated that he did not receive the email. Mr. Clark felt that a "No Outlet" sign would be most appropriate. Discussion ensued regarding where to locate the sign.

Mr. Kloptosky stated that there is an issue with residents parking on the District's common property, along Front Street. The residents were asked to stop parking there numerous times. The sheriff cannot ticket because the vehicles are parked on CDD property; towing them is the only option. Mr. Clark indicated that the District can tow vehicles; however, signage is required.

Supervisor Davidson recalled discussion about sending letters to those residents. Mr. Kloptosky indicated that letters were not mailed yet, as he was awaiting District Counsel's comments.

Supervisor Smith asked if a mailed notice is sufficient, in lieu of the required signage.

Mr. Clark indicated that there is a provision that personal notice can take the place of signage but it does not define whether personal notice is via a letter or in person. Mr. Clark noted that if the statute is applied incorrectly, the party can incur attorney's fees. He discussed other communities with street parking rules and how those rules are monitored and enforced.

Mr. Kloptosky pointed out that it is not always residents who are parking in the common areas.

Mr. Wrathell felt that signage is the best approach.

Regarding signage, Mr. Clark indicated that the District must engage a towing company because the signage must include the towing company's information. He advised that the towing company generally has signage; the District would enter into a contract with the towing company, who will then post the signs.

Mr. Kloptosky had nothing to report regarding Chinier Street; St. Johns River Water Management District (SJRWMD) has not sent their official decision letter to the District. Mr. Kloptosky recalled Board Member questions regarding a correlation between the vine removal work and the Firewise Program. He researched the matter and found that the link was discussed during previous budget discussions and during a Firewise presentation.

Ms. Sharon Downes, a resident, indicated that the issue she mentioned, at the last meeting, with the guard allowing visitors to enter at the same time that residents are entering, seems to be resolved.

*****The meeting recessed at 12:03 p.m.*****

*****The meeting reconvened at 12:09 p.m.*****

D. District Counsel

Referring to the aquatics contract previously discussed by Mr. Kloptosky, Mr. Clark indicated that the contract contains the statement “We agree to hold ASI harmless for the consequences of such services not arising out of ASI’s sole negligence.” Mr. Clark explained that his objection to the statement is that it means if ASI were 99% negligent and the District was 1% negligent, the District could not hold ASI responsible for any negligence. He stated that he struck the comment but ASI continues to include it. Mr. Clark stated that the District could attempt a different approach, such as “the District will hold ASI harmless for something that arises from the District’s negligence”. He will work with Mr. Kloptosky on this matter but confirmed that he cannot approve the contract with the given statement.

Discussion ensued regarding whether other contracts contain the same language. Mr. Clark acknowledged that they might but suggested that the District consider it, going forward.

Mr. Wrathell pointed out that the contract to which Mr. Clark is referring was Consent Agenda Item 4.D., which was approved earlier in the meeting.

On MOTION by Supervisor Lawrence and seconded by Supervisor Chiodo, with all in favor, holding execution of the previously approved Consent Agenda Item D, Aquatic Systems, Inc., Automatic Renewal of Waterway Management Program contract, subject to District Counsel’s approval of the contract language, was approved.

Mr. Wrathell stated that the contract will not be executed until District Counsel presents a revised contract, at a future meeting.

i. Marlin Drive Letter

Mr. Clark presented the letter he received from the City of Palm Coast regarding the work performed on Marlin Drive.

ii. Pier Adjacent to Golf Club

Mr. Clark indicated that there was no change in status regarding acquiring title to the pier.

iii. Waterside Parkway Ownership

Mr. Clark indicated that a letter was sent to the City; however, to date, no response has been received.

iv. Trespass on District Property

******This item, previously Item 5.D.v., was discussed out of order.******

Mr. Clark advised that the sheriff expressed concerns about the District's trespass process. The sheriff wants a resolution listing the names of authorized persons who can instruct deputies to issue trespass notices for District property. Mr. Clark noted difficulties in providing a name-specific list. He suggested naming the District Manager and Mr. Kloptosky, with Mr. Kloptosky periodically providing the sheriff with a list of names of the authorized persons.

Supervisor Gaeta suggested providing a flowchart of the positions.

Supervisor Davidson felt that every facilitator should be authorized to issue a trespass notice, to avoid the need for staff to locate another staff member during a situation.

Regarding leeway with regard to showing SAACs upon request, Supervisor Davidson wondered about offering unauthorized users, who are day guests, the opportunity to purchase a day pass, or offering those who are neither residents or guests the opportunity to purchase a \$2,500 annual membership. If the person refuses these options, staff could issue the trespass notice.

Mr. Clark felt that this is a valid option.

Supervisor Gaeta felt that the annual membership option creates other problems related to GADs, etc.

Supervisor Lawrence voiced his opinion that few would be interested in the annual membership and pointed out that the option has been offered for years and there has been only one (1) purchaser, who was a former resident.

Supervisor Smith was agreeable to only mentioning that memberships could be purchased but not giving a full sales pitch.

Regarding checking SAACs of known residents, Supervisor Davidson stated that the resident should be told that all SAACs are being checked, whether the person is known or not, as

the person may have sold their home recently. Staff is obligated to check SAACs to determine if the person is an authorized amenity user.

The Board asked Mr. Ross to draft a script for his staff's use, during the checking process.

Regarding the sheriff's request for a resolution and list, Mr. Clark recommended adopting a resolution listing the District Manager, Field/Operations Manager and Board Members. He noted that the current rules authorize the Field/Operations Manager, District Manager and the on duty Supervisor of the Amenity Facilities Staff to expel and issue trespass notices; if the Board wants to include amenity staff, the rule must be amended. Mr. Clark will draft a resolution for the Board's review and include the necessary change to the upcoming rule changes.

v. Rule Amendments

******This item, previously Item 5.D.iv., was discussed out of order.******

Mr. Clark presented the proposed rule amendments, a discussed at the previous meeting, for the Board's consideration.

Supervisor Lawrence stated that he is comfortable with the changes, as presented.

On Page 27, Item 8., Line 2, the Board agreed to remove "piggybacking of vehicles," and insert "motorized" after "small" on Line 4.

Mr. Clark indicated that the rules public hearing could be held at the June meeting.

On MOTION by Supervisor Lawrence and seconded by Supervisor Gaeta, with all in favor, authorizing Staff to advertise Notice of Rule Development and Rule Making public hearing for the June Board of Supervisors meeting, was approved.

The Board discussed launching the SAAC checking procedure soft rollout on May 1, followed by the hard opening in August. Discussion ensued regarding notifying residents via signs, website posts and mail.

E. District Manager

i. Upcoming Community Workshop/Regular Meeting

o COMMUNITY WORKSHOP

- May 2, 2013, at 10:00 A.M.**

The next workshop is scheduled for May 2, 2013 at 10:00 a.m.

- **BOARD OF SUPERVISORS MEETING**
 - **May 16, 2013 at 9:30 A.M.**

The next meeting is scheduled for May 16, 2013 at 9:30 a.m.

Mr. Wrathell recalled previous discussions regarding the state unemployment tax issue that went back to the former management company, Rizzetta. He stated that, after further research, Management discovered that Rizzetta revised the agreement with ADP, which spells out that, if any interest or penalties are charged by the Department of Revenue, ADP would be responsible. Given this new information, Management will submit the information to ADP notifying notify them that the District expects ADP to resolve the problem. Mr. Wrathell felt that, if ADP does not resolve the issue, the District has recourse against ADP.

SIXTH ORDER OF BUSINESS

BUSINESS ITEMS

A. Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2012, Prepared by Grau & Associates [CW]

Mr. Wrathell presented the Fiscal Year 2012 audit. He reviewed the financial highlights on Page 2, stating that the District's assets exceeded liabilities by \$22,133,000. He indicated that there was a decrease in total net assets, primarily the result of depreciation of physical assets. The District's ending fund balance decreased by \$177,361, compared to the previous year, because general fund expenditures exceeded budget. Mr. Wrathell pointed out, on the bottom of Page 4, a notation that the District amended its General Fund Budget because both revenues and expenditures were over budget. Page 5 stated that the original amount of capital assets exceeded \$40 million but has depreciated by \$16.9 million, over the years, resulting in the total assets value of \$23,928,000.

In response to Supervisor Smith's question, Mr. Wrathell indicated that the \$16.9 million in depreciation is from the time the bonds were issued. He noted that the clock usually starts when the capital project is deemed completed. Mr. Wrathell explained how depreciation is calculated. He noted that many infrastructure items, through regular maintenance and repairs, outlive the anticipated life spans. Mr. Wrathell stated that, as the District performs major capital improvement work, it will be added to the Capital Assets Schedule.

Mr. Wrathell reviewed the Balance Sheet, on Page 8. Mr. Clark recalled that the Litigation amount, under Assigned to, was disbursed at the end of the fiscal year. Mr. Wrathell stated that the check may not have been cut by September 30, 2012; he will research to determine when the amount was paid. Supervisor Smith pointed out that the payment occurred while he was on the Board and he was not elected until November.

Regarding the Unaudited Financial Statements as of March 31, 2013, Supervisor Davidson recalled that the Board discussed changing the way the Litigation item appears, in order to mask it to avoid tempting others.

Regarding the Litigation line item, Mr. Wrathell reiterated that he must check into when it was paid.

Returning to the audit, Mr. Wrathell indicated that Page 10 reflects changes in the fund balances. The District had an over-expenditure of \$166,145 in the General Fund but the Debt Service fund had extra cash. The Capital Projects Fund monies were expended. The \$161,000 included in the Fiscal Year 2013 budget will replenish most of the Fiscal Year 2012 over-expenditure. Page 15 contains the capital assets schedule and explains the usable life. Note 4, on Pages 17 and 18, discusses the District's deposits and investments. The District's long-term liabilities, such as the outstanding bonds, are identified in Note 7, on Page 19. Page 20 references the R.A. Scott settlement.

Mr. Wrathell indicated that Page 21 reflects the District's actuals versus its budgeted amounts.

Mr. Wrathell referred to the Report on Internal Control Over Financial Reporting and On Compliance and Other Matters, on Page 21, indicating that the auditor did not identify any deficiencies in internal control over financial reporting considered to be material weaknesses and there were no instances of noncompliance required to be reported. Mr. Wrathell stated that no current or prior year findings were identified in the Management Letter, on Page 24. He concluded that the District had adequate reserves to pay the expenditure overage; therefore, the District did not have a deteriorating financial condition. Mr. Wrathell stated that the District received a clean audit.

i. Consideration of Resolution 2013-5, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2012

Mr. Wrathell presented Resolution 2013-5 for the Board's consideration.

On MOTION by Supervisor Chiodo and seconded by Supervisor Lawrence, with all in favor, Resolution 2013-5, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2012, was adopted.

B. Discussion: Game Plan for Implementation of SAACs and Deactivation of GADs [BOS] (to be provided under separate cover)

Supervisor Davidson distributed the “Game Plan” draft. The Board agreed to begin the soft rollout in May, followed by the hard opening on August 1. Supervisor Davidson indicated that residents will be asked for SAACs during the soft opening and encouraged to obtain their new SAACs, if they have not done so.

Supervisor Davidson suggested considering closing various amenity access points, once the hard opening commences. He asked Mr. McGaffney to make suggestions of which access points should be closed.

Mr. McGaffney felt that this process will involve conflict management 100% of the time.

Supervisor Davison reviewed the “Players”, which now includes Dolphin Technical Solutions, main gate guards, facilitators, auxiliary facilitators, undersheriff and the sheriff’s community service officer.

Under “Public Information”, Supervisor Davidson noted the addition of email e-blasts and posts to CDD, GHMA and AMG websites. Discussion ensued regarding notification via the Oak Tree, paper copies, presentations to various groups, signage throughout the community and at all gates.

Supervisor Davidson discussed deactivation of GADs, as it relates to the reregistration process.

Mr. McGaffney asked if the District has or will have an official policy that staff can refer to once the new procedures begin in August. Supervisor Lawrence asked Mr. Clark if the District’s current rules clearly state that failure to show the new SAAC can result in expulsion from the amenity facilities.

Mr. Clark indicated that the draft rules contain new language stating that a condition of using the facilities is compliance with the registration and control access policies established by the Board of Supervisors. Regarding expulsion, Mr. Clark pointed out Item 9, in the violations list, which states that failure to comply is grounds for expulsion. He noted that the current rules

contain a written notice provision and recommended removal of the word “written”, in which case, verbal notice, at the time, serves as notice.

Mr. McGaffney questioned what staff should do in certain situations, such as when an entire family is visiting and cannot register at the CDD office because it is closed for the weekend. Supervisor Davidson indicated that these situations are a reason why the District is having a soft rollout; residents will become informed.

Supervisor Gaeta voiced her opinion that a three (3)-month soft opening is too long.

Discussion continued regarding the process.

Mr. McGaffney reiterated his concerns about the process of expelling those that do not present the required SAAC, once the hard opening commences in August. He asked for assurance that AMG staff will have the Board’s full support, when they are forced to involve the sheriff to have someone removed.

The Board voiced their full support.

Supervisor Lawrence suggested that Mr. McGaffney compile a list of his understanding of the Board’s position and the procedure, along with his issues or concerns. Mr. McGaffney voiced his opposition to staff being asked to “throw people out”.

Supervisor Smith recalled discussion at the workshop about a SAAC not being required to enter the café. Mr. Clark indicated that the rules define The Village Center as an amenity and recommended that, if the District will allow persons without a new SAAC to utilize the café, the rules should be changed to either identify the specific amenities or list the café as an exemption.

Supervisor Lawrence indicated that the café has always been open to anyone. He noted a question of where the café actually ends, as there are tables outside. Supervisor Davidson suggested exempting the SAAC requirement for “patrons of The Village Café not using other amenities of the District”.

Mr. McGaffney indicated that AMG will bring in other personnel, during the rollout, who are specifically trained in security issues.

Supervisor Davidson suggested discussing this further at the next workshop.

C. Discussion: Gate Access Device Informational Letter [TL]

This item was deferred to the next workshop.

D. Discussion: April 2013 Road Resurfacing Detail Plan [TL]

Supervisor Lawrence indicated that the Board agreed on the Road Resurfacing Detail Plan. He hopes to provide an updated plan at the next meeting.

E. Discussion: Chinier Street [RS]

This item was discussed earlier in the meeting.

F. Discussion: Future of CDD After Bond Payoff [SD]

Supervisor Davidson asked Mr. Clark to discuss the District’s options after bond payoff. Mr. Clark indicated that Chapter 190 contains a termination provision, which states that the CDD shall remain in existence unless it has no remaining financial obligations and no operating or maintenance responsibilities. He referred to another section that provides that, if the CDD has facilities and systems, such as roadways, amenity facilities, stormwater management systems, etc., those items must be conveyed to the general-purpose unit of local government. Mr. Clark indicated that the elimination of the bonds only gives the CDD the opportunity to follow the stated obligations. In response to a question, Mr. Clark explained that the District could sell the facilities and systems to an HOA but it cannot give them away.

G. Update: Keeping Grand Haven Grand (SD)

This item was not addressed.

SEVENTH ORDER OF BUSINESS

OPEN ITEMS

This item was not addressed.

EIGHTH ORDER OF BUSINESS

SUPERVISORS’ REQUESTS

There being no Supervisors’ requests, the next item followed.

NINTH ORDER OF BUSINESS

ADJOURNMENT

Mr. Wrathell indicated that the R.A. Scott settlement payment was made on September 26, 2012.

There being nothing further to discuss, the meeting adjourned.

On MOTION by Supervisor Lawrence and seconded by Supervisor Gaeta, with all in favor, the meeting adjourned at 1:40 p.m.

Secretary/Assistant Secretary

Chair/Vice Chair