

**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, January 23, 2014 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 (<i>via telephone</i>)	Assistant Secretary
Raymond Smith	Assistant Secretary

Also present were:

Craig Wrathell	District Manager
Howard McGaffney	Wrathell, Hunt and Associates, LLC
Rick Woodville	Wrathell, Hunt and Associates, LLC
Scott Clark	District Counsel
Allen Skinner	District Engineer
Jim Sullivan	Genesis Group
Barry Kloptosky	Field Operations Manager
Kevin Horan	Vesta/AMG
Roy Deary	Vesta/AMG
Angela Palmieri	Elite Amenities, Inc.
Judy Hackstaff	Resident
Chip Howden	Resident
Diane Layng	Resident
Mark and Cynthia Kimmel	Resident
Rob Carlton	Resident
Olga and Nikolai Lagunchik	Resident
Ilya Lagunchik	Resident
Commander Mark Carmen	Flagler County Sheriff's Office
Debbie Laury	Resident
Joel Friedman	Resident
George Betz	Resident
Al Lo Monaco	Resident
Pat Maloney	Resident
Lisa Mrakovcic	Resident
Margaret Matuszak	Resident
Walt Matuszak	Resident

Sharon Downes	Resident
Gene Baldrate	Resident
Bob Sarkisian	Resident
Gary Penrose	Resident
Ron Merlo	Resident
Tom Byrne	Resident

FIRST ORDER OF BUSINESS

CALL TO ORDER/ROLL CALL

Mr. Wrathell called the meeting to order at 9:34 a.m., and noted, for the record, that Supervisors Davidson, Chiodo, Gaeta and Smith were present, in person. Supervisor Lawrence was not present at roll call.

SECOND ORDER OF BUSINESS

PLEDGE OF ALLEGIANCE

All present recited the Pledge of Allegiance.

******Supervisor Lawrence joined the meeting, via telephone, at 9:35 a.m.******

THIRD ORDER OF BUSINESS

PUBLIC COMMENTS (3-Minute Rule; Non-Agenda Items)

Mrs. Cynthia Kimmel, a resident, indicated that she made several calls and sent emails regarding the garbage on construction sites in the Wild Oaks neighborhood; however, she received no response. She advised that multiple building sites have dumpsters but they are not being used or they are overfilled; garbage is blowing around in the street. Mrs. Kimmel hoped that the Board realizes the importance of keeping the community as nice as possible.

Mr. Kloptosky stated that this is the first he is hearing about this problem in Wild Oaks. He stated that, when these problems are observed by CDD staff, they speak to the contractors; however, he is unsure what can be done and whether the GHMA has a method to fine the builders.

Mr. Rob Carlton, resident, advised Mrs. Kimmel to contact Mr. Troy Railsback, of Southern States Management Group, Inc. Mrs. Kimmel indicated that she already contacted Mr. Railsback. Mr. Carlton stated that she should call him again and he will speak to Mr. Railsback, as well.

▪ **Discussion: Vacating Trespass Order**

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

Mr. Clark recalled that the Board has received several requests, in person, from Ms. Olga Lagunchik, a resident, and her son, Ilya Lagunchik, to vacate a three (3)-year old trespass order. He referred to a copy of the trespass order issued on November 11, 2010, located behind Tab 5.D. Mr. Clark stated that he informed the Lagunchiks of the procedure for making a formal request to have the Board consider vacating the trespass order at a Board Meeting. He confirmed that Mr. Lagunchik complied with the required procedures and is appearing today.

Mr. Clark advised that the intent is to give the person due process and for the Board to make their decision. The Board can choose to do nothing, which leaves the trespass order in effect, simply lift the order or lift the order but impose performance standards. Mr. Clark informed Mr. Lagunchik that he and anyone else that wishes to can speak on his behalf.

*****Mr. Clark opened the Hearing for Suspension, Termination and Trespass Issues.*****

Mr. Lagunchik recalled that the trespass order was issued in November, 2010, when he was a child. He stated that he is now 18 years old and, as a resident of Grand Haven, he would like to be able to enjoy the facilities, the same as any other resident, while treating the facilities fairly, adequately and being respectful. Mr. Lagunchik indicated that he is trying to be good.

Supervisor Gaeta presented a photograph of Mr. Lagunchik and “all of his particulars”, including a booking date of September 19, 2013, which was distributed to the Board by Commander Mark Carmen of the Flagler County Sheriff’s Office. She asked Mr. Lagunchik to explain this because he claimed that the last time he was in any trouble was in 2010.

Mr. Lagunchik indicated that the matter brought up by Supervisor Gaeta is different from the trespass order and it is being settled; he questioned what Supervisor Gaeta is trying to state.

Mrs. Lagunchik explained that the recent arrest is related to something that happened two (2) years ago, when Mr. Lagunchik was a minor. She stated that she and her husband sent him to live in Russia for a year and, upon his recent return, he was arrested. Mrs. Lagunchik noted that this matter is being considered in court.

Mr. Lagunchik indicated that his mother is trying to say that, if the Board wants him to resolve the court matter first, then come back for the Board’s consideration, they are willing to do so.

Supervisor Chiodo asked if the matter is pending in court. Mr. Lagunchik indicated that it was a misunderstanding. Mrs. Lagunchik stressed that the matter is not final with the court.

Supervisor Gaeta felt that District Counsel must give an opinion on this matter.

Mr. Clark stated that it would be helpful if Mr. Lagunchik told the Board when the event occurred and what it involved.

Mr. Lagunchik indicated that the event was a misunderstanding that is being resolved in court. Mr. Clark asked if it is a drug charge. Mr. Lagunchik stated that, according to the online information, the charge was possession of a controlled substance.

Supervisor Chiodo asked if this means that Mr. Lagunchik has not “had his day in court” in relation to the arrest. Mr. Clark replied affirmatively.

Noting that she is not an attorney, Supervisor Gaeta asked if this information goes to Mr. Lagunchik’s character. Mr. Clark indicated that it does but asked to defer the discussion until hearing from others.

Mr. Nikolai Lagunchik, a resident and Ilya Lagunchik’s father, voiced his understanding of Supervisor Gaeta’s questioning but stressed that the event occurred when his son was a minor. Over the past year, his son has changed; he is a full-time college student on the President’s list and taking honors classes. Mr. Lagunchik stressed that his son is on the “proper” way and asked the Board to help and allow their son to use the facilities.

Mr. Clark asked if anyone wished to speak in favor of Mr. Ilya Lagunchik.

Mr. Clark asked if anyone wished to speak in opposition to Mr. Ilya Lagunchik’s request.

Commander Carmen stated that, on behalf of himself and the Sheriff, they are in favor of anyone “making amends”, clarifying and “cleaning up” their lives. He noted that he is limited, by law, on what he can say because most of this is Mr. Lagunchik’s juvenile record. Commander Carmen brought to the Board’s attention that Mr. Lagunchik had February and June, 2013 felony arrests, while still a minor. Commander Carmen recommendation, on behalf of the Flagler County Sheriff, is that, if Mr. Lagunchik plans to clarify the September arrest and come back to the Board, he might want to clarify the other two (2) arrests.

Mr. Lagunchik voiced his understanding that the two (2) juvenile arrests that Commander Carmen spoke of were dropped and he was under administrative probation, which was when he returned to Russia. He stated that he went to court on March 18, 2013 at 2:00 p.m., those charges were dropped and he left for Russia within the next day or two (2).

Commander Carmen indicated that he cannot make a recommendation to the Board but he can bring this to the Board's attention. He stated that his recommendation to Mr. Lagunchik is to clarify everything together, if he comes back before the Board, on the September matter. Commander Carmen indicated that he "would like to see Mr. Lagunchik clean up his life, stop creating any problems because I would rather see you on a basketball court than walking the streets; that is my personal feeling, as a Commander". Commander Carmen advised that Mr. Lagunchik must satisfy the Board's concerns and must understand the Board and neighborhood's concerns; this is a long-standing issue. Directing his comment to Mr. Lagunchik, Commander Carmen stated that, "he learned, in the past, when you have done something like this, it is not something that you can "cure" overnight; you are going to have to prove yourself and that is just speaking from experience from doing this for 25 years, so, that is what you are going to have to come back with some answers to the Board and let them decide".

Mr. Lagunchik acknowledged that he made horrible choices, as a child growing up in Palm Coast, and hanging out with those kids was ruining his future. He voiced his understanding that no good was coming from it. Mr. Lagunchik stated that actions speak louder than words and he has tried to get himself together, over the past year, going to school, getting a career and figuring out his life. He stressed that, as human beings, we all make mistakes and some much worse than others but he feels that he has been through his fair share of trouble and has learned and can use what he learned for the better, to make better choices and to be a better decision maker.

Mrs. Lagunchik asked that the Board not close the door to her son; open the door so he can use his time wisely exercising and playing basketball.

Supervisor Chiodo asked when the September matter will be resolved.

Commander Carmen did not know when it would be resolved; the matter goes to the State Attorney's Office and Mr. Lagunchik would know before the Sheriff knows.

Supervisor Gaeta stated that she would be more comfortable knowing the outcome of the September incident. Directing her comment to Mr. Lagunchik, Supervisor Gaeta indicated that she knows because she heard what occurred in the community and a lot of people were very afraid of him. She noted that she is happy to hear that he is on the right road but, rather than him just telling the Board what he plans to do, he should show them what he is going to do. Supervisor Gaeta advised that, as long as Mr. Lagunchik maintains the level of propriety, she

would like to hear the outcome of the September arrest. She stated that, at this point in time, many people in the community have been affected by Mr. Lagunchik's actions.

Supervisor Chiodo asked Mr. Clark if he can make a determination regarding when this matter might come up.

Mr. Clark indicated that he can inquire; however, court actions have a life of their own.

Supervisor Chiodo felt that the safest bet is for the Board is to defer this. He believes that the residents deserve to understand the September issue and when it is resolved.

Mr. Clark advised Mr. Lagunchik that he can withdraw his request and come before the Board at a later time; otherwise, the Board will be required to vote today and decide to say no today. Mr. Clark asked Mr. Lagunchik if he wished to withdraw his request or wanted the Board to take action today.

Mr. Nikolai Lagunchik recalled Supervisor Gaeta's comment that "many people were affected by his son" and asked when. He stated that this goes back several years ago and he has changed. Mr. Lagunchik asked Supervisor Gaeta how long they are going to draw this out, three (3), four (4), ten (10) years. He acknowledged what occurred but indicated that it was several years ago. Mr. Lagunchik stressed that the community was "affected" several years ago. He reiterated his question of how many years.

Supervisor Gaeta asked Mr. Nikolai Lagunchik to understand the Board's position. She stated that precedent can be set if other youths, in the community, get in trouble and come before the Board asking forgiveness or understanding. Supervisor Gaeta voiced her opinion that a lot of people moved into the community because they felt that there was a perception of safety, so she suggested tabling this matter.

Mr. Wrathell suggested that Mr. Lagunchik resolve his court issues and come before the Board at that time.

Mr. Clark asked Mr. Ilya Lagunchik if he withdraws his request. Mr. Ilya Lagunchik replied affirmatively. Mr. Clark advised that no Board action is necessary today.

Mr. Nikolai Lagunchik voiced his opinion that it is not a solution to the problems if kids are made to feel that they are hopeless and, if something is done, they can never fix it.

Mr. Wrathell advised that the Board wants to have this conversation once Mr. Ilya Lagunchik resolves his issues.

Mr. Wrathell noted a raised hand in the audience and asked Mr. Clark if further comment, from the public, is necessary.

Mr. Clark stated that the request was withdrawn and will be entertained at another time.

FOURTH ORDER OF BUSINESS

CONSENT AGENDA ITEMS

A. MINUTES

- i. Approval of November 7, 2013, Continued Meeting Minutes**
- ii. Approval of November 7, 2013 Community Workshop Minutes**
- iii. Approval of November 21, 2013 Regular Meeting Minutes**
- iv. Approval of December 5, 2013 Regular Meeting Minutes**

B. UNAUDITED FINANCIAL STATEMENTS

- i. Approval of Unaudited Financial Statements as of November 30, 2013**
- ii. Approval of Unaudited Financial Statements as of December 31, 2013**

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

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

FIFTH ORDER OF BUSINESS

STAFF REPORTS

A. District Engineer

Mr. Skinner introduced Mr. Jim Sullivan, of Genesis Group (Genesis), who will be the Engineer of Record, for Grand Haven. He noted that Mr. Sean Marston recently resigned from Genesis to start his own engineering firm.

Mr. Skinner indicated that the 2004A and B Series bonds require a certificate of completion for a portion of the work. He stated that the 2004A work was relatively small and related to renovation of the North Amenity Center, as well as the surrounding area. Mr. Skinner noted that he was familiar with the area because of recent work while completing the recent Annual Report and was able to prepare a certificate of completion for that area.

Regarding the certificate of completion for the 2004B Series bond, Mr. Skinner stated that it is much more involved, with the work being related to the roads, infrastructure and piping.

He explained that this area is more complicated because Genesis has only been involved with the District for one (1) year and the work was completed over ten (10) years ago. Mr. Skinner advised Mr. Wrathell that, in order for Genesis to do its due diligence and put its Professional Engineer seal on the work, additional work is involved. For this reason, he emailed a suggested not-to-exceed budget of \$2,500 to Mr. Wrathell. Mr. Skinner indicated that he has all of the as-builts; therefore, he will inspect to confirm that everything was built per the as-builts. They will also confirm that all St. Johns River Water Management District (SJRWMD) permits were certified and completed by the previous engineer, as well as confirming that all other DEP, water, sewer or utility certificates of completion were completed.

Supervisor Lawrence asked Mr. Kloptosky if he finds Genesis' \$2,500 request to perform this additional work fair. Mr. Kloptosky replied affirmatively, stating that he finds the amount reasonable.

On MOTION by Supervisor Smith and seconded by Supervisor Chiodo, with all in favor, authorizing Genesis Group's not-to-exceed \$2,500 proposal for work related to completing a certificate of completion related to the 2004B Series bond work, was approved.

Mr. Skinner recalled that the Sailfish Drive project was put on hold, due to the high cost of the bid received.

Mr. Kloptosky indicated that he spoke to S.E. Cline Construction (Cline) recently, who previously withdrew their bid because they were too busy on other projects. Cline informed Mr. Kloptosky that they are finishing several projects and will be available to rebid in about two (2) months, if the Board puts the project out to bid again. Mr. Kloptosky noted that, if Cline is awarded the job, they asked whether the Board would grant them flexibility regarding the actual start date, as they cannot commit to an exact date.

Supervisor Chiodo favored having Cline rebid.

Mr. Kloptosky indicated that he will prepare the bid package to obtain bids within the next month.

B. Amenity Manager

Mr. Horan indicated that there were no critical incidents, resident recommendations or complaints to report. He reviewed the money collected amount. Mr. Horan recalled that the pool was closed, last week, for repairs and many residents expressed their appreciation that the work was completed quickly.

C. Field/Operations Manager

Mr. Kloptosky reported that he and Supervisor Davidson met with Escalante and asked them to attend today's meeting; however, he did not expect a representative to attend. During the meeting, they discussed the issues with the pump house and Escalante was very agreeable to the District's plans. Mr. Kloptosky provided Escalante with copies of the proposals. He clarified that Escalante agreed with the interior repairs but a question of whether to use stainless steel or epoxy-coated steel remains. The second issue was that Escalante felt that all of the proposed repairs are not necessary. Mr. Kloptosky advised that he wanted Escalante to attend today to address their issues and provide a proposal; however, Escalante did not attend because they want to present all of their information but their contractor cannot itemize their proposal until next week. As requested, Mr. Kloptosky provided Escalante with an itemized copy of the District's proposal. Mr. Kloptosky summarized that the issues are coming to an agreement of what exactly must be done and the maintenance provision in the sharing agreement, as the District planned to assume maintenance but Escalante wants to maintain it, since they are paying 75% of the repair costs and have a vested interest. Mr. Kloptosky advised Escalante that the reason the District wanted to assume maintenance responsibilities is because the previous golf course operators neglected it. Escalante insisted that they would not neglect it; however, Mr. Kloptosky advised them that he believes the project is already off to a bad start because there is no sharing of communication and he has not observed Escalante performing any maintenance.

Supervisor Davidson concurred with Mr. Kloptosky's report on the matter. He finds it disturbing that Escalante did not provide the information immediately and that they are not present today.

Mr. Clark felt that, before allowing Escalante to be responsible for maintenance, the Board should require them to appear at a meeting to explain how they would perform the maintenance, who would be in charge, the scope and schedule; all of this information should be included in an agreement.

Supervisor Chiodo feels that the District is not at a point where it can make a decision. He found the concept of another party maintaining equipment that the District owns ridiculous. Supervisor Chiodo stressed the need to inform Escalante that the Board will make a decision at the next Regular Meeting.

Supervisor Lawrence noted that Escalante seemed agreeable to the interior repairs and questioned why the Board cannot approve that today. Mr. Kloptosky recalled that a question of which material to use remains. Escalante wants to use the less expensive epoxy-coated steel, which the contractor confirmed is typical for this type of job; however, Mr. Kloptosky favors using the more expensive stainless steel because it has greater longevity. In response to Supervisor Smith's question, Mr. Kloptosky indicated that the stainless steel was an additional \$17,000 over the \$40,000 base cost, while the epoxy-coated steel is \$7,000; stainless steel is a \$10,000 upgrade.

Supervisor Lawrence suggested continuing this meeting to February 6, 2014 and making a decision at that time.

Mr. Kloptosky reiterated that Escalante cannot obtain their contractor's cost breakdown for the exterior building repairs until next week.

Supervisor Lawrence felt that the Board should also make a decision on the sharing agreement at the continued meeting.

Mr. Kloptosky stated that he and Escalante also differed on moving the chemical storage tanks outside the building. Escalante believes that it is not necessary and indicated that all of the golf clubs that they manage store the chemicals inside the building; furthermore, these chemicals are not the types that would cause damage to the pipes. Mr. Kloptosky was unsure of that position and is researching it. He noted that the District's contractor recommended storing the chemicals outside. A cost factor is involved in this decision, as well.

Mr. Kloptosky questioned whether Escalante's bids are valid, as they were evaluating the pump house and taking pictures of it, after his meeting with them.

Supervisor Smith supported Supervisor Lawrence's suggestion to continue the meeting and ask Escalante to attend. He stated that, based on his work experience, he supports using the coated pipe and saving the \$10,000.

Mr. Clark will contact Escalante regarding the continued meeting.

Supervisor Chiodo suggested that the District provide Escalante with as much information as possible related to what Mr. Kloptosky plans to present. Mr. Kloptosky indicated that he already provided the information. Supervisor Chiodo reiterated that the information should be provided to Escalante, regardless of Mr. Kloptosky previously providing it.

Supervisor Smith asked if he can assume that Escalante is in default of their contract, for lack of performance, so, if the District chooses to proceed, the pump house can be run the way the District wants.

Regarding whether Escalante is in default, Mr. Clark pointed out that the District's contract was with Hampton Golf and it is unclear whether the District's contract was assumed by Escalante. If Escalante did not assume maintenance responsibilities, it becomes the District's operation and the District can decide what it wants to do, such as rewriting the agreement to take over maintenance or have no agreement and place the obligation on Escalante's tax bill.

Supervisor Chiodo asked Mr. Clark to inform Escalante of the District's intent to maintain the pump house and, if they have an alternate plan, it should be presented to the Board at the continued meeting.

Mr. Kloptosky reported that The Village Center drain repair project was completed. He obtained a proposal from the same contractor to complete the South and North sides. The contractor lowered his price, substantially, because it is easier. Mr. Kloptosky stated that it might not be necessary to close the pool for those phases.

Mr. Kloptosky advised that, while the pool was closed, the conduit for the pool light was replaced; the contractor will return to install the LED light.

Mr. Kloptosky indicated that Mrs. Smith, of 37 Jasmine Drive, asked about the status of her retaining wall. He explained to her that District Counsel contacted ICI, who agreed to complete the work; they are obtaining proposals but Mr. Kloptosky has not heard from them. Mrs. Smith wants to know why this is not moving forward.

Mr. Clark recalled that ICI volunteered to do the work, when they became aware of the problem; however, he does not believe that the District wants to undertake responsibility to ensure that ICI completes the work. He stated that he has not pursued ICI because the Board did not direct him to do so.

Regarding the Clubhouse Pier, Mr. Kloptosky recalled that the Board directed him to investigate wood versus composite. He tried to have a manufacturer's representative attend the

meeting but received no response to his request. Mr. Kloptosky stated that he researched the materials online, performed his own “tests” on sample composite material and voiced his opinion that the product might not be as durable as the manufacturers imply. He discussed the drawbacks to composite and could not confidently recommend it. Mr. Kloptosky suggested that, rather than spending the \$20,000 extra for composite, the money be used to replace the pavers at Center Park, by the gazebo.

Supervisor Davidson asked if the project is ready to commence, except for selecting the material. Mr. Kloptosky replied affirmatively.

Supervisor Smith stated, for the record, that his was a reluctant “yes” vote.

Mr. Clark questioned if the Board accepted a specific proposal and amount. Mr. Kloptosky replied no and stated that he has several proposals; he bid it out in many ways and chose the contractors that will give the District the best deal. He stated that he needs to know which material the Board wants so he can hone the proposals.

Mr. Clark clarified that the motion is to direct Mr. Kloptosky to obtain a final proposal for the project, using wood.

Mr. Kloptosky pointed out that the Board could choose composite for the railing but wood for everything else and offered to obtain proposals for both. The Board agreed.

On MOTION by Supervisor Davidson and seconded by Supervisor Gaeta, with all in favor, directing Mr. Kloptosky to obtain proposals for the Clubhouse Pier project, using pressure treated wood and maintaining it, was approved.

i. Sound System

Mr. Kloptosky indicated that Supervisor Smith provided him with specifications for a certain type of sound system, which was forwarded to both of the contractors who previously provided bids. Mr. Kloptosky stated that both contractors felt that Supervisor Smith’s proposed system design would not satisfy what the Board wants the sound system to do. The contractors advised that they can replace the current system with a system exactly like it but it will still not solve the problem of people not being able to hear well and, if the standing speakers are turned, then they become too loud for those sitting nearby. The contractors agreed that ceiling speakers provide even sound quality throughout the room. Mr. Kloptosky noted that Supervisor Smith’s

proposed purchase, from Amazon, was for eight (8) microphones; however, that is only one (1) part of it and other components are necessary.

Mr. Kloptosky stated that both contractors were unwilling to provide a proposal for an “equal” system because it is not a commercial system.

Mr. Kloptosky recalled that he started with two (2) bids and had HabiTech give a presentation and adjust their bid to a different system setup and number of microphones.

Supervisor Davidson noted that the sound system problems have existed for years and, while no one wants to spend the money, it is necessary.

Mr. Kloptosky summarized that the current \$15,500 proposal is for six (6) wireless microphones with desktop bases and receivers, a mixer with one (1) to eight (8) channel capability, antennas, mounting brackets, amplifier, feedback suppressors, three (3) pairs of in-ceiling 6.5” speakers with mounting, power conditioner, ups and surge protection, 21U audio visual rack with casters and wire management cables, connection, setup, installation and orientation.

Supervisor Davidson recalled that the Board has tried to replace items with reliable equipment that will last a long time and not need replacing. He reiterated that this issue has been ongoing for years.

Supervisor Smith indicated that he asked an experienced resident to review the \$8,700 equipment he located. He stated that the system would be configured similarly to the current system with the sound broadcasted from a single speaker in the front and another in the back. Supervisor Smith detailed the professional experience of the resident that he consulted. The resident evaluated the configuration and advised that it is top-quality and is probably over-spec of what the District needs; however, it will work, if the District wants to spend \$8,000 to \$9,000. Supervisor Smith voiced his concern about spending more than necessary.

Mr. Kloptosky noted that, with a system ordered from Amazon, the products will arrive in numerous boxes and someone must assemble the system and be aware of how it works. With a contractor, the system is installed and carries a warranty. Mr. Kloptosky stated that he is not comfortable trying to assemble the system; however, the District might be able to hire someone. He noted that neither of the contractors he contacted is willing to install a system purchased online.

Supervisor Lawrence pointed out that in-ceiling speakers might be best, over time, as standing speakers could be damaged from constantly being moved.

Supervisor Chiodo stated that, while he does not want to spend \$15,500 for a sound system, it is probably best, as it comes with technical support.

Supervisors Davidson and Gaeta supported the purchase of the proposed, professional sound system.

Mr. Chip Howden, a resident, felt that the system should not be piecemealed together and in-ceiling speakers are probably the best. He asked if more than one (1) contractor was consulted.

Mr. Kloptosky indicated that he obtained three (3) proposals and all of the bids were about the same. He selected one (1) vendor to make a presentation and had dealt with him since.

Mr. Howden voiced his opinion that a rack is not necessary. He questioned why a UPSS system is necessary and wondered if the Board would really continue to meet if the power went out in The Village Center. He stated that, on a home project, he originally hired HabiTech but, after due diligence, he selected a different vendor.

Ms. Diane Layng, a resident, recalled that the microphones were previously replaced and asked the quality of the microphones being considered. She acknowledged that the District needs a dependable sound system; however, she opposes “spending the most money” for it.

Mr. Kloptosky advised that the microphones in the proposal are popular and used commercially, worldwide. The District’s current microphones are much lower quality. He briefly discussed the UPSS component and surge protector and indicated that he will ask the cost of those items.

Mr. Deary stated that the ups component can cost \$500 to \$1,500 so there is potential for savings, if it is not necessary; a “great” surge protector can be purchased for \$75.

On MOTION by Supervisor Davidson and seconded by Supervisor Gaeta, with Supervisors Davidson, Gaeta, Chiodo and Lawrence in favor and Supervisor Smith dissenting, the HabiTech proposal for a new sound system, for The Village Center, as discussed, not-to-exceed \$15,500, and negotiating for a better price or elimination of the UPSS component, was approved. (Motion passed 4-1)

D. District Counsel**i. Pier Adjacent to Golf Club**

Mr. Clark indicated that the deed to the property that was acquired is included for the Board's information.

ii. Pump House Agreement/Repairs

This item was discussed during Item 5.C.

iii. Pond Bank Maintenance Questions

Mr. Clark distributed a handout in response to the Board's questions posed at its January 9, 2014 Continued Meeting. He stated that he did not and will not consider questions that are GHMA issues; the GHMA has its own counsel.

Mr. Clark indicated that he reviewed many provisions and, using Osprey Lakes as an example, researched the rights and responsibilities of the CDD, under this set of documents. He explained that Tract A, in Osprey Lakes, is the pond tract, which includes the pond and areas surrounding it. Tract A was conveyed after the declarations of covenants and restrictions (DCR) were recorded to the District, which was generally the case with the District's ponds. The DCR, when recorded, included the Tract A property; therefore, it governs Tract A, as well as the lots. He noted that the DCR contemplates that certain things happen when the property transfers to the CDD. Mr. Clark felt that the language can be read carelessly and many different positions could be taken. He tried to determine exactly what it did and did not say, as well as reviewing a portion of the "Florida-Friendly" legislation, which enabled him to make conclusions. Mr. Clark pointed out a preemption stating that, if any property owner wants to implement a "Florida-Friendly" landscape on their land, meaning the CDD's Tract A, then any provision of a deed restriction is not effective to prohibit the owner from doing it. He advised that this means, to the extent that the DCR affects the District's property, as they do in Tract A, the District is not bound by the DCR because it enacted a "Florida-Friendly" policy.

Mr. Clark summarized his list of conclusions. He concluded that the District is not bound by an obligation to have sod in those areas. Mr. Clark referred to confusion regarding the statement "when Tract A or similar properties were transferred to the CDD, that the duties, responsibilities and obligations of the HOA, as to Tract A are terminated and are to be performed by the CDD". He stated that this gave rise to the question of whether the District is obligated to maintain those areas, to which, his answer is no because the DCR contains a requirement that the

adjacent owner is responsible for the maintenance of the landscaping between the lot and the pond. He explained that maintenance of that area was not a responsibility of the GHMA; therefore, when the duties of the GHMA were transferred to the CDD, that duty could not transfer; the DCR puts the maintenance responsibilities on the lot owners. In Mr. Clark's opinion, maintenance responsibilities did not transfer to the CDD; the responsibilities remained with the lot owner. Mr. Clark noted that lake maintenance and water quality transferred to the CDD, when the pond was transferred, and the CDD currently performs this work. He referred to the requirement of lakefront owners to maintain, which, in his opinion, is not affected by the transfer to the CDD; the responsibility remains an issue of the GHMA CC&Rs and the lot owners. Mr. Clark stated that the use of the word "sod" does not require the District to allow sod because of the preemption related to "Florida-Friendly" landscaping. He referred to language regarding architectural review and review of landscape plans on the lakefront areas and expressed his opinion that it is a GHMA responsibility that was not transferred to the CDD and explained the reasons.

Supervisor Smith referred to 7.1, on Page 2, of the Osprey Lakes DCR and read "Owners of lakefront lots shall keep the shoreline of the lake free of litter and debris and shall install, maintain and irrigate sod to the normal high waterline of the lake, even if the waterline is located beyond the lot property". He asked if the sod requirement is preempted by the "Florida-Friendly" standards.

Mr. Clark indicated that the District, as the owner of property, has the right to utilize a "Florida-Friendly" landscape plan, which preempts deed restrictions; therefore, those restrictions cannot be enforced.

Supervisor Smith asked if this means that, for a property owner, regardless of what any other document states, the "Florida-Friendly" exemption overrides it. Mr. Clark replied affirmatively. Supervisor Smith asked Mr. Clark to distinguish the aforementioned scenario with one where an adjacent property owner is required to maintain an area. Mr. Clark clarified that his opinion did not state that the adjacent property owner could be required to install something different on the District's property; it is a GHMA issue. Mr. Clark felt that the District cannot require a property owner to install something different; rather, the District can preempt someone from trying to install something that is not "Florida-Friendly".

Supervisor Smith questioned how a certain body can write regulations affecting common property.

Mr. Clark recalled that there is a difference in whether the restrictions are imposed upon the lots or the entire platted property. He noted that Osprey Lakes has a restriction, with a legal description of “all” property, which means that those restrictions apply to the lots and the common property. Mr. Clark explained that, when the property was platted and the restrictions were recorded, the restrictions included Tract A, which was the developer’s property. He advised that Tract A is subject to the restrictions, except that the District could preempt the restrictions if it adopts a “Florida-Friendly” landscaping policy.

Ms. Debbie Laury, a resident, asked Mr. Clark to clarify who owns the land adjacent to the ponds, the homeowner or the CDD, and what easements apply to the land. Her second question was related to conformity and the community’s desire to follow through with “Florida-Friendly” landscaping. If the issue is conformity regarding how the land adjacent to the ponds must be maintained, is it the CDD or the GHMA’s decision.

Mr. Clark referred to his discussion of Tract A and explained that, although Tract A is owned by the CDD, the individual lot owners have a maintenance responsibility that implies use and enjoyment, as well, implying an “easement” right; however, he did not research whether lot owners have a greater right. Regarding conformity, Mr. Clark advised that it can be confusing; it is not clear to him that the CDD can impose a landscape architectural design standard for the neighborhood but it can control its own property and have a standard for it. If there are different standards, the issue must be resolved. He stated that the power and obligation of individual lots to conform is a matter for the GHMA.

Mr. Joel Friedman, a resident, indicated that residents are present primarily because they were told they must plant spartina. He voiced his understanding of Mr. Clark’s comments to be that the Architectural Design Committee (ADC) might not have the authority to enforce that; the authority would be with the Osprey Circle HOA.

Mr. Clark stated that he has no opinion regarding the ADC’s authority related to conformity; the CDD should not weigh in on this, as it is a GHMA matter. He advised that the CDD can adopt a plan for its property, communicate the plan to the GHMA and the GHMA can take that plan into account in the actions that it takes. Mr. Clark clarified that the CDD cannot

compel property owners to enact the plan; the compelling must come from the GHMA side, as they have authority to do it.

Mr. Friedman asked who the HOA for Osprey Circle is. Mr. Clark indicated that it is the GHMA. He indicated that they were directed to plant spartina for aesthetics; however, it will not resolve the erosion issues. Mr. Friedman discussed his lake bank and previous experience with spartina.

Supervisor Davidson asked those with erosion issues to raise their hand. He noted that it appears to be a significant issue and asked if anyone contacted Mr. Kloptosky. A resident replied it was discussed at a previous meeting but Mr. Kloptosky never visited their pond.

Mr. Kloptosky stated that he did not know of the issue until the last meeting. He took the names, addresses and contact information of those residents, as they want to have a meeting. Mr. Kloptosky indicated that a meeting with those residents is on his 'to do' list; he has been busy but will still meet with them, if the Board wishes.

Supervisor Davidson stated that Cline, who built the ponds, must evaluate the perimeters of all of the ponds and determine what can be done to correct it, if significant erosion is occurring, prior to anyone planting on the banks. He encouraged residents to meet with Mr. Kloptosky and for Mr. Kloptosky to meet with Cline regarding this matter.

Mr. Kloptosky indicated that he is willing to meet, on site, with Cline.

Supervisor Smith suggested contacting the District's horticulturalist, as well. He asked who pays for the repairs, if the lake banks have erosion issues.

Supervisor Davidson advised that the District is responsible for pond maintenance; therefore, the District is probably responsible for repairing lake bank erosion issues.

Mr. Wrathell discussed lake age and silt buildup. He noted that, over time, the lakes do not function efficiently and should be re-excavated.

Mr. Gene Baldrate, a resident, read Section 7.1 regarding the property owner's maintenance obligations and voiced his opinion that it only applies to the front of the house, not the backyard, between the property and the lake. He read from another section related to the land adjacent to the ponds and voiced his confusion with the statement "the owners of the lots shall keep the shoreline of the lake free of litter and debris". Mr. Baldrate contended that it contains nothing about "maintenance" in the back of the property and reiterated his opinion that the document only applies to the common property in front of the home.

Mr. Clark reiterated that the interpretation and enforcement of this document is between the GHMA and the property owners. He believes that the obligations extend beyond “picking up cups”. The statement reads “keep the shoreline and lake free of litter and debris and shall install, maintain and irrigate sod to the normal high water line of the lake, even if the normal high water line is located beyond the lot boundary”. Mr. Clark noted the problems with interpretations and explained that, if someone preempts the sod requirement for “Florida-Friendly” landscaping, it does not preempt the entire sentence. For example, if the CDD wants “Florida-Friendly” landscaping, rather than sod, it does not preempt the maintenance requirement; the requirement is to maintain and irrigate whatever is planted. Mr. Clark believes that there is contemplation that, whatever landscaping scheme exists on the lakefront lots, the lot owners are obligated to maintain it.

Mr. Baldrate asked if Mr. Clark is speaking of the property beyond his property line. He stated, if Mr. Clark’s statements are true and the CDD adopted “Florida-Friendly” concepts, homeowners feel caught between the CDD and the GHMA. He summarized that homeowners want to know what their obligations are; therefore, it is the Board’s responsibility, as the District’s representatives, to clear up the confusion for property owners. He suggested that the CDD Board and GHMA representatives meet, in public meetings, not behind closed doors, to determine and clearly tell residents what their obligations are.

Mr. George Betz, a resident, stated that this “fiasco” began when the GHMA sent letters indicating that property owners would be fined if they did not plant spartina. He discussed algae problems in the lake tests that he ran. Mr. Betz indicated that he researched spartina and discussed his findings regarding spartina and aquascaping. He voiced his opinion that the GHMA has no knowledge of what should be planted and recommended that homeowners be allowed to plant whatever they want.

Supervisor Davidson recalled that the District installed littoral plants at three (3) ponds but those residents objected to what happened to their aesthetic view of the ponds. Subsequently, the District removed those littoral plants.

Mr. Howden voiced his opinion that erosion is a different issue than the issue at hand. He stated that he and other residents brought up the erosion issues at many past meetings and voiced his disappointment that Mr. Kloptosky did not get the word and that no one visited the areas. Mr. Howden recalled that this issue has been discussed at three (3) meetings, over the past

six (6) months and, two (2) other times, the topic was moved and not discussed. Mr. Howden alleged that the Board moved this item around on its agenda so that those residents that care about it might not be in attendance. He urged the Board to stick to the published agenda order so that residents can be present.

Mr. Howden asked if “Florida-Friendly” allows sod to the waterfront, as he believes that it does. Supervisor Davidson replied no and indicated that the SJRWMD’s old regulations used to allow it but the “Florida-Friendly” standards do not allow anything that must be fertilized, irrigated or needs pesticide within 10’ of the waterline. Mr. Howden referred to Mr. Clark’s earlier discussion about what the CDD owns and asked, if legislation preempts something such as sod, does it preempt anything related to that including maintenance and irrigation. Mr. Howden questioned how someone can be required to do something if a legal requirement was removed.

Mr. Clark advised Mr. Howden that he prepared a 50-page brief addressing Mr. Howden’s issue.

Ms. Judy Hackstaff, a resident, recalled raising a question about when Tract A was conveyed to the CDD and the homeowners were “relieved” of all responsibilities. She referred to the GHMA letter that she received, which stated “The Association has the authority to adopt its own regulations regarding the common areas” and asked if that statement is true.

Mr. Clark indicated that common areas include many things and he believes that certain areas, beyond what is currently being discussed, might be “common areas”. He reiterated that he will not address the matter of the GHMA’s authority. Mr. Clark stated that it is clear to him that, after the conveyance of Tract A to the CDD, the GHMA retained some authority to the extent that it can regulate a lakefront lot and require the property owner to do certain things; he does not believe that authority was transferred to the CDD. He explained that ownership was conveyed to the CDD and the CDD has the right to preempt the GHMA’s authority but only to the extent that it adopts “Florida-Friendly” landscaping plans. Mr. Clark does not believe that the District acquired a full set of the GHMA’s rights.

Ms. Hackstaff indicated that she is questioning it because the wording made it sound like the GHMA has authority over any common property owned by the CDD.

Mr. Bob Sarkisian, a resident, recalled that a resident of another lake asked if he must remove the grass down to the waterline and was told by Mr. Natiello, at a GHMA meeting, that

the GHMA could not answer the question, as it is CDD property. He noted that about 60% of the homes have grass to the waterline but no erosion; however, those with spartina have erosion. Mr. Sarkisian stated that he is willing to maintain the area but wants to maintain landscaping that is effective against erosion.

Ms. Layng voiced her opinion that the question is who owns the property and who is responsible for it. She stressed that the discussion is not only about rights but also responsibility.

Supervisor Chiodo indicated that he did not attend the GHMA and asked who is mandating that spartina be planted. Several residents replied that the GHMA is mandating it. Supervisor Chiodo advised that the CDD does not mandate anything; however, "Florida-Friendly" landscaping was adopted by the District. Supervisor Chiodo stated that the District did not mandate a specific plant. Supervisor Davidson clarified that the District enacted Best Management Practices (BMPs). Supervisor Chiodo asked if the BMPs singularly identify spartina. Supervisor Davidson replied affirmatively.

Supervisor Smith voiced his opinion that the Board passed something that was "good in principle but had collateral damage". He proposed that the District put its BMPs "on hold", at this time, and rethink it.

Supervisor Davidson felt that the District does not need to set aside the BMPs because, on the new lots, specifically in Wild Oaks, the District wants "Florida-Friendly" practices and spartina to be planted wherever possible.

A resident questioned where that leaves those that are not new construction.

Ms. Hackstaff noted that the Wild Oaks and Osprey documents are the same, so the problems will be the same.

Supervisor Davidson asked Mr. Carlton, as President of the GHMA, to comment.

Mr. Carlton recalled his comments at the last meeting. He explained that the CDD sets the standards for lake bank planting and the GHMA enforces those standards. Mr. Carlton indicated that the GHMA's current position is that it will enforce those standards. He stated that the GHMA believes that there must be responsibility for the lake banks.

Regarding responsibility for maintaining the lake banks, Mr. Clark confirmed that maintenance of the lake banks is the responsibility of the adjacent homeowner. He believes that the CDD could install "Florida-Friendly" landscaping on its own property, if it wanted to.

Mr. Carlton summarized that a group of homeowners, on a certain lake, contend that maintenance is not their responsibility and it is not the CDD or GHMA's responsibility to maintain it; therefore, no one seems to be accepting responsibility.

Several residents disagreed with Mr. Carlton's comment.

In response to Mr. Carlton, Mr. Baldrate stated that residents *"find it very clear who is responsible because of the overlapping statutes, CC&Rs and so on and so forth...I am willing to spend whatever needs to be spent to make it right but I don't want to put a solution in that won't work and you are telling us that you will enforce that irresponsible solution because you are going to enforce something that they haven't even mandated, it is just a best practices. So I don't understand where you have the authority to say I have to plant spartina when, 1) it doesn't work, 2) it has not been mandated by the CDD and, you know, and I appreciate your position, it is difficult, that's why I think we need to sit down, suspend any enforcement actions, at this point, because it hasn't been mandated by the CDD, until a group of the appropriate folks get together and clearly define who does what and why, so that's our point"*.

Ms. Layng asked if there is CDD-owned land for every property that is adjacent to a pond. Mr. Clark indicated that he did not review all of them but suspects that is the case. Ms. Layng stated that, based on her previous CDD experience, *"if that is the case and the land is CDD property, it is to be maintained by the people that own the land, but they don't own that land, the CDD owns it, correct?"* Mr. Clark replied, in this one case. Ms. Layng asked if it does not necessarily mean all properties that are adjacent to a pond.

Mr. Clark summarized that Ms. Layng's question is whether this is a concept that applies to every lot adjacent to a pond. He indicated that it is a concept that is required by this particular DCR; if the other declarations say the same thing, then the concept applies to them. Mr. Clark guessed that the DCRs are consistent; however, he did not review all of them.

Ms. Layng recalled the recommendation to use spartina because of the chemicals entering the ponds and noted that residents must remember that the ponds are for a specific reason. She felt that what must be done is clear.

Mr. Wrathell summarized that he hears two (2) issues; the first is erosion and the concern that spartina will be ineffective in dealing with the erosion. He stated that, first and foremost, there is lake bank instability, which will not go away; therefore, he supports addressing that issue.

Mr. Wrathell explained that the “Florida-Friendly” landscaping standards are meant to address nutrient loading and chemicals and pesticides entering the ponds. He stated that the “Florida-Friendly” methods are spartina or littoral plantings. Mr. Wrathell recalled that the District tried the littoral plantings approach a few years ago and residents complained because they felt it was “ugly”. He reiterated that spartina or littoral plantings are really the only methods to address “Florida-Friendly” standards and water quality issues. Mr. Wrathell pointed out that the Florida Legislature recognizes the “Florida-Friendly” standards to address water quality issues; therefore, the District has the option to embrace those standards or ignore them and, at some time, the District will find itself in trouble when tighter regulations go into effect, as the District is along the intracoastal. He summarized that residents are saying that they will not like spartina or littoral plantings so, if the residents do not want to accept either of those options, the District is left with ignoring “Florida-Friendly” and water quality standards, which will have major implications, in the future.

Mr. Wrathell stressed that the Board and GHMA believed in taking a proactive approach to “Florida-Friendly” and water quality standards. He stated that the District must address the lake bank stabilization issue and, then, a decision about spartina or littoral plantings must be made.

Ms. Hackstaff felt that the issue to be resolved is the “water responsibility” and who is to do it. She recalled that residents were told to have sod to the high water line and noted that there is a lot of land between the high water line and the shoreline that no one is responsible for. She noted that everyone just says the homeowners should maintain it but nothing says that. Ms. Hackstaff contended that homeowners have not been entitled to see any of the opinions on the matter. She believes that the parties should come together and be open and honest to solve the problem.

Mr. Wrathell stated that the District owns the ROWs. Another option is for the District to complete the work and special assess only the residents adjacent to the ponds, for the special benefit they would receive, or special assess all Grand Haven property owners, which is likely a less palatable option to the other residents.

Mr. Wrathell summarized that, the question is whether adjacent property owners want the CDD completing the work, with the residents not having a say in the appearance, or do they want to take the approach being discussed, which gives residents latitude to be part of the process.

Mr. Friedman voiced his opinion that nothing discussed today will mitigate runoff because all property adjacent to the ponds slopes downward. Residents are required to maintain grass to a certain point and the grass must be fertilized; therefore, rain and irrigation will always run into the ponds.

Supervisor Davidson stated that it will not run off a 10' zone of vegetation that does not require fertilization, etc.

Regarding planting spartina, Mr. Friedman contended that an agricultural, scientific reason has never been put forth for doing so. He stated that he does not mind spending money on something that will work but not on spartina because it has not been proven to do anything, in addition to it being unsightly and not desirable on residential property.

Supervisor Lawrence asked if Mr. Clark stated that adjacent property owners are accountable for maintenance. Mr. Clark replied affirmatively. Supervisor Lawrence stated that he has not heard about lake bank erosion, except for Osprey Lakes, and asked Mr. Kloptosky if lake bank erosion is a widespread issue.

Mr. Kloptosky estimated that, in six (6) years, he has received three (3) or four (4) calls from residents in other locations. Typically, those issues were related to outfalls, which were corrected during the recent outfall repair project. He indicated that this is the most he has heard about a widespread erosion problem in Osprey Lakes.

Supervisor Lawrence felt that the issue might need to be addressed if there are lake bank erosion issues specific to Osprey Lakes.

Supervisor Chiodo felt that there is merit in a joint meeting to determine if solutions can be reached, independent of the generic erosion issue, specifically for Osprey Lakes. He is willing to serve as the CDD Board's liaison, along with a GHMA representative and residents.

Supervisor Smith supported Supervisor Chiodo serving as the Board's liaison.

Supervisor Davidson motioned and Supervisor Smith seconded the appointment of Supervisor Chiodo as the CDD Board's liaison with the GHMA and residents, regarding lake bank erosion issues.

Supervisor Davidson clarified that the District will investigate stabilization of the pond banks and meet, as a group, to discuss the issues.

All Supervisors were in agreement with the appointment of Supervisor Chiodo; however, a formal vote on the motion was not taken.

iv. Trespass Order

This item was discussed during the Third Order of Business.

*****The meeting recessed at 12:27 p.m.*****

*****The meeting reconvened at 12:40 p.m.*****

E. District Manager

i. Upcoming Regular Meeting/Community Workshop

- **COMMUNITY WORKSHOP**
 - **February 6, 2014 at 10:00 A.M.**
- **BOARD OF SUPERVISORS MEETING**
 - **February 20, 2014 at 9:30 A.M.**

This item was presented during the Sixth Order of business.

ii. Engineer’s Certificate of Completion: Series 2004A

This item was discussed during Item 5.A.

SIXTH ORDER OF BUSINESS

DISCUSSION ITEMS

A. Discussion: Vacating Trespass Order

This item was discussed during the Third Order of Business.

B. Discussion: Detention Pond Banks

- **Florida Friendly Provisions**
- **CDD Support of GHMA Policy**

This item was discussed during the Fifth Order of Business.

C. Discussion/Consideration: Revisions to Community Emergency Management Plan

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

Mr. Howden presented the proposed revisions and the Community Emergency Management Plan for the Board’s consideration. He explained the contents of the plan and why an update was necessary. He noted that the property manager’s phone number must be corrected.

Supervisor Davidson thanked Mr. Howden and his group for their efforts.

Mr. Howden indicated that the plan will be distributed via hard and electronic copies. Electronic copies of the plan will be distributed, on disc, to the Board, Amenity Manager, Flagler County Emergency Management, City of Palm Coast Fire Department, Escalante Golf, GHMA

and Sheriff. Hard copies of the plan will be given to the Main Gate, CERT Team Members and the CDD's Flagler County Liaison.

On MOTION by Supervisor Davidson and seconded by Supervisor Chiodo, with all in favor, the Community Emergency Management Plan, as amended, was approved.

*****Mr. Wrathell advised that Supervisor Lawrence left the meeting at 12:40 p.m.*****

Mr. Wrathell commended Mr. Howden and his group for their work on the plan.

D. Discussion: Code of Conduct of Supervisors

This item was deferred to the workshop.

E. Discussion/Review of RFPs

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

Mr. Wrathell indicated that proposals for Security Services were received from ABM Security Services (ABM), G4S Secure Solutions, Incorporated (G4S), United American Security (UAS), US Security Associates (US Security) and Weiser Security Services (Weiser). Proposals for Amenity Management Services were received from Amenity Management Group, Inc. (AMG), Elite Amenities, Inc. (Elite), and NFC Amenity Management (NFC).

Mr. Wrathell advised that, today, the Board will shortlist the respondents.

Supervisor Chiodo noted that he could not make sense of NFC's proposal. Supervisor Davidson voiced his opinion that NFC's submission is poor and not worthy of the Board's consideration.

Supervisor Chiodo pointed out that Elite's quotes for 2015 and 2016 reflect a drop in price attributed to "outsourcing café stand" and asked what that means. Ms. Angela Palmieri, of Elite Amenities, Inc., introduced herself. Supervisor Davidson informed Ms. Palmieri that the purpose today is to shortlist the respondents and invite some to give presentations at the next workshop; therefore, she should not feel obligated to give a detailed presentation. Ms. Palmieri indicated that Elite's plan is to outsource the café to a local business that agreed to assume some expenses that the District currently pays for the café staff. Supervisor Gaeta noted that Elite's proposal specifies a minimum of a three (3)-year contract and asked if Elite would consider a lesser contract. Supervisor Gaeta stated that she did not see a termination clause in Elite's proposal. Ms. Palmieri indicated that she prefers a three (3)-year contract, as a lot of "up front"

work is required to bring in staff and get everything up and running; Elite would invest a lot into the community and would appreciate a three (3)-year agreement. Ms. Palmieri noted that transitioning the café also requires a lot of work. Ms. Palmieri advised that she is willing to discuss the term of contract if the Board is completely against the terms. Regarding no termination clause in the proposal, Ms. Palmieri stated that she is happy to add one. Regarding the proposed café operator, Supervisor Gaeta asked if Elite entertained any other potential providers. Ms. Palmieri indicated that she entertained two (2) others who have not yet provided proposals.

Mr. Wrathell reminded the Board that, since representatives from two (2) of the three (3) respondents were present and the discussion was quickly turning into an interview session of Elite, it was probably not appropriate to proceed any further with questioning Ms. Palmieri.

Supervisor Davidson polled the Board regarding who they wanted to invite to give presentations at the upcoming workshop.

Supervisor Davidson indicated that, prior to leaving the meeting, Supervisor Lawrence provided him with his preferences. Mr. Clark advised that it was not appropriate for Supervisor Davidson to relay Supervisor Lawrence's response; Supervisor Davidson can relay Supervisor Lawrence's opinion but it probably does not count as a vote towards the Board's action. Supervisor Davidson asked if the District Manager can present Supervisor Lawrence's preferences. Mr. Clark voiced his belief that Supervisor Lawrence must be present at the meeting to present his own preferences.

i. Amenity Management Services

Supervisor Chiodo wished to invite AMG and Elite.

Supervisor Smith wished to invite AMG and no others.

Supervisor Gaeta wished to invite Elite and AMG.

Supervisor Davidson indicated that Supervisor Lawrence wished to invite AMG and Elite.

Supervisor Davidson wished to invite AMG and Elite.

Mr. Clark recalled hearing comments leading him to believe that some Supervisors found NFC nonresponsive. He advised that, if this is true, the Board could declare NFC nonresponsive.

On MOTION by Supervisor Davidson and seconded by Supervisor Chiodo, inviting AMG and Elite to give presentations, on February 6, 2014, was approved.

The Board agreed to give each company 20 minutes for their presentation and allot 15 minutes for questions and answers. The presentations will be in alphabetical order.

ii. Security Services

Supervisor Chiodo wished to invite U.S. Security and ABM.

Supervisor Davidson stated that two (2) proposals questioned contractual terms regarding indemnification and another item, due to the language. He noted that the contractors were consistent in their objection to the language in the contract. Supervisor Davidson pointed out that one of the objecting contractors is the District's current security provider. He asked if the fact that a contractor wants a change to the language in a contract is reason enough to presume that there will be problems with those contractors; therefore, the Board should exclude them from any further consideration.

Mr. Clark advised that the Board must determine if those are material deviations from the RFP; if the deviations are determined material, then the question becomes whether the contractor was responsive to the RFP. He confirmed that, if the Board deems it material, it can exclude those contractors.

Supervisor Smith voiced his opinion that the changes are not material to the service to be provided; it is "legalese".

Mr. Clark stated that he reviewed ABM's changes and does not find them to be material; it would be material if the contractor were striking the indemnity entirely. He surmised that this is a minor wording change that could be further discussed and negotiated. Mr. Clark found similarly for the other contractor; the requested change is to further define the acts subject to the indemnity, not eliminate indemnity.

Supervisor Gaeta wished to invite G4S, U.S. Security and Weiser.

Supervisor Smith stated that he thought only two (2) contractors would be invited. Supervisors Davidson and Gaeta agreed that the Board did not set a limit on the number to be invited; all could be invited, if the Board desires.

Supervisor Smith wished to invite ABM and U.S. Security.

Supervisor Davidson wished to invite U.S. Security, UAS and Weiser.

Supervisor Davidson indicated that Supervisor Lawrence wished to invite ABM and U.S. Security.

Supervisor Davidson tallied the votes, including Supervisor Lawrence's votes, and advised that ABM received three (3) votes, G4S received one (1) vote, UAS received one (1) vote, U.S. Security received five (5) votes and Weiser received two (2) votes. The Board agreed to invite U.S. Security, ABM and Weiser to present on February 6, 2014; UAS and G4S will not be invited to present.

On MOTION by Supervisor Chiodo and seconded by Supervisor Gaeta, with all in favor, inviting U.S. Security, ABM and Weiser to give presentations, on February 6, 2014, was approved.

The Board agreed to give each company 15 minutes for their presentation and allot 15 minutes for questions and answers. The presentations will be in alphabetical order.

In response to Mr. Wrathell's question, Mr. Clark confirmed that the Board can continue today's meeting and make its decision at the continued meeting. The Board agreed that they prefer to hear the presentations and delay their response until the February 20, 2014 meeting. Mr. Wrathell confirmed that the contractors will be invited to make presentations at the February 6, 2014 Workshop.

Supervisor Chiodo directed Mr. Wrathell to request copies of the contractor's presentations, prior to the Workshop, giving the Board time to review them.

▪ **District Manager**

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

i. **Upcoming Regular Meeting/Community Workshop**

- **COMMUNITY WORKSHOP**
 - **February 6, 2014 at 10:00 A.M.**
- **BOARD OF SUPERVISORS MEETING**
 - **February 20, 2014 at 9:30 A.M.**

Mr. Wrathell indicated that the Continued Meeting and the next Workshop will be on February 6, 2014, with the Workshop commencing after the 10:00 a.m. Continued Meeting.

Mr. Wrathell introduced Mr. Rick Woodville, who recently joined Wrathell, Hunt and Associates, LLC, as a Regional Manager. He detailed Mr. Woodville's experience.

F. Discussion: Transfer of CDD Infrastructure and Amenities to GHMA and Dissolution of CDD

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

Supervisor Smith indicated that he raised this subject because he views the role of any Board to consider its structure and mission, periodically, to determine if adjustments in course are required. He recognized that dissolution of the CDD is not a simple concept, particularly with the laws that surround it; however, he feels that a full discussion, to consider the long-term benefit to the community, is warranted. Supervisor Smith believes that, strategically, the Board must address this. He voiced his opinion that the Board suffers from restrictions to communication and limitations on what can be done. Supervisor Smith acknowledged the benefit to those restrictions, in terms of transparency and visibility. He wants to participate in an in-depth review of this subject so that he can be comfortable that the CDD is the optimum long-term solution.

Supervisor Davidson reviewed his list of pros and cons to the CDD. He noted that the Board works under the encumbrances of the Sunshine Law, which disallows any two (2) Board Members to discuss any matters that might come before Board, outside of a publicly advertised meeting.

In response to Supervisor Davidson's question, Mr. Clark confirmed that the GHMA is not subject to the Sunshine Law. Supervisor Davidson was advised by a GHMA Board Member that, if more than two (2) GHMA Board Members assembled, it would constitute a majority; it would be considered a general meeting, which must be publicly noticed. Mr. Clark confirmed that the GHMA documents contain statutes about their meetings being public, publicly noticed, etc.; they cannot have a private meeting and make decisions.

Supervisor Davidson noted that the GHMA Board Members serve as volunteers and do not receive pay, while the CDD Board Members are paid. He stated that both must publicly advertise their meetings. Supervisor Davidson pointed out that there is a big difference between the position of a person on the board of a private organization and that of a person serving as a public official.

Regarding the District's bonds, Supervisor Davidson voiced his understanding that, because the District is a unit of special purpose government and a public entity, it can apply for

and receive tax free bonds, which is a substantial advantage; however, the GHMA, as a private entity, is not able to obtain tax-free bonds. Mr. Clark confirmed that the CDD's bonds go into the municipal bond market and can be sold at favorable rates of return because they are non-taxable. If the GHMA could issue bonds, they would be at a higher rate; in reality, the GHMA would likely obtain traditional financing from a bank, which could be at an even higher rate than taxable bonds.

Supervisor Smith referred to the title of this agenda item and stated that he wants to discuss management of the District's infrastructure and amenities, not dissolution of the CDD. He believes that the CDD can continue to function, have bond responsibility and collect money.

Supervisor Davidson advised that the CDD can utilize the tax assessor to collect its revenue, through assessments placed on the annual tax rolls. Homeowners must pay their assessments and, failure to pay is a default to the county, which could result in a tax certificate sale. Supervisor Davidson stressed that, historically, the CDD's assessment revenue collections are 100% to 102%; whereas, the GHMA is currently carrying over \$200,000 in unpaid debt, including dues, fines and assessments. He voiced his opinion that the CDD's method and ability to collect revenue is a great advantage over the GHMA; the CDD could not function if it had the same level of unpaid debt as the GHMA.

Supervisor Smith indicated that the CDD currently contracts with AMG to manage the facilities and amenities and asked if the CDD could contract with a different organization to manage AMG, essentially, adding a third layer of management. Mr. Clark replied affirmatively. In response to Mr. Clark's answer, Mr. Smith surmised that the CDD could continue collecting money through the current mechanism, pay a third layer of management to manage and pay AMG and not be exposed to non collections. Supervisor Smith confirmed that he is suggesting that the CDD hire the GHMA to manage and pay AMG; basically, the CDD still collects money through assessments on the taxes but essentially turns that money over to the GHMA to perform the detailed management role.

Mr. Clark recalled that he inherited districts that were set up this way by the developer but made them change. He explained that those districts were having their HOA manage everything and were using the tax roll collections to support their activities and expenses. Mr. Clark stated that, at some level, this format can become a sham. It exposes a District to the challenge that the public taxing mechanism is being used for a private function because the HOA

board is managing matters and making decisions and the CDD is simply the cash flow conduit for the HOA.

Mr. Wrathell explained that, in some situations, a district can enter into an agreement with the HOA to operate and maintain the improvements; however, the HOA budgets and collects the funds to do so, through their HOA dues, rather than the CDD assessing for those expenses on the tax roll. He noted that it is a constant battle when dealing with HOAs because they do not understand the concept and limitations on how public funds can be used. Mr. Wrathell agreed with Mr. Clark's previous comments.

Supervisor Smith questioned the difference between hiring AMG to operate the facilities versus hiring the GHMA to do it, as he views them both as private entities. Supervisor Davidson wondered why Supervisor Smith believes an extra layer is necessary. Supervisor Smith reiterated his question regarding the difference in the District contracting with the GHMA to run the facilities instead of AMG. Mr. Clark discussed another CDD with a scheme where the HOA was performing all of the maintenance, which sometimes makes sense; however, in that situation, the CDD lost its accounting for the money and later found that the HOA board was marking up the expenses, meaning the CDD was paying a premium. Mr. Clark noted that those decisions, such as marking up the cost to the CDD, were being made in private, outside of the Sunshine Law, which is a potential audit disaster.

Supervisor Davidson asked Supervisor Smith to explain why he wants to insert another entity, such as the GHMA, between the District contracting directly with AMG for its services. Mr. Smith voiced his opinion that the District is handicapped in its abilities because of the Sunshine Law.

Noting that this District meets every two (2) weeks, Mr. Wrathell questioned Supervisor Smith's comment that the Board does not have ample opportunity to discuss matters. Mr. Wrathell explained that the District currently has control over its funds and how the money is spent but would not, if the funds were simply turned over to the GHMA. Mr. Wrathell discussed the potential for problems, from an audit perspective, if the District's funds are given to the GHMA, which does not have the same level of accountability. He detailed the IRS issues that The Villages encountered, as it was set up similarly to how Supervisor Smith proposes; the IRS found that, since the individual CDD Boards essentially had no power, their bonds were no longer tax-exempt. Mr. Wrathell anticipated that Grand Haven would find itself in a similar

situation, under Supervisor Smith’s plan. He suggested that, if it is determined that the GHMA is better suited to handle the day-to-day operations, the District should contract with the GHMA, who then budgets the expenses and collects the funds, on their own, through fees and dues, so that CDD and GHMA funds are not comingled. Mr. Wrathell reiterated the advantage that the CDD’s purchases are tax-exempt and the CDD has sovereign immunity, neither of which is true for the GHMA. Lastly, Mr. Wrathell recalled that the CDD also has a greater ability to collect revenue than an HOA, as the assessments are on the tax bill; many HOAs struggle to collect.

G. Keeping Grand Haven Grand: Phase 2

This item was deferred to the workshop.

SEVENTH ORDER OF BUSINESS

OPEN ITEMS

This item was deferred to the workshop.

EIGHTH ORDER OF BUSINESS

SUPERVISORS’ REQUESTS

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

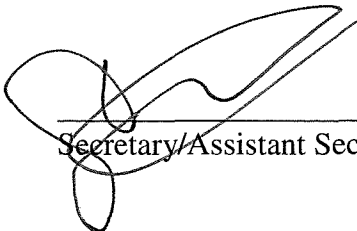
NINTH ORDER OF BUSINESS

ADJOURNMENT

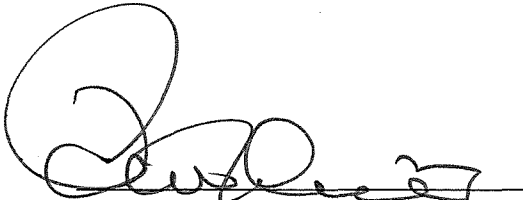
Mr. Wrathell indicated that the meeting will be continued to Thursday, February 6, 2014 at 10:00 a.m., to discuss the Escalante issue and the RFPs.

Mr. Wrathell explained the RFP presentation process and, in response to a resident question, confirmed that, following the presentations, Mr. Kloptosky will offer his opinions and comments during the Board’s deliberations.

On MOTION by Supervisor Gaeta and seconded by Supervisor Chiodo, with all in favor, the meeting recessed at 1:43 p.m., and was continued to Thursday, February 6, 2014 at 10:00 a.m., at this location.



Secretary/Assistant Secretary



Chair/Vice Chair