

**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 21, 2016** in the **Grand Haven Room, Grand Haven Village Center, 2001 Waterside Parkway, Palm Coast, Florida 32137** at **10:00 a.m.**

Present at the meeting were:

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

Also present were:

Craig Wrathell	District Manager
Howard McGaffney	Wrathell, Hunt and Associates, LLC
Cindy Cerbone	Wrathell, Hunt and Associates, LLC
Scott Clark	District Counsel
Jim Sullivan	District Engineer
Barry Kloptosky	Field Operations Manager
Robert Ross	Vesta/AMG
Roy Deary	Vesta/AMG
Ashley Higgins	Grand Haven CDD Office
Kristopher Linster	Terracon Consultants, Inc
Mark Rohrbeck	Celera IT Services, Inc.
John Burt (<i>via telephone</i>)	Enterprise Solutions Industries
Jim Gallo	Resident
Rob Carlton	Resident
Don Plunkett	Resident

FIRST ORDER OF BUSINESS

CALL TO ORDER/ROLL CALL

Mr. McGaffney called the meeting to order at 10:00 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.

THIRD ORDER OF BUSINESS

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

Mr. Deary stated that Mr. Ross would present last year’s financial results from the café, a check for the District’s portion of the café’s positive cash flow and a copy of the certificate of PCI compliance.

Supervisor Lawrence praised Vesta/AMG for producing a positive cash flow in the café.

FOURTH ORDER OF BUSINESS

**CONSULTANTS, GUEST REPORTS &
PRESENTATIONS**

A. Terracon Consultants, Inc., Village Center Moisture Intrusion Evaluation Services

Mr. Sullivan stated that Genesis was not qualified to investigate the moisture intrusion problem at The Village Center and recommended Terracon Consultants, Inc. (Terracon), who worked with Genesis on similar projects.

Mr. Kristopher Linster, of Terracon, indicated that the anticipated scope of work would include infrared thermography to check thermal gradient, water testing to recreate any leaks present to determine the path of the moisture intrusion and protimeter moisture readings. If it is determined that more information is necessary, with approval, investigative openings would be made. Terracon will, then, submit a report of findings and recommendations and, should the Board accepts those recommendations, Terracon will proceed quickly with the design, assemble bid documents for contractors and help with the selection of a contractor, based on qualifications and the quote. Terracon will work with the District through construction, make periodically inspection the work, collect and review the contractor pay applications and recommend payment of those applications, assist the District though the closing process and obtain permits, as needed. Terracon would act as a “turnkey” contractor for the District.

Supervisor Chiodo asked if Mr. Linster was confident that Terracon would be able to pinpoint the source water intrusion source. Mr. Linster replied affirmatively; Terracon’s intent is to determine the causes and address the “sickness” and not just the “symptoms”.

In response to Supervisor Gaeta’s question, Mr. Linster indicated that he will most likely act as the on-site project manager. As stucco is a sensitive issue, Mr. Linster will likely facilitate the process.

Supervisor Gaeta asked if Terracon warrantied their work. Mr. Linster explained that the contractor will provide a warranty on workmanship and materials. Terracon’s design will be

signed and sealed by a Florida Registered Professional Engineer and be a formal, Florida approved design.

Mr. Kloptosky asked Mr. Linster to expand upon what was included in the proposal and define additional cost items. Mr. Linster indicated that the thermography, moisture readings, water testing and preparation and submittal of the report with findings and recommendations fall under the scope of work in the proposal. Findings and design were separate components because it was difficult to provide accurate pricing before identifying the proper solutions.

Supervisor Chiodo asked if the design work was an additional cost. Mr. Linster replied affirmatively.

In response to Supervisor Lawrence's question, Mr. Linster clarified that the first phase of the project was outlined in the proposal; the second phase of the project was the design fees, contract administration, etc. The second phase will take the District through the completion of the project.

Supervisor Lawrence asked if it was feasible to utilize Terracon for the design but not contract administration. Mr. Linster replied that it was possible but advised against it.

Supervisor Smith asked about the magnitude of the second phase. Mr. Linster stated that design fees are typically \$15,000 to \$24,000, contingent on the findings, and encompass design and contract administration.

Supervisor Davidson asked if the design fees were based on a percentage of the overall cost of the project. Mr. Linster indicated that the fees were based on hours spent, which provides a cost savings to the District.

Mr. Kloptosky observed that Terracon's second phase was comparable with Genesis' process for larger projects.

Mr. Linster confirmed that the design would be an Official Florida Professional Engineer Approved design.

In response to Supervisor Davidson's question, Mr. Linster indicated that Terracon completed work in the City of Palm Coast.

Mr. Lawrence asked, if the contract was signed today, when Terracon could begin and how long Phase 1 would take. Mr. Linster advised that Phase 1 would begin in one week to ten days and the findings would be completed in approximately one month. If requested, the report could be available for the next meeting.

Supervisor Gaeta asked if a presentation could be provided, prior to the next meeting. Mr. Linster replied affirmatively.

Mr. McGaffney asked if Mr. Linster's travel time was included in the proposed cost and what "additional testing" may be needed. Mr. Linster confirmed that travel time was included in the proposed cost; "additional testing" was generally for asbestos and lead, which he believed would not be needed, based on the age of The Village Center.

Supervisor Davidson questioned what would happen if more information and investigative openings were necessary. Mr. Linster advised that, in the event that investigative openings are needed, a second proposal to have a contractor create openings and make necessary repairs to prevent further intrusion would be presented.

If the proposal is approved, Supervisor Chiodo suggested authorizing a not-to-exceed amount of \$10,000 to cover any additional costs.

Mr. Linster noted that the District will be notified immediately if there is a need for additional testing is necessary. Discussion ensued regarding the potential need for, and possible cost of, investigative openings and contractors.

Mr. Kloptosky stated that the cost of opening a few areas for testing purposes will not compare to the magnitude of the actual repairs. He felt that, and Mr. Linster agreed that \$10,000 was more than sufficient to cover the cost of any necessary additional testing and repairs.

Supervisor Davidson noted that the proposal stated that Terracon retained all reports and findings but will provide them to the client. Mr. Linster clarified that the report will be submitted to Genesis and Genesis will provide the report to the District. Terracon will retain ownership of the information but the District will be privy to it.

Mr. Clark indicated that the report would become part of the public record.

Mr. Kloptosky asked if findings were typically submitted through the District Engineer. Mr. Linster replied affirmatively. Discussion ensued regarding project timing.

Supervisor Gaeta asked if Mr. Linster ever worked in the City of Palm Coast. Mr. Linster indicated that he recently relocated to the area but Terracon completed geotechnical projects for the City.

On MOTION by Supervisor Gaeta and seconded by Supervisor Chiodo, with all in favor, the Terracon Consultants, Inc., Moisture Intrusion Evaluation Services proposal, in the amount of \$5,000, with an additional \$10,000 for additional services, as overseen and authorized by the Field Operations Manager, for a total not-to-exceed amount of \$15,500, was approved.

B. Celera IT Services, Inc.

i. Executive Summary and Firewall/WiFi Quote

Mr. Mark Rohrbeck, of Celera IT Services, Inc. (Celera), recalled that the firewall was previously discussed and would be reaching its “end of life” in March. The new firewall will resolve the Wi-Fi and guardhouse connection issues, as well as, renew the hardware and provide better protection. The newer firewall is based on older technology. Celera tested the new version and there were no viruses; Celera had confidence in the new firewall. There are one-year and three-year firewall options. The three-year option will save the District money in the long run. Mr. Rohrbeck indicated that, most likely, after the three years, the hardware will still be useable and the firewall would only require a subscription renewal. Mr. Rohrbeck stated that the primary challenge will be configuring the new firewall to match the current firewall’s configuration.

Supervisor Lawrence asked if software was included in the quote. Mr. Rohrbeck explained that the subscription part of the quote covered software. Both the hardware and the software were included.

Supervisor Gaeta asked if licensing was included in the quote. Mr. Rohrbeck replied affirmatively.

Supervisor Lawrence questioned what percentage of the three-year option cost was the subscription and what percentage was hardware. Mr. Rohrbeck indicated that the subscription cost was approximately \$600 per year.

Supervisor Davidson asked about the warranty on the equipment. Mr. Rohrbeck believed that the equipment carried a one-year warranty. Supervisor Davidson inquired if an extended warranty was available. Mr. Rohrbeck must look into it. Discussion ensued regarding the possibility of an extended warranty.

Mr. Rohrbeck indicated that the Executive Summary was a detailed report of the entire network.

Supervisor Lawrence asked why the firewall must be replaced. Mr. Rohrbeck explained that the District's current hardware was aging, the firewall had some slight issues and the Wi-Fi was currently a separate system. The proposed firewall and Wi-Fi are a single package and the Wi-Fi is controlled from the firewall. Supervisor Gaeta surmised that the proposed system was an "upgrade".

Supervisor Chiodo asked how old the current hardware was. Mr. Rohrbeck stated that the current equipment was from 2011 or 2012.

Mr. Rohrbeck advised that Microsoft will no longer support the software that the current server runs on.

Mr. Rohrbeck advised that the current servers, like the firewall, were getting old. He would not recommend using a server for longer than five years, which is the age of the District's primary server. The District is at the point where it must consider its direction for the future. Continuing to host the network onsite would require separate servers because the small business server currently utilized by the District was no longer available. Mr. Rohrbeck noted that the CRM and email could be hosted in "the cloud".

In response to Supervisor Gaeta's question, Mr. Rohrbeck stated that the benefit from cloud hosting was that there would not be a server that would eventually need to be replaced. There is a monthly rental cost for cloud storage; the monthly cost for cloud hosted email was \$12.50 to \$20, per user. Mr. Rohrbeck felt that the cloud hosting was the best option for the District. Discussion ensued regarding the transition from server to cloud.

Supervisor Lawrence asked what the servers would be used for, if the email and CRM were cloud based. Mr. Rohrbeck stated that the servers would still be needed for the Active Directory, the Dynamic Host Configuration Protocol (DHCP) that provides an Internet Protocol (IP) address, and the file server, for Data. Supervisor Lawrence questioned if the existing server could support those functions. Mr. Rohrbeck indicated that the current hardware and software could not continue supporting those functions. The District would, ideally, have two servers, including the new server and the Laserfiche server, instead of the three currently has.

Ms. Higgins asked if the contract amount would decrease. Mr. Rohrbeck confirmed that the contract amount would decrease; Celera would no longer be paid for monthly maintenance of the additional server. Discussion ensued regarding servers, the cloud and internet speeds.

Supervisor Lawrence indicated that an estimate was needed for the cost of a new server and transferring the email and CRM to the cloud.

In response to Mr. Rohrbeck’s question, Ms. Higgins stated that Share Point was used as an issue tracker. Discussion ensued regarding the age of The Village Center PCs and scanners.

Mr. Rohrbeck indicated that, because of the configuration involved, the sooner a decision on the firewall is made, the better.

Mr. Rohrbeck confirmed that the price of the three-year program was approximately \$5,800 and the price of the one-year programs was around \$4,500. Supervisor Smith favored the three-year program. Supervisor Gaeta indicated that there was still the question of availability of a three-year warranty. Mr. Rohrbeck advised that he could only recall one instance of a hardware issue, out of the warranty period, and the vendor provided a return merchandise authorization (RMA).

Supervisor Gaeta asked what the lead time was for the equipment. Mr. Rohrbeck replied that, once ordered, the equipment generally arrives within four; installation and configuration is the time consuming part.

On MOTION by Supervisor Davidson and seconded by Supervisor Gaeta, with all in favor, the Celera IT Services, Inc., Three-Year Firewall/WiFi proposal, in a not-to-exceed amount of \$6,000, was approved.

Supervisor Lawrence reiterated that an estimate for the cost of the new server and transferring of the email and CRM to the cloud was needed.

ii. Fidelity Phone System Proposal

Mr. Rohrbeck stated that Fidelity’s current monthly promotion is the Ultimate Package for the price of the Professional Package. The Ultimate Package provides much more functionality. Mr. Rohrbeck indicated that the AT&T contract is coming up for renewal and Fidelity would move the District’s phone service to the cloud. The District can retain its current phone numbers. The Ultimate Package includes Conference Bridge with video conferencing.

In response to Supervisor Gaeta’s questions, Mr. Rohrbeck indicated that Celera has used Fidelity for years and he felt that their support was very good. The only time the phone system went down was during Superstorm Sandy.

Supervisor Davidson asked if the system was Voice over Internet Protocol (VoIP). Supervisor Gaeta confirmed that it was. Supervisor Davidson was concerned that VoIP service does not work when there is a power outage. Mr. Rohrbeck confirmed that, if there was a power or internet outage, the phone system would go down. A second internet connection could be used as back up, for an additional monthly fee.

Discussion ensued regarding which phone lines would be transferred.

Mr. Rohrbeck indicated that six existing lines would be ported over to Fonality and each phone in the system would have its own direct dial number.

Supervisor Smith questioned if changing service providers was a financially based decision. Ms. Higgins explained that the AT&T contract was up for renewal and that the current phone system was old, having issues and lacked support. She noted that, apart from the cost savings, the Fonality system was a good system.

Ms. Higgins indicated that, of the 11 lines being kept with AT&T, not all of them were technical phone lines; some were for the Door King, the South Gate, the fire system, the gate system, etc.,.

Supervisor Lawrence surmised the savings with Fonality was approximately \$30, per phone line. Ms. Higgins noted that the Fonality service included support.

Supervisor Lawrence asked why all lines were not being transferred to Fonality. Mr. Rohrbeck explained that copper lines were needed for the gate, alarm and fire systems.

Discussion ensued regarding the fax lines and paperless faxing.

A resident asked if the Board was discussing migrating the phone lines to Windstream Communications (Windstream). Ms. Higgins stated that there were two proposals, one from Fonality, which was currently being discussed, and one from Windstream.

Supervisor Gaeta inquired about Fonality's sound quality. Mr. Rohrbeck stated that the sound quality was as good as, if not better than, AT&T. Supervisor Gaeta asked how long it would take to switch to Fonality. Mr. Rohrbeck stated that the transition would take a few weeks, depending on how quickly AT&T releases the phone numbers.

Supervisor Davidson asked if the promotional rate for the Ultimate Package would continue in perpetuity, upon renewal. Mr. Rohrbeck replied affirmatively.

Supervisor Gaeta noted that the proposal was for a one-year contract. Mr. Rohrbeck indicated that, if the District was unhappy with the service, Fonality would first try to rectify the

issue and, if the District was still unhappy, Fonality would release the contract. Mr. Rohrbeck believed that a warranty was included with the service.

Supervisor Lawrence asked if a three-year contract was available to lock in the current rates. Mr. Rohrbeck indicated that Celera had an annual, rollover contract and, in the five years that Celera has used Fonality's services, the price remained the same.

Discussion ensued regarding taxes and fees.

Mr. Jim Gallo, a resident, asked if the current phone system was VoIP. Supervisor Davidson replied affirmatively.

On MOTION by Supervisor Davidson and seconded by Supervisor Lawrence, with all in favor, the Fonality Phone System proposal for the Ultimate Package, directing District Counsel to draft an agreement and authorizing the Chair to execute, were approved.

Supervisor Davidson was concerned about the District still paying for disconnected DSL lines. Ms. Higgins believed that Ms. Kane was working to rectify the issue. Discussion ensued regarding the disconnected DSL lines.

Supervisor Lawrence requested that the District Manager pursue a refund from AT&T. Ms. Higgins stated that two DSL lines were disconnected but AT&T was billing the District approximately \$90, per month, for each line.

▪ **Point-of Sale PCI-DSS Compliance**

****This item was an addition to the agenda.****

Supervisor Gaeta requested that Mr. John Burt, of Enterprise Solutions Industries (ESI), provide a Point-of Sale (POS) PCI-DSS Compliance update. She noted that Mercury processors were ordered because the CARDnet software was not compliant. A PCI-DSS Certificate of Compliance attested to by Mr. Daniel Todd Fagen, general manager of amenity operations, was distributed by Mr. Ross. Supervisor Gaeta understood that the Quality Assessment Report was to be provided by either Mr. Burt or Mercury and that there was a glitch in last night's installation.

Mr. Burt indicated that the District is now processing with Mercury. PCI has a process that the District can go through to certify compliance with their best practices. Mr. Fagen completed the questionnaire, which is related to work performed on the District's network and

the type of software used. Following the questionnaire, Trustwave Holdings, Inc. (Trustwave), a certified forensic analyzer of PCI compliance, initiated and completed a scan of the District's POS network, which passed as a secure network. Once the scan was completed, the PCI compliance certificate was issued. Mr. Burt stated that \$100,000 of breach protection is provided by Mercury, which included forensic analysis, should a breach occur, as well as \$15,000 towards any remedial steps required, after a breach. Every 30 to 60 days, Trustwave performs an additional scan to ensure that the network is secure.

Mr. Burt stated that another issue was the District's ability to accept data chip cards. The chip readers were delivered and installed. Following the chip readers installation, the Mercury processors make a configuration change on the District's merchant account to accept data chip cards. The parameter change was not completed, tested and installed, even though the devices were installed; the parameter will, most likely, be installed this evening and the chip readers will be activated for use tomorrow morning.

In response to Supervisor Gaeta's question, Mr. Burt indicated that the parameter change will be completed remotely.

Ms. Higgins asked if the operating systems were updated. Mr. Burt replied that everything was updated to Windows 10.

Mr. Ross asked if the parameters would be changed after the close of business tonight. Mr. Burt stated that, once Mercury completes its portion, ESI will make the merchant change remotely and run a test transaction.

Supervisor Gaeta asked if the Trustwave certificate of compliance covered the Point-to-Point Encryption (P2PE). Mr. Burt confirmed that P2PE was covered.

Supervisor Davidson questioned if swipe cards could still be accepted once the chip card readers were activated. Mr. Burt indicated that swipe cards could still be processed but the card must "fail" in the chip reader before it can be swiped.

In response to Supervisor Gaeta's question, Mr. Burt assumed that the chip readers would be operating tomorrow morning.

Supervisor Lawrence recounted that Mr. Deary accepted responsibility for the change in the POS system and accountability for any problems.

FIFTH ORDER OF BUSINESS

CONSENT AGENDA ITEMS

A. APPROVAL OF MINUTES

i. December 17, 2015 Regular Meeting

Mr. McGaffney presented the December 17, 2015 Regular Meeting Minutes for the Board’s consideration. Revisions to the minutes were previously submitted to Management.

B. APPROVAL OF UNAUDITED FINANCIAL STATEMENTS

i. Unaudited Financial Statements as of December 31, 2015

Mr. McGaffney presented the Unaudited Financial Statements as of December 31, 2015.

Supervisor Davidson noted that the check register was normally between \$250,000 and \$300,000 but, in December, it was \$3 million.

Mr. McGaffney indicated that revenue collections were at 82%.

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

****The meeting recessed at 11:28 a.m.****

****The meeting reconvened at 11:39 a.m.****

SIXTH ORDER OF BUSINESS

STAFF REPORTS

A. District Engineer

i. Update: Road Resurfacing Plan

Mr. Sullivan stated that the Sailfish Drive project was nearly completed; there were a few puddles in the gutters that the contractor was rectifying. The City stamped the Creekside parking lot expansion plans. The contractor must provide the plans to the City to obtain the building permit.

Mr. Sullivan clarified that Terracon’s proposal was submitted to Genesis and the invoicing will pass through Genesis to the CDD.

Supervisor Davidson asked if Genesis would mark up the cost. Mr. Sullivan advised that there would be no markup.

Mr. Sullivan indicated that the District initial contract with Genesis contained a fixed amount, which Genesis has drew against for the last 2.5 years. Mr. Sullivan inquired about a contract renewal, as the original funds were nearly depleted.

Supervisor Davidson stated that District Counsel will review the contract renewal terms.

▪ **Road Capital Review**

******This item was an addition to the agenda.******

Supervisor Lawrence compared the road capital, as envisioned in 2014, with the latest estimate. He believed that the District was in good shape; the CDD's existing reserve fund balances had \$300,000 in "general roads", and \$484,000 in revenues were reserved, over the past three years, for the projected Fiscal Year 2018 \$823,000 expenditure. A total of \$1.1 million is needed; the District has three years to build up the additional \$300,000.

Supervisor Lawrence pointed out that the capital budget for Fiscal Year 2016 was \$591,000. The first estimate, made in September, 2015, was \$462,000, so the District has another \$130,000 of capital funds for expenditures. The estimate, at that time, was \$33,000 to repave roads and \$40,000 to replace concrete.

Supervisor Lawrence indicated that the District Engineer should be asked for a projected estimate, as the initial estimate, based on the District Engineer's input in Fiscal Year 2014, was drastically different. The Board must be reassured of what must be repaved. Supervisor Lawrence suggested that the District Engineer provide a three-year estimate, each year. Currently, after Fiscal Year 2018, virtually no road expenditures were anticipated for five years.

Mr. McGaffney pointed out that Wild Oaks was not included in Supervisor Lawrence's comparison. Mr. Sullivan confirmed that no Wild Oaks road work was anticipated within the next three years because it is relatively new.

Supervisor Smith asked if, at the end of Fiscal Year 2016, the District was expected to have \$485,000 but, currently has \$784,000. Supervisor Lawrence clarified that, at the end of Fiscal Year 2015, the District had \$245,000 and budgeted an additional \$239,723. Supervisor Smith surmised that the District was ahead of the projected fund accumulation schedule and would have sufficient funds even with the large expenditure being moved up. Supervisor Lawrence agreed.

Supervisor Gaeta asked if the funds for Sailfish Drive were budgeted for Fiscal Year 2015 or Fiscal Year 2016. Mr. Sullivan indicated that the project was budgeted for Fiscal Year 2015.

In response to Supervisor Gaeta's comment, Supervisor Lawrence clarified that the project was on budget.

Supervisor Gaeta asked if “unassigned funds” could be used on The Village Center project. Mr. McGaffney advised that the District’s only concern was a budget amendment, should expenses exceed budget. Supervisor Lawrence indicated that there was \$130,000 of uncommitted capital.

B. Amenity Manager

Mr. Ross stated that, when the tennis courts are closed due to rain, they are closed for the protection of the courts and residents. He discussed the misconception that, since residents do not see standing water on the courts, the courts are suitable for play and the “Closed” signs on the gates should be removed. Mr. Ross stressed that it does not mean the courts are suitable for play simply because there is no standing water.

Mr. Kloptosky indicated that an individual who claimed to represent a group of tennis players who are “experts” on the subject emailed and called his office because he could not “get any satisfaction” from Mr. Ross. Mr. Kloptosky explained to the individual that, for resident safety, asset preservation and liability reasons, the Board designated Mr. Ross and himself to make decisions about when the tennis courts are closed and opened. Even when there is no standing water, the clay can be wet, underneath. Mr. Kloptosky noted that the individual was still unsatisfied with the explanation.

Supervisor Davidson asked if the complaints were from a new resident. Mr. Kloptosky replied that the individual was a resident for approximately three years. Discussion continued regarding the District’s parameters for closing and opening the tennis courts because of rain.

Supervisor Davidson asked if the Tennis Advisory Group (TAG) was still functioning. Mr. Ross responded that the TAG had not met in years because everything was great and there was reason for them to meet.

Supervisor Lawrence asked if the City of Palm Coast was contacted to determine when the City opened their courts, following rain. Mr. Ross noted the inferior condition of the City’s courts. Supervisor Davidson recalled that the TAG was created to handle these types of matters and suggested that the group meet to reiterate the rules, as there are many new residents and tennis players, and discuss when courts are appropriate for play, who has authorization to make that determination and the consequences for violating those decisions.

Mr. Kloptosky reported an investigation into a recent incident where the courts were closed, due to rain, and a number of people removed the signs and played. He stated that the incident was captured on camera and the individuals are being identified.

Supervisor Davidson reiterated that the TAG must be reconvened to address these issues.

Mr. Rob Carlton, a resident and TAG member, indicated the majority of the group is still residents and would be happy to reconvene.

Supervisor Lawrence felt that the individuals responsible for removing the “Closed” signs and playing on the closed courts should receive a warning for violating District rules.

Mr. Ross presented a \$17,400.03 check for the District’s portion of the café’s positive cash flow. In terms of sales, the café had its best year, ever. The total income in 2013 was about \$330,000, while 2015’s total income was approximately \$491,000.

In response to Supervisor Davidson’s question, Mr. Ross indicated that all of the kitchen equipment was in good shape.

Supervisor Gaeta asked if the District owned all of the kitchen equipment or if it was leased. Mr. Ross advised that the District owned all of the equipment.

Mr. Kloptosky asked for the gross income for Fiscal Year 2014. Mr. Ross stated that it was \$435,000. Mr. Kloptosky noted that the Fiscal Year 2014 check was larger and surmised that this year’s net income was lower, even though the gross income was higher. Mr. Ross will investigate the matter. Mr. Ross pointed out that increased food costs were not passed on to residents. This year, small changes must be made to the menu to account for higher food costs.

Supervisor Gaeta suggested that Mr. Ross discuss fuel adjustment charges with the vendors. Mr. Ross noted that bank charges were over \$17,000.

Mr. McGaffney praised Mr. Ross for his efforts to increase the café’s profitability.

Mr. Ross pointed out that the District’s Valentine’s Day event sold out in 24 hours.

Mr. Don Plunkett, a resident, remarked that, during dinner, the restaurant is extremely cold, due to the heat in the kitchen and trying to cool it. He suggested installing a split air conditioning system to regulate the temperature of the two spaces, separately. Mr. Ross indicated that the temperature issue will be addressed.

Supervisor Lawrence was confused regarding the café’s profit sharing and asked if the District should have received \$11,000 if the café’s net profit was \$22,000. Mr. Ross recalled a fee increase in Fiscal Year 2014 and advised that Vesta/AMG was returning 100% of the increase from the amenities, plus 50% of the net profit.

Supervisor Smith was more concerned with resident participation than profitability and felt that, as long as the café was making a profit, it was not necessary to optimize profitability. Supervisors Davidson and Gaeta agreed. Mr. Ross was conscious of increasing food costs and

felt that the café's prices were very reasonable. Discussion ensued regarding the good quality and reasonable prices of the café's food.

In response to Supervisor Gaeta's questions, Mr. Ross indicated that the issue regarding a non-resident tennis player was resolved but four or five people are still trying to "beat the system" on weekends. Most people are aware of the \$10 non-residents fee; there was \$2,100 in tennis income.

Supervisor Davidson indicated that quality of life within the District and the amenities improved greatly with the implementation of the master database and Smart Amenity Access Cards (SAACs).

C. Field/Operations Manager

- **Consideration of/Decision on: S.E. Cline Construction, Inc., Change Order 4 for Sailfish Drive**

****This item was an addition to the agenda.****

Mr. Kloptosky presented the S.E. Cline Construction, Inc. (Cline), Change Order 4, which included the credit discussed at the last workshop. He believed that Change Order 4 was the final Change Order of the project and the credit lowered the total cost of the project from \$184,457.82 to \$183,254.18. Items #1 through #5 of Change Order 4 dealt with striping, patching and repairs, totaling \$2,091.96. Cline provided a credit of \$3,295.60, for work that was not needed, resulting in a net credit of \$1,203.64.

Supervisor Lawrence recalled that, in Fiscal Year 2014, \$198,500 was budgeted for the project and the project was under budget.

On MOTION by Supervisor Davidson and seconded by Supervisor Gaeta, with all in favor, S.E. Cline Construction, Inc., Change Order 4 for Sailfish Drive, for a reduction of \$1,203.64, was approved.

Mr. Kloptosky reported that the project was in the final inspection phase with the City. The final inspection was not completed because the City's landscape architect had an issue with the location of the trees that were planted and requested that two trees be moved. Mr. Kloptosky pointed out that the trees were planted, per the approved site plan, and moving them is not practical. He emailed the City's landscape architect, two weeks ago, to obtain his written response but received no reply. Mr. Kloptosky instructed the contractor to reapply for the final

inspections, which are scheduled for tomorrow, including the landscaping. If the project does not pass inspection, the District can address the issue with the City. Discussion ensued regarding inspection approval.

Mr. Kloptosky discussed removal of the surface of the bocce ball courts and repairs to the structure, in preparation for the stucco and stone application. The contractor hopes to complete the concrete removal by the end of the week and the stucco contractor will begin work next week. The project is proceeding well; the only components that the Board has not given permission to finalize are the lighting and canopies. Pricing is being obtained for those items, as they were not considered in the original price.

Mr. Kloptosky recalled a resident request that the concrete debris from the project be placed in the ponds to create mounds for turtles to sun themselves on. He explained to the resident that St. Johns County would not allow the dumping of debris into the ponds.

Supervisor Davidson remarked that the ponds are stormwater detention ponds designed and constructed according to engineering principals and are governed by the St. Johns River Water Management District (STRWMD). At a certain sediment level, the ponds must be dredged, which the District may never encounter. This is why planting were installed and the amount of fertilizer entering the ponds is being controlled.

Mr. Kloptosky reported that the contractor is ready to install the new countertops and sinks in The Village Center bathrooms but the project is on hold while pricing is obtained to install cabinetry on the side to help support the granite, provide storage and project a professional appearance.

Mr. Kloptosky indicated that, for cost savings, the lighting in the Creekside and The Village Center pools and spas were being replaced with LED lighting, as each light burns out. Both pools now have LED lighting.

Mr. Kloptosky reported about issues with the croquet courts at The Village Center and Creekside. Sod was replaced at The Village Center croquet court but there are shade caused growth issues because of shade. He recalled that the courts were not built properly and lacked drainage. Historically, there were issues with water retention and mold. The contractor installed the sod and preformed a top-dressing of the area. The court was closed and remained closed. The Croquet Club is aware of the issue.

In response to Supervisor Gaeta's question, Mr. Kloptosky replied that Precision Land Grading was the contractor. He was unsure when the court will be able to be reopened.

Mr. Kloptosky indicated that the problems with the Creekside croquet court were more complicated. Over the past few months, growth of algae on the surface of the court was noticed; the growth is not black mold, as some residents assumed. Algae typically grow this time of year, when it is cold, damp and there is not enough sunlight. Some Croquet Club members questioned if the District was treating the algae growth correctly.

Mr. Kloptosky met with the Croquet Club and a few members were opposed to certain processes being used on the courts; however, he and the majority of the club's members did not agree. Mr. Kloptosky approached the contractor regarding the concerns and asked Mr. TJ West, of the Grand Haven Golf Club, for his input. Mr. West would use the same approach as the contractor; the algae should be treated with fungicide, the sod should be top-dressed and the mower blade should be raised so that grass grows higher and becomes stronger.

Mr. Kloptosky indicated that the Croquet Club was upset about the amount of wear on the court. One resident was adamant that the courts not be rotated. Mr. Kloptosky explained that the court was rotated for years, to help preserve the grass and informed the Croquet Club that, unless the Board directed otherwise, he had no choice but to rotate the court, due to the level of wear around the wickets. The grass is still under warranty and Mr. Andy Bailey, of PLG will inspect the court, this afternoon. Additional time is needed to address all of the extra treatments required. The Croquet Club agreed to every other Saturday, when they do not play, for treatment but it may be necessary for the court to be closed for an additional day or two in order to preserve it.

Mr. Kloptosky reiterated that the majority of the Croquet Club was in agreement with the treatment plan. The algaecide treatments and top-dressing will continue, aeration will be scheduled and the mower blade will be raised. To be safe, Mr. Kloptosky consulted Ms. Leister, who confirmed that the algae was not black mold and fungicide was required.

Supervisor Gaeta asked if aeration was performed on the court. Mr. Kloptosky believed that aeration was performed, in the beginning and periodically; the equipment is borrowed from the golf club. Everything that can be done to preserve the croquet court is being done, under warranty.

Mr. Kloptosky pointed out that the croquet court is in the "middle of nowhere" and contractors must access it for maintenance. The Croquet Club complained when Austin Outdoor, Inc. (Austin) maintained the courts and is now complaining about the new contractor;

the new contractor indicated that they may not renew the contract. Mr. Kloptosky stressed that the court is an amenity and the Croquet Club must work with the District, rather than against it.

Supervisor Gaeta recalled that Mr. Bailey recommended a particular contractor. Mr. Kloptosky clarified that the contractor Mr. Bailey recommended to the Board only provided aeration services; the other contractor was hired later. Supervisor Gaeta asked if the current contractor worked with Mr. Bailey since the beginning. Mr. Kloptosky replied that Mr. Bailey originally used another contractor but that contractor was replaced because Mr. Kloptosky and Mr. Bailey were not satisfied with their work. Mr. Bailey is responsible for both the building and maintenance of the croquet courts.

Mr. McGaffney surmised that Mr. Kloptosky needed authorization to properly preserve the amenity, as he saw fit, and suggested that Mr. Kloptosky send an e-blast to the community detailing what was being done to preserve the croquet courts. Mr. Kloptosky stated that he already had authorization as Field Operations Manager; he simply wanted the Board to be aware of the situation.

Supervisor Gaeta asked if the maintenance contractor had the equipment necessary to properly maintain the croquet court. Mr. Kloptosky replied that the contractor possessed the necessary equipment but only brought mowers and smaller equipment; the maintenance contractor negotiated with Mr. West for use of larger equipment, such as the aerator and top dressing machines, onsite.

Supervisor Davidson suggested e-blasting details of the course of action being taken to preserve the asset. Anyone who enters the court while it is closed for maintenance purposes would be breaking the amenity rules. Supervisor Chiodo indicated that the need for court rotation must be reiterated. Supervisor Davidson advised that Mr. Kloptosky has authority, not the Croquet Club.

Supervisor Smith asked if Mr. Kloptosky felt that the majority of the croquet court users recognized his authority to close the court. Mr. Kloptosky stated that, based on his meeting with the Croquet Club, the majority of the court users are in agreement with Mr. Kloptosky and recognize what must be done to preserve the courts. Supervisor Smith stated that it was unacceptable for District contractors to be restricted from access to the areas that they are maintaining. Discussion ensued regarding the Field Operations Manager's authority.

Supervisor Smith stated that deterioration of some posts around the tennis courts was brought to his attention. Mr. Kloptosky was already addressing the matter; a number of posts

must be replaced. Supervisor Smith asked if the screening was deteriorating. Mr. Kloptosky replied that only the posts were deteriorating; the number of posts to be replaced will be determined and quotes will be obtained.

Supervisor Gaeta asked if the partitions on the Petanque courts were removed. Mr. Kloptosky confirmed that the landscape ties were removed and positive feedback from the Petanque players was received. A picnic table with benches and an umbrella were installed. Mr. Kloptosky is obtaining proposals for benches on the pickleball courts and at both amenity centers.

Supervisor Gaeta recalled discussion about removing a tree at The Village Center croquet court. Mr. Kloptosky explained that several a palm trees are shading the south side of the court but was not worried about removing the trees, at this time, because there was talk of adding a parking lot there and it would be a waste of time and money to fix a court that will never be “right”.

i. Phone Service Review and Proposals

This item was discussed during Item 4.B.ii.

D. District Counsel

Mr. Clark contacted Mr. Albert Hadeed, Flagler County Attorney, regarding the traffic light bond and received a lengthy, favorable email, last night. An agreement was not yet finalized and still required editing on the part of the County Attorney’s office. Essentially, the County Attorney and County Administrator are in favor of recommending to the Board of County Commissioners that the District and County enter into an interlocal agreement that the District agrees to the County retaining the cash bond and the County agrees that the bond would be dedicated to the Main Entrance traffic light. The County will retain control of determining when it is necessary and is willing to use an upgraded traffic light plan, with mast arms instead of overhead wires. The County indicated that there are details that may require the use of District property, such as easements, and may need assistance with supplying power to the traffic signal. The County will ask the District for its cooperation. In essence, the District will work cooperatively with the County, when necessary. The District will agree to drop the claim for refund of the bond and the County will agree that the bond is the District’s total sole financial contribution towards the traffic signal.

Mr. Clark will continue to work on an agreement and present it, once it is finalized.

Supervisor Davidson asked if there would be no further financial obligation for the District. Mr. Clark confirmed that there would be no cash contribution but some easement dedications may be required.

Supervisor Gaeta pointed out that the agreement was only related to a traffic signal at the Main Gate but the bond was originally for a traffic signal at the South Gate. She asked what would happen if the County decided that one traffic signal was not enough. Mr. Clark stated that the bond was to the District's contribution to traffic light requirements on Colbert Lane, period.

Mr. Wrathell believed that the agreement that District Counsel and the County Attorney were working on was far superior to a refund of the bond. Ultimately, the traffic signal will serve a good purpose and provides the District with future leverage with the County.

Mr. Clark reported that the 9th Green purchase was completed, with the exception of a resolution to eliminate pending assessments for Fiscal Year 2016.

Supervisor Gaeta asked if there would no longer be assessments on that property. Mr. Clark confirmed that because the property is now District-owned, there would be no further assessments.

Mr. Wrathell explained that the Fiscal Year 2016 budget was drafted to account for the anticipated decrease of assessable property. The District's revenues will still cover its expenses.

Supervisor Davidson asked how many tax assessable units were lost in the purchase. Mr. Wrathell believed that four were lost. Discussion ensued regarding the number of tax assessable units. Mr. Wrathell reiterated that the loss of assessable units was budgeted for.

Mr. Clark indicated that the logistics would be handled between himself and District Management.

Supervisor Gaeta asked if an e-blast should be sent informing the community of the District's purchase. Supervisor Davidson indicated that Mr. Jim Cullis, of Grand Haven Realty, was preparing an article regarding the District's purchase of the 9th Green site and potential plans to turn the site into a park. Mr. Cullis will provide a copy of the article for Supervisor Davidson's review.

Supervisor Gaeta pointed out that a recent marketing publication incorrectly stated that a senior community was being built in the District.

In response to a comment from Mr. Wrathell, Supervisor Davidson indicated that reasoning for the District purchase of the 9th Green site, along with Ms. Leister's schematic of the possible park, will be included in Mr. Cullis' article.

Supervisor Smith was cautious about using Ms. Leister’s original rendition as it did not account for the cart path. Supervisor Lawrence was cautious because the park was not budgeted. Supervisor Davidson stated that the park would be presented as a proposed use of the site.

Mr. Wrathell questioned the rush to announce the purchase of parcel prior to developing a plan for its use. Supervisor Davidson indicated, and District Council confirmed, that the District could not stop Mr. Cullis from publishing the article. Supervisor Davidson argued that the District should take advantage of the editorial control offered by Mr. Cullis.

Supervisor Lawrence suggested asking Mr. Cullis to refrain from publishing the article until the District is more prepared. Discussion ensued regarding the possible consequences of a premature announcement. Supervisor Davidson will ask Mr. Cullis to postpone the article.

With regard to the concern about the security camera and confidentiality, Mr. Clark stated that there is proposed legislation addressing the ability to keep security camera footage private and not be required to give it to anyone who requests it. The proposed legislation sets parameters that allow the footage to be used to review incidents and to be provided to law enforcement if needed. The bill passed its first committee rounds and adoption looks promising.

E. District Manager

i. Upcoming Community Workshop/Regular Meeting Dates

o COMMUNITY WORKSHOP

- February 4, 2016 at 10:00 A.M.**

The next workshop will be held on February 4, 2016 at 10:00 a.m.

o BOARD OF SUPERVISORS MEETING

- February 18, 2015 at 10:00 A.M.**

The next meeting will be held on February 18, 2015 at 10:00 a.m.

Discussion ensued regarding the need for a Community Workshop in February. Supervisor Davidson stated that the Workshop will remain on the schedule with consideration that it will be cancelled if it is not necessary.

SEVENTH ORDER OF BUSINESS

BUSINESS ITEMS

A. Consideration of/Decision on: Resolution 2016-03, Authorizing Cancellation of Non-Ad Valorem Assessment on Certain Property Acquired by District

Mr. McGaffney presented Resolution 2016-3 for the Board’s consideration and read the title into the record:

“A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE GRAND HAVEN COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING CANCELLATION OF NON-AD VALOREM ASSESSMENT ON CERTAIN PROPERTY ACQUIRED BY DISTRICT”

On MOTION by Supervisor Davidson and seconded by Supervisor Gaeta, with all in favor, Resolution 2016-03, Authorizing Cancellation of Non-Ad Valorem Assessment on Certain Property Acquired by the District, was adopted.

Mr. Wrathell indicated that the January, 2016 Unaudited Financial Statements will include a footnote regarding the acquisition of Tract K, using proceeds received as result of the bankruptcy settlement.

On MOTION by Supervisor Davidson and seconded by Supervisor Lawrence, with all in favor, directing District Management to use “General Fund” funds to pay off the bond debt on certain property acquired by the District, was approved.

Supervisor Smith surmised that, going forth, the District now had 1,897 assessable parcels instead of 1,901.

B. Update: Business Plan Objectives

- **Develop Long-Term, Common Area Tree Management Plan [SD]**

Supervisor Davidson recalled that the Board decided not to abandon the neo-traditional landscape design on common property and asked about sidewalk repairs due to damage caused by tree roots. Mr. Kloptosky indicated that the tree roots were being removed, replaced sidewalk slabs were pinned and additional rebar was used to reinforce the sidewalks.

In response to Supervisor Davidson’s question, Mr. Kloptosky confirmed that, aside from some trees on Sailfish Drive, no trees required replacing.

Supervisor Davidson was intrigued by the use of Cambistat® as a growth inhibitor. He spoke to Dr. Mark Clark, of the University of Florida (UF), who will help Supervisor Davidson attempt to convince Dr. Edward Gilman, of UF, to undertake a long-term study of the use of

Cambistat[®] as a method of suppressing growth. It would be a full scientific study over the course of years.

Supervisor Smith remarked that funding may be available for a study of that nature. Supervisor Davidson indicated that the study should not be funded by the makers of Cambistat[®]. Discussion ensued regarding items that are part of the long-term plan.

C. Update: Washingtonian Palm Tree Removal [RS]

This item was tabled.

D. Discussion: Updates for Rules Relating to Stormwater Facilities

Supervisor Smith felt that the Board was struggling to devise a common solution to various types of encroachments. He felt that the District should have a policy or concept regarding a remedy to encroachment; the goals or objective would remain constant but the resolution of specific incidences would vary.

Supervisor Davidson suggested that this topic be discussed at the next workshop. Supervisor Smith was unable to attend the February 4, 2016 workshop but suggested that this topic be discussed in his absence.

i. Encroachment by Residents on CDD Property

ii. Utility Easement Obstructions Policy & Obstruction Removal Agreements

iii. Policy for Clearing Development and Planting of District Owned Detention Pond Lake Banks

Supervisor Davidson asked if “Encroachment by Residents on CDD Property” was to become a general rule, as opposed to an amenity rule. Mr. Clark indicated that it was proposed Rule 6. Draft language was reviewed and the rule could move forward but there are items to be added to it. There were questions regarding maintenance responsibilities and the definition of maintenance versus repair responsibilities must be clarified. He noted an issue in Wild Oaks with the unauthorized cutting down of native vegetation. He felt that the District should take the opportunity to express a prohibition, outlining what residents will not do.

Supervisor Smith pointed out that the Board was unable to identify all of the District’s rules. Mr. McGaffney indicated that a rule booklet was being created. Supervisor Davidson requested that the booklet be available in time for the next workshop.

Supervisor Davidson asked if “Utility Easement Obstructions Policy & Obstruction Removal Agreements” would be Rule 7. Mr. Clark felt that they all related to the issue of the

stormwater facilities and, therefore, would make up a single rule. Discussion ensued regarding existing rules. This topic will be discussed at the next workshop.

Dr. Carlton requested that new rules that apply to the PLM Villages be shared with the GHMA to resolve issues about who should be performing certain maintenance and where. Discussion ensued regarding areas of CDD property currently being maintained by the PLM.

EIGHTH ORDER OF BUSINESS

OPEN ITEMS

Per Supervisor Smith’s request, Safety and Security was added to the Open Items list.

NINTH ORDER OF BUSINESS

SUPERVISORS’ REQUESTS

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

TENTH ORDER OF BUSINESS

ADJOURNMENT

There being no further business to discuss, the meeting adjourned.

On MOTION by Supervisor Gaeta and seconded by Supervisor Lawrence, with all in favor, the meeting adjourned at 1:19 p.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

Secretary/Assistant Secretary

Chair/Vice Chair



Secretary/Assistant Secretary



Chair/Vice Chair