

DRAFT
MINUTES OF MEETING
HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, October 25, 2018, at 6:00 p.m. at the Harmony Golf Preserve Clubhouse, located at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Steve Berube
Ray Walls
Kerul Kassel
William Bokunic
David Farnsworth

Chairman
Vice Chairman
Assistant Secretary
Assistant Secretary
Assistant Secretary

Also present were:

Kristen Suit
Tim Qualls
Gerhard van der Snel
Scott Feliciano
Jason Miguez
James Whitaker
Residents and Members of the Public

District Manager: InfraMark
District Counsel; YVLaw
District Staff: Field Manager
Servello
Servello
Servello

FIRST ORDER OF BUSINESS

Roll Call

Supv Berube called the meeting to order at 6:00 p.m.

Supv Berube called the roll and stated the record will reflect we have a full Board.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes

A. September 27, 2018 - Regular Monthly Meeting Minutes

Supv Kassel stated: I sent a number of proposed amendments to Ms. Slaughter and she said she would get them in the record.

On MOTION by *Supv Kassel* seconded by *Supv Farnsworth*, with all in favor, the September 27, 2018 regular meeting minutes were approved, as amended.

FOURTH ORDER OF BUSINESS

Subcontractors Reports

A. Servello Landscape Solutions

i. Grounds Maintenance Status (*Work Chart*)

Mr. Miguez stated: This month besides the mowing it has been a lot of hand pulling and spraying. We put out a lot of Round-Up this past month.

Supv Berube stated: My one concern is there are still a lot of weeds; not necessarily weeds, but grass and green stuff growing in areas where it should not be. I do not have a specific area; I ride my bicycle several times a week and take a look. It is my one concern that is still outstanding – green growth in areas where you would not expect it. I think the Board has been getting pictures from the Field Manager as the month goes on. There seems to be some batting back and forth when he sends something to you and then it comes back. I am not sure of the follow-up, but there needs to be a little more integration and handshaking going on with the punch list and not so much back and forth. One was he said the grass was cut too low and you said it was cut at five inches.

Mr. Miguez stated: It is the highest we can set our machines. I am sure everyone noticed we did not cut the week prior; we have gone to the winter schedule and I cut it as high as I possibly could.

Supv Berube stated: We want to the punch list on a weekly basis or as needed, and I think that one punch list does not get completed and we are into another one. Am I reading it right?

Mr. Miguez responded: That is correct.

Supv Berube stated: Now we are carrying two punch lists along trying to figure out what is done and what is not. If we are going to put one out it should all be responded finished and if needs to carry forward it becomes a new one. Having four, five or six of them open, which is what is ultimately going to happen, does not work for anybody.

Mr. Miguez stated: If we have one punch list submitted let me get every item completed off that before we send another list, which will help stop them from accumulating.

Supv Farnsworth stated: One thing I thought about when I saw this was I am using the wrong method of displaying it. To me it looks like it needs to go into a spreadsheet so that you have an item that keeps stacking and you check them off. Even if there is one left behind for a long time it is still on the list, but you do not have two or three lists; it is all one list.

Supv Berube stated: It sounds like a good idea; why don't you coordinate with Mr. van der Snel when he is going to send them and get it whatever format he wants so he can track it.

Supv Farnsworth stated: The pictures are still a good idea; they can be put into the spreadsheet.

Supv Berube stated: If we are going to do this, let us make it workable; things are going to fall off and then it is hard to follow it all.

Mr. van der Snel stated: When I request an update I would like to have one within a couple of days and that is not happening now. I get left in the dark and to me that says I am being ignored on my request for an update. For instance, the Pine trees I sent there was no response. At some point you said there are three Pine trees we will replace, but they are still not re-staked and this is the fourth time I have requested it. I sent both of you a text on Tuesday and I am spending six hours a week on watering; so why can Servello not spend 15 minutes on straightening out a tree.

Mr. Miguez stated: I spent two hours straightening out those trees.

Mr. van der Snel stated: There is one bowed, the top is on the ground.

Mr. Feliciano stated: I see both sides and we will get better at our responses, I think, once we put everything on the punch list on one spreadsheet. I do see multiple spreadsheets go out, and you should get a response by the end of the week of what you sent and we agreed on that. If responses are not being given by the end of the week, I will place blame for us on that; you should get those responses. My response back was there are three Pine trees that are dead and the reason they are dead I think is drought issues, but I am going to replace them at no expense to the CDD plus the one that is leaning with the trunk will be replaced at no expense. The other was the tree on Cupseed and I responded to that where the communication between you and Mr. Miguez

earlier per email stated it was the homeowner's responsibility to water the tree, and that is why the tree died. We started something and I think it is terrific, everyone can see and we need to make it one spreadsheet closing out items as you go down. It may not be closed out, but it is our responsibility to respond to those by the end of the week.

Supv Berube stated: It is several weeks before our next meeting; but I think all of it can be put into effect quickly and in a few weeks we will have an idea of whether we are going down the right road or if we need to tune it up.

Mr. Miguez stated: Again, we are on winter schedule so on the next lists you are seeing we are doing details on a full week and there is a lot of stuff being done on the weeks we are not mowing and we are going to get caught up pretty quickly.

Supv Bokunic stated: I saw the soccer field getting some attention today.

Supv Kassel stated: I looked at it yesterday and thought it does not look like it is getting much better.

Mr. Miguez stated: Today they aerated, top dressed, and it was fertilized earlier in the week. They are going to have to treat weeds in place.

Supv Berube stated: The Neighborhood F field responded quite well. It is not perfect, but pretty much green and mostly grass. I think the big deal with the soccer field, as everyone can see, it has all turned green, but there is probably 16 different species of grass growing there and 28 species of weeds or other things.

Mr. Feliciano stated: The problem is the majority of the weeds are Alexander grass. The only way to really kill it is Round Up and the problem with it is even if you kill it, it stays there.

Supv Berube stated: I think I have some in my lawn.

Mr. Feliciano stated: It is one of those weeds that is hard to prevent, and hard to control. At the end of the day, I do not think we are going to avoid doing some sod on the field at some point. I know the ultimate goal will be to try not to re-sod, but I think because of the Alexander grass, and it would be the only thing that is there that is not controllable. The Bermuda is filling in and starting to thicken up, but the Alexander grass is so heavy and there are large patches of it.

Supv Berube stated: Going back to your concern about Round-Up; the other way to get rid of things you do not like is to pull them. Is that an option?

Mr. Feliciano responded: Not really, because you are not going to get the roots out. You have to kill the root. Even when it freezes it does not kill the root; it just kills the top foliage and the root goes dormant until it warms back up again.

Supv Berube stated: We are about half way through the agreed upon yearlong cycle for treating it.

Mr. Feliciano stated: Probably.

Supv Berube stated: We do not have any professional soccer players or anybody playing on it at this point; none of the leagues have come back.

Ms. Suit stated: Actually, you may. There is one that wants to use it in the spring.

Supv Berube stated: I am not willing to spend a huge amount of money at this point to satisfy one limited use of the soccer fields.

Ms. Suit stated: And it is a maybe.

Supv Berube stated: I think most people here would be satisfied if the field looks green and there are not sprouts growing. If we can keep the level under control and it looks green, I think we have achieved most of our plan.

Mr. Feliciano stated: It is starting to level out.

Supv Berube stated: There is change going on and you warned us it was going to take six months or so to get change. I would agree it is looking fairly good, but we are nowhere near a professional field. I am saying we can see a change and let us continue. Are you intending to put rye grass on it this winter?

Mr. Feliciano responded: I think we need to watch the weather. I would not if you do not have to. The Bermudez is thickening up.

Supv Berube stated: We are seeing progress and that is what we expected. It is slow, but that was also expected. Keep it green, keep it short and see what happens.

Mr. Miguez stated: The sod is starting next week.

Supv Berube asked: Did we work out a timeframe?

Mr. Miguez responded: It is all set up.

Supv Berube stated: You have worked out the sprinkler questions.

Mr. Miguez stated: Yes, but we are going to back over there because there were still some concerns. Some of it was with possibly changing out some heads all the main entrance.

Supv Berube asked: Do you mean the strip heading out to 192?

Mr. Miguez responded: Yes.

Supv Berube stated: That has historically been a problem because of some issue under the ground with low flow.

Mr. van der Snel stated: This is H-2.

Supv Berube stated: I thought he meant the east entrance.

Mr. van der Snel stated: This is the fence line on H-2 where they put the cheaper grass, and it is pretty much on sugar sand.

ii. Information on Caterpillar Infestation

Supv Kassel stated: I was confused on page 35 of the agenda. There is a discussion of caterpillars, and then it goes on to Monarch's, and there are no Monarch's there.

Mr. Whitaker stated: The caterpillars people are seeing on the Oak trees are a normal occurrence. Most of your Oak trees are 30 to 50 feet tall and you cannot spray trees that are that high; it is actually illegal to have that much wind drift. There are houses, kids, and cars; so spraying it is not even an option. The only way to do it the right way is to do Mojah injections on the trees, but you have to do them way in advance. You cannot do them once the caterpillars have shown up and the next aspect is they are caterpillars. They last five to six weeks and they are gone. To pay an extraordinary amount of money to do Mojah injections on the Oak trees at \$200 to \$300 per tree is absurd for something that is going to last five to six weeks.

Supv Berube stated: It is interesting that you bring up these injections because I was in Jacksonville a couple of weeks ago. I saw an arbor truck and they say they use Arborjet, which is apparently drilling into the trees. We have had some problems with certain trees that have gone. Is that an option?

Mr. Whitaker responded: If it is a nutrient problem. Most of the diseased ones do not work very effectively. If you have recurring, prolific insect problems on those you can use it, but it has to be preemptive for the insects to feed on it.

Supv Berube asked: When you start with the injections is a routine cycle?

Mr. Whitaker responded: The most common use for them is for nutrient problems. I do not think it would be beneficial for you. Most of your trees have open areas; I do not think the expense would be worth the benefit.

Supv Kassel stated: Before I get interrupted by both of you – there is a whole thing in the agenda about migrating and about Monarchs and I did not understand why it was in there when these are yellow-neck caterpillars and not Monarchs. I thought it was confusing the issue. If you could, in one sentence, help me understand why any of that is in here.

Mr. Whitaker responded: I have no idea.

Mr. Feliciano stated: I included it, but I was trying to show the lifecycle of a caterpillar. I don't think it has anything do with Monarch's.

Supv Kassel stated: It is not even a butterfly, it is a moth, I believe.

Mr. van der Snel asked: Is the Cupseed tree dead?

Mr. Miguez responded: It is dead.

Supv Berube stated: There is another on the side of the school that looks like that.

Mr. Miguez stated: Those are the school's trees.

Supv Berube asked: Is the school watering?

Mr. Miguez responded: Yes.

Supv Berube asked: Are you aiming towards having these trees replaced?

Mr. Miguez responded: It is only the one.

Supv Berube stated: If we are going to do one we need to do the other one near the school.

Mr. Miguez stated: I will look at it.

Mr. van der Snel stated: I can take a picture of it and touch base with you.

Supv Berube stated: Before we plant a tree, if it is really dead because of water, we need to talk to the homeowner to say "*we have a problem; you need to water the tree*".

Mr. van der Snel stated: The grass around the tree is not dead so he is watering however we might want to get in touch with him; we need a bubbler on there.

Mr. Miguez stated: The grass only needs a certain amount of water and the tree needs more.

Supv Berube asked: Is that Mr. Bowles?

Mr. van der Snel responded: No, it is a renter.

Supv Berube stated: We need to protect our tree and the same at the school. I think we are maintaining the school irrigation along that strip so we can easily take care of that.

Supv Bokunic asked: Are we going to leave it to the homeowner?

Mr. van der Snel responded: If a new tree comes in we are going to water it.

Mr. Feliciano stated: It would almost be safer to put a water bag on it. For a bubbler you would have to tap into his sprinkler system.

Supv Berube stated: If he has sprinklers at the sidewalk we can tap into that one because it is in our easement, but if the sprinklers are on the other side of the sidewalk we are not going on private property.

Mr. Feliciano stated: With the gator bag, you fill it up and it holds about 20 pounds of water that slowly drips out and will last for a week.

Supv Berube stated: The end result is there are two trees, both need some attention; get Mr. van der Snel a quote and we will move from there. Has the request for trimming the trees around the light guards?

Mr. Feliciano responded: Yes, they came out.

Mr. Miguez stated: They did it yesterday.

Mr. van der Snel stated: OUC is very happy with all the tree trimming.

FIFTH ORDER OF BUSINESS

Developer's Report

Supv Berube stated: Mr. Jermaine is out of town. His commentary regarding the entire thing; he said several other things, which have gone on both to our east and west, which have affected his plans for what he is ultimately going to do inside of Harmony Main. I anticipate having further conversation with him next week after he gets back from New York. My primary quest is to get him to a meeting to talk to us and detail his plans.

Supv Kassel stated: I had contacted Mr. Jermaine and in an email he said *"the piece is not yet paid because it is the swap piece. I'm ultimately trying to assist the CDD, but people do not know that; talk to Berube."* Apparently he is intimating that you know more.

Supv Berube stated: Nothing more than what I have already disclosed, which is the land that is unpaid, that potentially his thought is, what he wants to do is, swap the land for the debt reduction or elimination of a debt. That is the point where we are at and it has been made public, but we have not gotten any further than that. That is his deal, he is not paying it because he wants to give us the land in return for having the CDD debt extinguished, but we do not have that from him directly yet; it keeps getting pushed back. I guess this deal we have seen to the east and to the west with Galt's Landing, Harmony West, and the expansion coming on the lake, and tying it all together, has tied them up from making a final decision as to what is going on here, and he is not writing any checks.

Supv Walls stated: I think it is somewhat presumptuous of him to think *"that is a done deal, so I am just not going to pay"*. I said it last month; the value of this land, and the reason he is not doing anything with it, is it is zero. [It is nonsensical] for us to then give him consideration for land that is worth zero.

Supv Berube stated: That is why we need him here to tell us what his plans are and what he wants to do, but we cannot get him here. He says by next week which puts two weeks ahead of our next meeting and hopefully we can tie it altogether and have him sit here and say this is what I want to do. We are speculating on what he may or may not do and we are not getting anywhere. The problem is he has not written those checks and we are going to have some further discussion about that coming up.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Engineer

Supv Berube stated: There is not a lot going on. We had a permitting question for him a month or two ago regarding the expansion of the parking lot that we now own. The answer is, the expansion of the parking lot and garden were never permitted before and if we are going to expand either of those facilities they will need to be permitted, and probably only the County will be involved in the permitting process. He does not expect SFWMD to get involved unless we want to exceed the boundaries that are already staked out to wetlands.

Supv Farnsworth asked: Did we ever get permitting regarding the dock?

Supv Berube responded: The walkway is good to go; the dock not yet; again, another thing for the developer.

B. Attorney

i. Consideration of HROA Attorney Fees for Parking & Garden Facilities Agreement

Mr. Qualls stated: I have one item under my report, which is the invoice behind 6B.i. from the firm representing the HROA. I believe we talked about this for a couple of meetings. This is part of what it took to put into place the management of these facilities in the way you have done it. We advise that this should be paid as part of that process.

Supv Farnsworth stated: Before you do anything with it, I do have one question. My question is best shown with this diagram [*shows Flow Diagram on screen*]. The money source in any case is the Harmony residents, but you have two organizations. One is a public organization, one is a private organization; and each one has its own Counsel. Why is money flowing from the public entity to the private entity's attorney?

Supv Berube responded: It should not be. Having this here is just a demonstration of that. When you go further on, you probably saw that there was a payment received from the HROA management company of about \$10,000. Money came in from our ownership of those facilities, so this bill should be there so you can see how much money got spent on the HROA management side.

Mr. Qualls stated: That was not my understanding.

Supv Kassel asked: Is the \$10,000 the net after this has been paid?

Supv Bokunic responded: No.

Supv Berube stated: This is dated after the period of the \$10,000 in income. My recommendation is that we let the HROA manager pay this bill and take it out of the funds that are coming in the next duty cycle.

Supv Walls stated: I agree with what Supervisor Farnsworth said; this is their attorney, their representation to make this deal happen. We had representation on our end to make this deal happen, we paid for ours. At the end of the day it is all coming from residents, but is it a lot cleaner for them to pay their representation to make this deal happen.

Mr. Qualls stated: I looked at it a bit differently in that you are contracting out with the management company to manage these facilities. This is part of the cost for doing that.

Supv Walls stated: Even if I am entering into an arrangement with somebody, typically, they have their own legal counsel. Unless I agree upfront that I am going to foot your legal bills. I would never pay somebody else's representation on the other side of the table.

Supv Berube stated: To keep this clean, the HROA manager should pay the bill. When they get the report, which you saw earlier this month, it is going to fall into the costs of doing business on the HROA side. It will be part of that and subtracted from the income in the next quarterly payment cycle to the CDD.

Supv Kassel stated: Those figures that show the revenue where really together for the purpose of paying taxes. We are still going to have to pay taxes on the full revenue even if the expense is coming out of that.

Supv Walls stated: Correct.

Supv Berube stated: We are not paying the taxes.

Supv Walls stated: If you deduct it from what is due to us, and it was not worked out in the agreement, it is the same principle – different organizations, and both have counsel to represent them. Outside of whatever revenue is coming in from this deal, they have expenses to pay; and legal expenses are outside of this deal, because this was to set everything up.

Supv Kassel stated: You are saying this is an HROA expense.

Supv Walls stated: I think it is an HROA bill that needs to be paid, not deducted from whatever revenue is derived. They pay their attorney for whatever services he provided to them, and we pay our attorney for the services he provided to us; it is clean and done.

Supv Kassel asked: Was there an agreement with the HROA management firm as this negotiation began that the CDD would pay the legal fees that the HROA incurred in putting this agreement together?

Mr. Qualls responded: That was my understanding, but we would not have cut that deal. I will read you the email from Ms. Wendy Temple; she says “*here are the attorney’s fees for payment by the CDD.*” I think we need to go back and see where this fell off track.

Supv Farnsworth stated: I do not remember agreeing to hire the HROA’s attorney.

Mr. Qualls stated: You did not. What they are saying is, “*but for managing the District’s facilities, we would not have spent this money*”.

Supv Farnsworth stated: No argument on that.

Supv Berube stated: The way it originally laid out – the HROA management company was going to add up all the costs of managing the facilities, including legal fees, the \$100 per month they charge and all of that, to be subtracted from the income coming in, minus the sales tax and all that they pay on our behalf, and then we get a check of whatever is remaining. The HROA is taking no income from the money; they are just managing it, paying all the bills, and netting the CDD whatever the remaining money is.

Supv Farnsworth stated: They are not paying any bills. Is that what you just said?

Supv Berube stated: All the bills get paid. Everything gets paid.

Supv Farnsworth stated: By the HROA manager.

Supv Berube stated: Everything is managed by the HROA.

Supv Farnsworth stated: From my perspective, this is just one more bill they should be paying.

Supv Berube stated: Exactly right. I do not understand why it came over here. I assume Counsel based on information from the other Counsel said put it in here for payment by the CDD. That is not the way this is supposed to work; we are paying the management company to manage it and leave us the excess funds. It is not profit because we are going to spend it in maintenance and everything else.

Supv Farnsworth stated: I was not debating any of that; just the payment process had me confused.

Supv Berube stated: I am going to recommend this bill go back to the HROA manager for payment included in the cost of managing those facilities. In three months we will get another check from them with a net report. If everyone is good with it, that is what we are going to do.

Supv Kassel stated: Supervisor Walls is not good with that.

Supv Walls stated: At the end of the day, it is paid by residents either way. I think the bigger issue for me as the finance guy, I understand they are going to deduct their expenses to manage it, which is fair, but there needs to be a process for us to review and approve those expenditures if it is going to come out of money due to us. Maybe there is a process in place, and I just have not seen it, where those expenditures are reviewed. Going forward we need to know what they are deducting.

Supv Berube stated: This is pretty new and the only things that have been costs so far have been the \$100 per month they charge for the management fee and this.

Supv Walls stated: I get that, but going forward there needs to be some documentation that says here is what we took in and here is all of the itemized expenditures and here is what we are sending you.

Supv Berube stated: I thought there was one of those in the package that accompanied the check. Really the only new one we have not dealt with is this attorney fee.

[For further discussion, the detailed report for the check was displayed]

Supv Berube stated: They detail on the monthly report, the sales tax and all of that, and on a quarterly basis they will send the income report and confirmation of what happened, and it includes a copy of the check; further down is the detail of what months, what lots, and that is how all the money came in.

Supv Walls stated: I am just saying, there needs to be some other schedule that shows “*here is what we are deducting*”.

Supv Berube stated: In the case for the next quarter, the attorney’s fee will be on there, and whatever else will be put on that, and will come to us to say this is what we took out. The details will be clean. Again, it is all new; we have never done this before. I think the documentation will be good; they had a lot more detail with the income statement than I expected.

Mr. Qualls stated: Like I said, one simple item from the attorney. Sorry I was misinformed on that. I will get back with Ms. Temple.

Supv Berube stated: You can get back with Ms. Temple, but it is just going to run the clock. I can tell Mark to pay it and put it on the detail.

Mr. Qualls stated: That is fine.

Supv Berube stated: We might as well touch on the potential default on the bond payment and what your recommendation is to us. We have a request to take \$53,231.95 out of the General Fund to pay the deficiency that is largely caused by the developer’s lack of payment of his tax bills. They have gone to tax certificate sale without result. We have been requested to reach into general funds to pay the bond debt off which needs to happen by October 31st.

Supv Kassel stated: To be clear the requesting party is the CDD management firm.

Ms. Suit stated: Yes. There are two options – you can pay the shortfall or let it go into default.

Supv Berube stated: Counsel will give us our options and some guidance as to what is the best option.

Mr. Qualls stated: As you know, you have unpaid non-ad valorem assessments that were levied against this property. You used the uniform method of collection, meaning the tax collector collects those assessments, the process in place in statute when those assessments are not paid is clear, and we talked about it almost ad nauseam last month, which is assessments are not paid, tax certificates are sold, if the tax certificate is not sold then eventually it goes to the tax deed process. That is the process for collecting these delinquent non-ad valorem assessments that is available in statute.

Supv Berube stated: If the tax certificate had sold we would still be waiting on our money, correct?

Mr. Qualls responded: If the tax certificate had sold you would have had your money; that is the beauty of the uniform method.

Supv Berube stated: The buyer sits on the money and collects his 18% interest.

Mr. Qualls stated: Whatever the bid was, between 18% and 25%.

Supv Berube stated: Because it did not sell, on either property, we are now sitting here having this discussion.

Mr. Qualls stated: Correct. That is the process in place for collecting these delinquent assessments. Given that is the case, I have a little heartburn and would not advise funding the shortfall out of funds in the General Fund, which in my mind come from other property owner payment of assessments.

Supv Farnsworth asked: If we do not fund it, doesn't that mean we are defaulting on our bond.

Mr. Qualls responded: Yes.

Supv Farnsworth stated: I do not want to do that.

Supv Berube asked: Why not?

Supv Farnsworth responded: You do not want to default on your bond.

Supv Berube asked: Why not?

Supv Walls responded: Number one is the reputation of our neighborhood. That would be something that would be in the news, or at least widely known, that "*Harmony cannot pay their bills and defaulted on their bonds*". It is out there in the public domain. In the future, if you want to refinance these things again, or for whatever issue, you would have to issue new bonds – that is your history. There is a lot of negative stigmatism that comes with having a default. Look at Stevens Plantation, what do you think of when you think of Stevens Plantation?

Supv Kassel asked: Does the shortfall need to be taken from the General Fund? There is a fair amount of money in the Bond funds.

Mr. Qualls responded: That is a question I would ask.

Supv Walls stated: In the Bond documents you have to have a certain level of reserves. I do not know what they are and whether we are above or below that, but I would assume we are at it. If you take it and you are below, you have to build it back up one way or the other.

Supv Berube stated: For the audience, we have three buckets of money – the General Fund, which has x amount of dollars devoted; then there is a very carefully calculated bond repayment fund for the 2014 Bonds; and then there is another very carefully calculated bond repayment fund for the 2015 Bonds. Right now, the 2014 and 2015 Bond fund buckets are out of money because the developer did not pay that significant amount into it; and the question becomes, do we reach into the bucket of money for the General Fund, or go into the reserves as Supervisor Walls has said; but either way, this is money that we are going to take from you to pay bondholders. It is profitable to be a bondholder and they have a risk when they take on the bond. The risk of not paying is reputational if we go back to the bond market at some point. That is the question that is being covered right now.

Supv Walls stated: So you know, I did ask the question, for me, if we are going to pay this money. Let us say we decide we are not going to default and pay the money, can we buy the tax certificate so we have some type of lien in return for paying this off. Counsel has indicated to me there is research that governments are not included in the entities, it includes everybody but governments, that can buy the tax certificates. If you make this payment you are saving yourself from default, which has its benefits, I think, but you are not getting any security, lien or anything from making this payment. It is an interesting situation.

Supv Berube stated: Almost unprecedented, I think. To go back to your point, if we were to buy the tax certificate though it is off the deal, we would be funding our own tax due.

Supv Walls stated: You would have the ability to go and file for a tax deed on the property in a couple of years. That was the road I was heading down, but we cannot do that.

Supv Kassel asked: If the developer gifted us the property would the CDD still owe the County the funds when this tax certificate has not been sold?

Mr. Qualls responded: Yes. There is still a first lien superior to all other liens against the property.

Supv Walls stated: We are essentially gifting them that money if we take this land that is worth nothing.

Supv Kassel stated: Maybe I can ask Mr. Jermaine if he will fund the cost to pay off the County.

Supv Berube stated: It is \$59,000 on the first one and \$28,000 or \$29,000 on the second one.

Supv Walls stated: It will be more than that because of interest and fees.

Supv Kassel stated: We are still going to have to pay that money out of debt, but if we had taken this prior to this date from the developer we would still have had to pay this debt payment.

Supv Berube stated: Without all the interest that is adding up and all of that.

Supv Walls stated: They are two separate issues.

Supv Kassel stated: Yes, and no, because we are still in the same boat either way.

Supv Walls stated: The interest he is talking about is building at the County, but we have our own interest payment to pay on the debt.

Supv Kassel stated: My point is; we are going to have to pay the money anyway. If we pay the County the money is coming back to us.

Supv Walls stated: We cannot pay that County.

Supv Berube stated: If we bought the tax certificate.

Supv Walls stated: We cannot.

Supv Berube stated: I know where you are going – you want to pay of the \$59,000.

Supv Kassel stated: If we have the developer pay off the amount or promise to us to pay off the amount.

Supv Walls stated: The problem is none of that will happen before October 31st. I do not think it will happen at all if they have not paid it already.

Supv Berube stated: From my conversations and I think you have had similar conversations with the developer, he does not want to spend any money. This is a business to him and they do not want to pay taxes, they do not want to pay CDD fees, they do not want to pay lake management fees, it is all about selling houses and lots, making money, finishing the development and getting out. It is a business and to us it becomes personal and we have to struggle with these.

Supv Kassel stated: If we accept the property from the developer; the property becomes ours. What happens to tax certificate later on?

Mr. Qualls responded: You would have to pay the tax certificate, just the portion that would go to the County. You do not have to pay the non-ad valorem assessments.

Supv Kassel stated: If we accept it from the developer it becomes ours and then all that is owed is what is owed to the County in terms of the interest.

Mr. Qualls stated: And other funds; it was in our memo from last month. The only thing you would not have to pay is the non-ad valorem assessments because then you are essentially paying yourself.

Supv Kassel stated: The issue right now is the debt is due by the 31st and it does not seem like we have a lot of choice as to what to do if we want to maintain our bond rating is to pay from the General Fund for now.

Supv Walls stated: We do not have an official bond rating, but we have a credit history and that is what we are really talking about.

Supv Bokunic stated: It is about what bucket we are going to pay it from.

Supv Walls stated: It is either pay it or not pay it is the question.

Supv Berube stated: To your comment before about the reserves that are set up for these situations, I do not think we can direct those. Those are there to prevent a massive default, which is the second half of this. We are not talking about not making the entire payment; we are talking about making a bond payment that is going to be short.

Ms. Suit stated: For the first part of that, the reserves would be directed by the Trustee. Second of all, that is a good question, I think this the total payment that is due and not just those two parcels – it is including all of it – the \$41,000 for the developer parcels and the \$11,000 for other.

Supv Berube stated: We have to owe more than that. We must be talking about defaulting on a smaller portion of the total payment due.

Supv Farnsworth asked: Is this essentially one month that is coming up here?

Supv Walls responded: There is a payment schedule on the bonds.

Supv Berube stated: We pay twice a year on the bonds.

Supv Kassel stated: This is not the entire debt, just a portion of the semi-annual payment.

Supv Walls stated: If you do not make the full payment you are in default.

Supv Kassel MOVED to fund the 2015 Bond interest payment shortfall, in the amount of \$53,231.95, from Unassigned Fund Balance.

Supv Berube asked: How much do you want to pay?

Supv Kassel responded: What is owed, making up the difference between what is there and what is owed in the particular debt payment.

Supv Farnsworth seconded the motion.

Supv Walls stated: The other side of it is, if you do not pay it, you have the developer over here who is trying to sale property and houses; he also is impacted by that reputation.

Supv Berube stated: As he tries to issue new bonds for Harmony West and his investment in the lands down the street.

Supv Walls stated: It all plays into it. The problem is we do not have a lot of time or leverage to negotiate anything, but that is the flip side. If you default it looks bad for Harmony, but the developer is part of Harmony trying to sale houses and do you want to move into a neighborhood where they are not paying their bills.

Supv Berube stated: The reserves are \$607,000 and \$519,000, by the way.

On VOICE vote, with *Supv's Kassel, Farnsworth, Bokunic, and Walls* voting aye and *Supv Berube* voting nay, the motion was approved.

Supv Berube stated: The motion carries against the advice of Counsel.

Mr. Qualls stated: It is not the first time; I get the conundrum.

Supv Walls stated: I get what you are saying, but I think for the protection of property values and the reputation of the neighborhood you do not want out in the Orlando Sentinel "*Harmony defaults on their bonds*".

Supv Berube stated: I guess this the bigger problem, when you have the developers, who set all of this up and shovel it to us.

Supv Walls stated: It is in their favor and we get stuck with the bill. In Orange County I would never default on a bond, I would do everything I could possibly do to make sure we did not default on a bond.

Supv Kassel asked: Has InfraMark faced this situation in another CDD? How was it handled?

Ms. Suit responded: Not one that I have.

Mr. Qualls stated: I made some calls to a couple fellow colleagues and they have not had this situation come up. The other option I was going to suggest, but it does nothing for the bond default. For 2020, you could take those particular assessments off the roll that goes to the tax collector that utilizes the uniform method and collect those through the District Management Company and then you have the option of foreclosure, which you do not have under the uniform method.

Supv Berube stated: If we are going to collect it ourselves now we have to go through the whole process of collection, paying the legal fees to collect the money, all that and carrying it through to foreclosure.

Mr. Qualls stated: There is no real pretty win-win scenario.

Supv Walls stated: Whether you foreclose or not, again one piece has a clubhouse built on it and what are we going to do with it and then you have a piece of land.

Supv Berube stated: Who knows what it is worth; it is worth between \$0 and \$20 million.

Supv Walls stated: You still have to pay the bill at the end.

Supv Bokunic stated: The clubhouse has some sort of value.

Supv Berube stated: We do not get the clubhouse, just the land.

Supv Walls stated: There are covenants; it is messy.

Supv Berube stated: It is not even the developer's clubhouse legally. It belongs to an HOA down the road who all the members of the HOA also belong to this CDD so again it is the same pot of money shuffling around. The question now becomes for this Board, we just agreed to spend \$53,000 out of General Funds, where do you want to take them from? We do not have a line item to account for this.

Supv Walls responded: Fund Balance and we will have to create a line item.

Supv Kassel stated: From Unassigned Fund Balance.

Supv Berube stated: There is \$563,000 in Fund Balance.

Ms. Suit stated: There are two things, we are going to transfer out \$100,000, it is later on in the agenda, but again you do realize now that you have done the two OUC buyouts you are actually ahead more than you were before. I think you were \$85,000 less last year and about \$40,000 less than what you thought you were going to spend this year.

Supv Walls stated: There is money to pay it.

Supv Berube stated: It has to be accounted for and tracked because if we take it out of Unassigned Fund Balance we have a habit of forgetting. We cannot forget this.

Supv Farnsworth asked: Does that mean we should insert another line item to track this expenditure?

Supv Bokunic responded: Exactly.

Supv Walls stated: You will see a transfer from the General Fund to the bond fund.

Supv Farnsworth stated: I think it needs to be a line item that we pick up on.

Supv Berube asked: Can we add a footnote to the narrative for the budget every month that we took \$53,000? Put it in the narrative so we do not forget; does that make sense?

Supv Farnsworth responded: Something.

Supv Berube stated: We already set the budget and we cannot amend it.

Ms. Suit asked: When you say narrative?

Supv Berube responded: The text; put a line in for whatever the amount of money being transferred from Unassigned Fund Balance to cover the shortfall for the bonds is there so we do not lose track of it.

Supv Berube stated: For those who do not know, Mr. Walls has decided to move on. It has been eight years of his contrarian attitude that kept us all on our toes. It has been a pleasure; you have done a good job and thank you for your service.

C. Field Manager

- i. Facilities Maintenance (Parks, Pools, Docks, Boats, etc.)**
- ii. Facility Use Records (Inclusive – Boats & Other)**
- iii. Resident Submittals (Facebook & Direct)**
- iv. Pond Maintenance (Chart & Map)**

Supv Kassel stated: I see where the tractor has been ordered, but I do not see a report that was requested last month about predicted usage. Supervisor Walls and myself were feeling we should know what the predicted use to understand, it was discussed last month and the conversation ended with Supervisor Farnsworth moving and the Board approving with Supervisor Walls and I voting nay, but what we were looking for is a schedule of what you proposed to use the tractor for and how often. It was supposed to be submitted with the agenda for this month.

Supv Berube stated: I agree with you to a point, but when I read on he said you will see the tractor usage in my monthly report. I think in his mind that is what he intended to do. If you want the report, I am sure he can put it together.

Supv Farnsworth stated: She has it right as far as what we expected. What we asked for, I believe, was a projection of what you believe you are going to be using the tractor for. It is a guess to some degree, but we wanted some idea of what you are going to use it for.

Supv Walls stated: It does not matter to me at this point, we have bought it already.

Supv Berube stated: He can still do it.

Mr. van der Snel stated: Okay, I will do it. Were there any questions or concerns?

Supv Farnsworth stated: Once again your pond report looks very good. Is it that good?

Mr. van der Snel responded: It is. Mr. Brad Vincent does a very good job and is very invested in what he does.

Supv Berube stated: We have four guys who are really into their job. The field services guys do a lot of work in all weather, the job gets done and when you look around the place shows it.

[Supplemental Topic]

Mr. van der Snel stated: I am working hard to get this basketball court off the ground. There are two options I would like the Board to think about. One option is to redo it with the existing slab, which is about \$5,000 to \$7,000. However, within three years we might have to redo it again because the puddles cannot be guaranteed to be gone.

Supv Farnsworth asked: How many years has the court been there the way it is now?

Mr. van der Snel responded: Ten plus.

Supv Farnsworth asked: We are worried about three?

Mr. van der Snel stated: About the costs. If you paint something and there is a puddle, the paint is going to fade out and deteriorate. The contractor cannot warranty or guarantee anything.

Supv Berube stated: He may not be clear; we had Sport Surfaces back away because they said it is not level. What he is talking about is there are certain difficulties in getting it leveled out, but if we backup and decide to take Sport Surfaces coating at \$5,500, it will not have a warranty and will probably last three or four years.

Supv Farnsworth asked: Did the original have a coating on it?

Supv Berube responded: No, just the paint.

Supv Walls stated: We are going through all of this trouble to basically put lines on the court.

Supv Berube stated: Get rid of the puddles.

Supv Walls asked: That is the other thing, but what are we trying to fix? Are we trying to fix the puddles? To me you should be able to do some more to level it out. If we are doing this work so we can put a sports coating over it, that is another deal in itself. Are just trying to level it or are we leveling it because we are trying to put the sports coating on? Does the lack of leveling prevent people from using the court?

Supv Berube responded: The original quote was intended to put a coating on it, which at the same time would level it.

Supv Walls stated: Which sounded like a good idea if we could do both at the same time.

Supv Berube stated: Then all of them said we are not going to be able to level this after initially saying they could. We backed away from it because why spend \$5,500 on something that is going to come up in three years. He has been trying to find other contractors and alternatives to get this leveled out and recoated. That brings us to the paving deal that somebody brought up.

Mr. van der Snel stated: I spoke to the contractor and he said it is very hard to put asphalt on top of a concrete layer and make it work. We have an option to temporarily fix it, or another option to remove the slab and install a new basketball court at a cost between \$35,000 and \$40,000.

Supv Walls stated: If the issue is we have some un-level areas, which I understand are going to have ponding and stuff, are those areas preventing people from using the courts now on a frequent basis?

Mr. van der Snel responded: Not really.

Supv Kassel stated: The courts are being used frequently.

Supv Walls stated: When I was a kid I pulled the hoop out to the cul-de-sac and that is where I played; I did not care if there were lines or whatever. Is it worth \$35,000 to \$40,000 to level this out or are people using it now just fine?

Supv Kassel responded: The only consideration is if there are puddles and people slip, I do not know if that is a liability.

Supv Berube stated: Everything is a liability.

Supv Walls stated: You can have that on anything when it rains.

Supv Berube stated: I think the deal is when this thing looks dirty from the puddles making the black mold, it gets slippery and people fall. We have had a couple of reports of people falling and skinning their knees. I guess how crappy a looking basketball court do you want to tolerate in what is our prime park play area. It does not look good, it is playable, but it is a constant maintenance thing. Is it a liability? Yes, probably. It is beat up and relatively cheap when the developer put it in a long time ago. It has been there for all this time and that is really what it comes down to – you can leave it alone, everybody plays on it, it looks lousy after a while, and you have to clean it; how much do we want to tolerate?

Supv Walls responded: We have our pressure washer and we can make it nice. If it starts crumbling then we talk about replacing it, but I would think with some pressure washing every few months it should stay looking clean.

Mr. van der Snel stated: With the pressure washing the paint comes off.

Supv Walls stated: I think you tolerate not having paint.

Mr. van der Snel stated: That is why I am bringing it up to the Board so the Board can decide what we are going to do. I am just suggesting it.

Supv Farnsworth asked: The original resurface that was going to be done – are you saying the resurfacing does not get dirty or moldy and would not have to be cleaned?

Mr. van der Snel responded: No. If we resurface the basketball court now, the puddles will stay.

Supv Farnsworth stated: I am talking about the material you put down. You cannot tell me it is not going to get dirty and would not need to be cleaned.

Supv Berube stated: Of course it will. If the water sits it will leave the black mildew.

Supv Farnsworth stated: It will still need to be cleaned. Does the cleaning process always take up the paint?

Mr. van der Snel responded: The paint is ten years old.

Supv Farnsworth stated: That I understand, but if we repainted it and you went to clean it, would you take up the paint again?

Mr. van der Snel responded: Not this surface.

Supv Farnsworth asked: Why can't a simple cleanup be done and then repainted so they have a court that looks right? You have the foul line and everything set up if the new paint will last a little while. It may be kicking the can down the road.

Mr. van der Snel responded: I just want the Board to realize if we invest \$5,500 or \$6,000 on paint and resurfacing in three to five years it will probably have to be done again.

Supv Berube stated: I don't think Supervisor Farnsworth is suggesting the \$5,500 for the rubberized surface coating; I think he is suggesting a coat of paint with some anti-slip in it.

Supv Farnsworth stated: It is just repainting the lines.

Supv Berube stated: It will look bad; you have to repaint the whole thing. Is that the way you want to go? Do you want to get it painted and re-lined?

Supv Farnsworth responded: It would address the appearance and playability issue.

Supv Bokunic asked: What is the cost of painting?

Supv Berube responded: A couple grand.

Supv Kassel stated: I say we go with the \$5,500 quote. It will last three to five years and then we will have to redo it. It is just the cost of having a basketball court.

Supv Berube stated: Which brings us back to the original quotes. Can you still get them done?

Mr. van der Snel responded: The contractor that suggested the \$9,500 for the drainage did not respond to me anymore.

Supv Walls stated: I think if these guys have told you, “no, do not do it”, it is probably highly unlikely they will come out and do it even if we said we do not care.

Supv Berube stated: Let us find out. I think Supervisor Kassel’s compromise of try to get it coated and make it pretty and if it last three years, it last three years is a fairly good one. Why don’t we move with that one and see what happens.

Supv Walls stated: Or see, like Supervisor Farnsworth said, to paint it.

Supv Farnsworth stated: It is the simplest thing to get it back looking good and playable. It is not as good as doing the coating; which is not as good as doing the re-leveling. You have three different tiers of work.

Mr. van der Snel stated: Let me bring to next month’s meeting the options the contractor will give us.

Supv Kassel stated: Sounds good.

v. Pool Paver Repair Proposal

Mr. van der Snel stated: We have the Hardscape World for the pool pavers. The pavers in both pool areas are settling in. In the swim club pool some are becoming a trip hazard where the coping is. At Town Square we have the root problem and what they would do is take out the pavers, remove the roots, and resurface it. The kiddy pool area holds water because it is sunken. The area at Ashley Park pool for the whole area from the showerhead towards the building has a slope that holds water.

Supv Berube stated: There is no shower drain at Ashley Park, so it washes out the dirt from under the pavers.

Mr. van der Snel stated: There was a drain rail and it was taken out.

Supv Farnsworth asked: Why?

Mr. van der Snel responded: It was Mr. Haskett.

Supv Berube stated: Several years ago there was some paver work done there and Mr. Haskett decided we did not need the drain rail anymore.

On MOTION by *Supv Kassel*, seconded by *Supv Walls*, with all in favor, the Hardscape World proposal, for paver repairs in the amount of \$3,500, was approved.

Supv Berube stated: They are the contractor that did the work at the dog parks; they did a good job.

Supv Kassel stated: Speaking of which, I would like to make a request, please. There are pavers at the dog park leftover from the job and I would like those pavers to go in the large dog park around the railroad tie

raised area where there is a mud puddle. If our guys could put those pavers around there to keep dogs from digging in the muddy area, since we have the pavers available.

Mr. van der Snel stated: The tractor will arrive tomorrow and I am still waiting on the boat.

Supv Berube stated: We have dock space, right? We are taking out the other to dry dock and repair over time.

Mr. van der Snel stated: Yes.

Supv Berube asked: Has the access problem with getting boats in at Old Melbourne Highway been worked out?

Mr. van der Snel responded: Yes. I have the code and permission to access it.

SEVENTH ORDER OF BUSINESS

District Manager's Report

A. Financial Statements for September 30, 2018

Ms. Suit stated: next is the financial statements for September 30, 2018.

Supv Berube asked: Are there any questions or concerns?

Supv Kassel responded: We typically do not approve the financial statements.

B. Approval of: #222 Invoices, Check Register and Debit Purchases

On MOTION by *Supv Berube*, seconded by *Supv Walls*, with all in favor, the Financial Statements for September 30, 2018, Invoice Approval #222, Check Register and Debit Purchases, were approved.

C. Discussion of District Manager Special Topics

i. Status of OUC Buyout Information for Phase C-2 and Phase G

Ms. Suit stated: The buyouts for Phase C-2 and Phase G have been completed. The next statement will reflect no more investments; you are completely done with investments.

Supv Berube stated: That means the streetlight buyouts are finished.

Ms. Suit stated: They are finished. The way you have done them so quickly, as I said earlier, it is roughly \$88,000 this past year is what you saved by doing them. You budgeted \$403,000 and this upcoming year is around \$41,000 by doing them early.

Supv Berube stated: All told we spent a couple million dollars and saved a million dollars plus on long-term interest.

Supv Farnsworth stated: Over a period of time you are saving that.

Supv Berube stated: It was a good investment and now the budget will balance back out and we will figure out what to do with the money going forward.

An unidentified speaker stated: Pay off bonds.

Supv Kassel asked: Is it possible? Can we pre-pay on our bonds?

Supv Walls responded: It is general fund money you are talking about.

Supv Berube stated: A lot of hieroglyphics; we can do anything we want with the money, but we figure it out as we go. We have spent into that money for next year already, but coming up in the following year's budget talks that will all play in a big way.

Ms. Suit stated: Technically, we are over budget and it is why we are doing a budget amendment.

ii. Review of Meeting Action Items / Follow-Up

Supv Farnsworth stated: I think most of the things on here have been addressed.

D. Consideration of Resolution 2019-1 – Amendment to FY 2018 Budget

Ms. Suit stated: The next item is the consideration of Resolution 2019-1; which is the amendment for the fiscal year 2018 budget, to cover the overspending in certain areas.

On MOTION by *Supv Kassel*, seconded by *Supv Walls*, with all in favor, Resolution 2019-1, a resolution amending the Harmony Community Development District General Fund budget for fiscal year 2018, was adopted.

Supv Farnsworth asked: Did we actually spend that much more in tree trimming than we had planned?

Supv Berube responded: Trees and trimming. We did a number of tree projects this year. We put them there knowing we were going over and said at the end of the year we will do a budget amendment to cover the overage because we did not have any other place to put it.

Supv Farnsworth stated: It just seemed like a big jump in that category.

Supv Kassel asked: What are the other line items?

Supv Farnsworth responded: Legal.

Supv Berube stated: Think about during the year.

Supv Walls stated: We had a lot of stuff going on.

Supv Berube stated: Some of that, if I remember right, was reimbursed.

Ms. Suit stated: I think the reimbursement shows up in your income.

Supv Berube stated: It is not as bad as it looks.

[Supplemental Topic]

Ms. Suit stated: The only other thing, which was not on the agenda, is looking to see how the Board felt about doing summary meeting minutes. It is very time consuming to do verbatim minutes; and technically; verbatim minutes; without a court reporter; are not really verbatim minutes; also; the fact that it does take a long time to review them. It is costly on your end for time and costly on our firms end to type verbatim minutes. Most districts, in fact almost all of mine, have gone to summary minutes; and the firm I was with prior did so years ago. It is almost protection for the District because it basically states your motions, what was approved, what was done, and does not leave a lot of discussion.

Supv Berube stated: The essence of the meeting gets caught and recorded without a lot of the excess.

Supv Bokunic stated: I think it is a great idea.

Supv Kassel stated: Personally, I do not agree.

Supv Farnsworth stated: I do not agree either.

Supv Walls stated: Most places do it like you are saying for obvious reasons. It is possible to save the recordings?

Ms. Suit responded: They are.

Supv Walls stated: They are available if people ask for them.

Supv Farnsworth stated: I have tried to go through audio recordings and video recordings of other meetings; no, that is terrible.

Supv Kassel stated: I like the detail because it reminds me of the character of the conversation and the pertinent items that came up; I can refer back to them two, three, ten years later to see what that flow was. My preference is to keep it even though I am probably the one who goes through it with a fine-tooth-comb more than any of you on the minutes. I think you all depend on me for that.

Supv Farnsworth stated: I have found them very useful in going back, even up to ten years, to find something. If you have a summary, you are not going to find it. If we do this we are totally breaking with our own tradition; so, no, I am adamantly opposed to it.

Supv Berube stated: Our own tradition has been verbatim, but verbatim minutes when Ms. Burgess did them were essence minutes with a lot of other stuff left out, because Ms. Burgess knew the group of people. As it has transpired and worked through different people at InfraMark, the amount of detail that gets put in keeps getting bigger. We have gone from verbatim minutes to super verbatim minutes where it catches everything, and sometimes you get 50 and 60 pages of minutes.

Supv Kassel stated: It is fine with me to keep it the way it is. I understand how time consuming it is for you and therefore costly and I understand it increases our paper expenses, expenses for your staff to type it, increases our time as a Board to go through them, but I think there is significant value in keeping it.

Supv Berube asked: Comments?

Supv Bokunic responded: I like the summary.

Supv Walls stated: I would defer to the standard in most places in that they are summary. I get that there is value; I do not disagree that there is value in having a full verbatim record of the meeting, but there is a value to a few people. I think the cost is greater than the value.

Supv Berube asked: How about we do a compromise. We have some dissension on the Board, and if we voted on this it would three to two, at this point, but let us not do that. How about if we do a verbatim and leave out some of the none-essential detail, leaving it up to Ms. Slaughter?

Ms. Suit responded: I am concerned about that because we are going to get into “*this was left off and I wanted that included*”.

Supv Kassel stated: I would like to hear from the residents. I do not know if you go to the minutes or read them at all.

Supv Berube asked: How many people go back and read the minutes, front to back; every page?

Supv Farnsworth responded: Not every page, front to back; that is not a fair question.

An unidentified speaker stated: When there is a topic of concern, then you go through and read the details of the conversation. It is not like you read it from beginning to end. You look at the headers, you go through and say I need to see what is going on there, and you read the dialogue.

Supv Farnsworth stated: If you have a summary, the detail is gone.

Supv Bokunic asked: What cost savings would be passed on to us?

Ms. Suit responded: I think we would have to discuss the cost of continuing to do it because it is extremely lengthy and time consuming. I did not realize how long it actually takes them to type verbatim minutes.

Supv Kassel stated: There are programs [*to do the transcription*].

Supv Berube stated: Now you are asking them to buy a program, and do everything else.

Supv Walls stated: Realistically, think about how long we are here, two to two and half hours each meeting. They have to listen to it, stop, type; listen, type; it has to take all day.

Ms. Suit stated: I have been told it can take up to 30 hours when you are talking 30 to 40 pages of minutes; that is a lot of time to take away from other work. The reality is again, what you have to have; and what is the most important are your motions.

Mr. Walls MOVED to switch to summary style minutes for the recording of the meetings.

Supv Bokunic asked: Why do we need to have a motion?

Supv Berube responded: To bring it to a vote.

Supv Walls stated: Not everybody agrees; that is the problem.

Supv Berube stated: Before we make a decision, InfraMark is bringing this up because they are indicating there is a cost to this and are saying if we want to continue this they are probably going to adjust our monthly fee to account for the additional cost they think is not necessary.

Supv Farnsworth asked: If that is true, why is the cost more now than it has ever been in the past?

Supv Berube responded: More detail.

Supv Farnsworth stated: There is no more detail.

Ms. Suit stated: It is a cost, but it is also very time consuming process.

Supv Farnsworth stated: I am not debating that. Why is it any different now than it was last month or last year? Why is it suddenly an issue now?

Ms. Suit responded: It has been an issue for quite some time.

Supv Berube stated: The bottom line is we have not given them a price increase in ten years and they are trying to squeeze some money out of us.

Supv Walls stated: Which is fair. When I think about going back to being just a resident and not sitting on this Board, if I see you guys take an action that I want to know more about I can talk to one of you, I can email you, I can go on Facebook, I can call the manager. I am not going to read the minutes. The number of people who do that are miniscule.

Supv Bokunic stated: There is the small, engaged percentage that come to the meetings. I would rather not make a decision and see what our cost is going to be.

Supv Berube stated: When we have dissent like this on an issue, I would rather have the bigger picture so let us hear from InfraMark as to you want to adjust costs because of this and see if they want to go down that road. Again, we have not allowed a price increase at InfraMark in ten years, which is a separate issue.

Supv Walls stated: Keep in mind what she just said, you are essentially buying an employee to sit here and do this and is that what we want to spend money on; I would say no.

Supv Bokunic stated: I just want to be able to make an informed decision and have all the facts.

Supv Berube stated: As you can see it is about half-and-half. Since your boss brought it up, let him make a decision about what his next step is going to be. My guess is that he will say never mind.

Ms. Suit stated: I do not think so on this one. The reality is every Board, just about and I can tell you from working at a previous management company, they pretty required, for the most part, all Board's to do it four or five years ago. Mr. Qualls may disagree with this, but most counsels jumped in and said it was a safety measure for the Board's not to have verbatim minutes because the conversations get misinterpreted and details get in and without a court reporter you are putting yourself up for misinterpretation, things being said and people not realizing what they are saying.

Supv Bokunic stated: We have some strong opinions on this. Counsel, would you care to throw your two-cents in?

Mr. Qualls responded: I am not understanding the distinction on why there would be more liability. This is a public record, that is a public record; but by the same token, there is absolutely nothing legally wrong with having minutes that just have the motion, second, and what actually carries.

Supv Farnsworth stated: Unfortunately, what you are going to end up with, in that case, is not much more than what you see here [*pointing to Ms. Suit's Action Items summary*]. For Minutes, that is lousy.

Supv Walls stated: For better or worse there are situations where you do not want the conversations verbatim.

Supv Kassel stated: They are on the record.

Supv Berube stated: Nobody listens to that.

Supv Walls stated: If you are talking about the landscape company and we want to get the best deal; we have to sit here and discuss that in public, it is written up and they all know exactly what we talked about. There are situations where that is not the best way to go.

Supv Kassel stated: We decided to table this for now, I believe.

An unidentified speaker asked: What is the final disposition and availability of the audio recording, as it is now?

Supv Berube responded: If you want a copy you have to ask for it.

The unidentified speaker asked: Through the manager?

Ms. Suit responded: Yes.

Supv Farnsworth stated: It is written differently on the yearly schedule. There it says if someone wants to challenge anything the Board does, that person is required to make their own recording.

Supv Walls stated: That is different. We are talking about public records law where they ask for it and you give it to them.

Ms. Suit stated: It is required if somebody makes a public records request.

Mr. Qualls stated: The medium upon which the record is captured is irrelevant. It could be a note carried by a carrier pigeon, it could be something written down, it could be the spoken word, the medium is irrelevant it is all public records and must be available upon request.

The motion died for lack of a second.

E. Facilities Usage Applications

There being none, the next order of business followed.

EIGHTH ORDER OF BUSINESS

Topical Subject Discussions

A. Parking & Garden User Supported Facilities Report

Supv Berube stated: We have covered this subject, but this is related to it. The HROA manager had a request from the Garden Committee about replacing their shed. It put him on the spot because we told him the rules are for these facilities that the income has to balance with the expenses. The shed is dilapidated and needs to go. A replacement shed is about \$2,500. The concern is this year. As of September 30th, the garden was budgeted for \$2,300 in income and actually brought in \$2,075. On its expenses it was budgeted for \$2,000, but actually spent \$3,174. It did not meet its income and exceeded its expenses. It is budgeted for the next fiscal year at about the same amount of money. It did not make its income this year and is probably not going to make its income in the coming year. We would have to authorize them to go into a deficit situation and hope we got the money. As I understood from Counsel, when this got set up, each of those facilities has to fund itself. We cannot be reaching into the pocket of money for a user-supported facility and asking non-users to fund it.

Mr. Qualls stated: What I remember when you adopted the fee schedule we were very clear there was going to be some fluctuation.

Supv Berube stated: If the garden wants to spend \$2,500 on a shed and only takes in \$2,000; they have to save their income until they have \$2,500.

Mr. Qualls stated: Makes sense to me.

Supv Walls asked: What are their expenses?

Supv Berube responded: Wheelbarrows, cutting the grass, fertilizer, tools, dirt. It is a lot of stuff that has to be shaken out, because it has been a little out of control. People buy a garden spot and they get soil, fertilizer, bug control.

Supv Walls asked: The garden provides that?

Supv Berube responded: Yes. That is how you get \$3,174 in spending on \$2,000 in income. The question to the Board is, do you want to authorize what is effectively deficit spending. I am saying no shed until the income gets to the shed cost.

Supv Walls stated: Via the HROA, they have to set up a budget that works, and what their priorities are in terms of spending.

Supv Berube stated: The budget is already there, but the manager is saying this is new for him too. He has a garden manager who is asking to spend \$2,500, but I do not have the money. He said it has to go to the CDD because they control the money here; and as we explained it to him, each of those facilities has to be self-supporting.

Supv Farnsworth asked: If they are running at a deficit, can they raise the fees?

Supv Berube responded: We set the fees.

Supv Farnsworth stated: That is where the problem is.

Supv Berube stated: We set the fees low, because they still have not sold all the plots since fees were established six or seven years ago.

Supv Walls stated: Through the HROA, they need to figure out, look at what they are spending; is their process of buying equipment, dirt and pesticides for users what they need to be spending their money on.

Supv Berube asked: Is everyone in agreement with Counsel's opinion, that you cannot deficit-spend; is that our position today?

[The consensus of the Board was yes.]

NINTH ORDER OF BUSINESS

Supervisors' Requests

There being none, the next order of business followed.

TENTH ORDER OF BUSINESS

Adjournment

There being no further business,

On MOTION by *Supv Berube*, seconded by *Supv Bokunic*, with all in favor, the meeting was adjourned.

Kristen Suit
Secretary

Steven Berube
Chairman