MINUTES OF MEETING
HERITAGE PARK COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Heritage Park Community Development District was held Monday, August 13, 2007 at 2:15 p.m. at the Heritage Park Amenities Center, 225 Hefferon Drive, St. Augustine, Florida.

Present and constituting a quorum were:

Holly Bell Chairperson
Amy Krulish Supervisor
Taylor Shavatt Supervisor
Sue Carpenter Supervisor (by telephone)
Shane Billette Supervisor

Also present were:

Dave deNagy District Manager
Brian Crumbaker District Counsel
Ryan Stilwell District Engineer
Jennifer O’Brian Hopping Green & Sams

FIRST ORDER OF BUSINESS Roll Call

Mr. deNagy called the meeting to order at 2:15 p.m.

SECOND ORDER OF BUSINESS Organizational Matters

A. Acceptance of Resignation of Albert Dale Bradshaw

Mr. deNagy stated the first item is acceptance of resignation of Dale Bradshaw. We received a letter from Dale July 12, 2007 indicating his desire to resign his position from the board. Dale was serving as the Vice Chairman. I would ask the board to consider Dale’s resignation and if you would like to accept his resignation to do so by motion with regrets.

On MOTION by Ms. Carpenter seconded by Ms. Bell with all in favor the resignation of Mr. Bradshaw was approved.

B. Consideration of Appointment to Fill Unexpired Term of Office
Mr. deNagy stated item B is consideration of appointment to fill the unexpired term of office for Mr. Bradshaw. Do we have a motion from the board to fill that unexpired term?

Ms. Carpenter asked have any candidates come forward who have expressed an interest?

Ms. Krulish responded yes, I was going to make a motion to consider Shane Billette, a homeowner for the vacant position.

On MOTION by Ms. Krulish seconded by Ms. Bell with all in favor of Shane Billette filling the unexpired term of Mr. Bradshaw was approved.

C. Oath of Office for Newly Appointed Supervisor

Mr. deNagy, being a Notary Public of the State of Florida, administered the Oath of Office to Mr. Billette and a copy of the signed oath is attached hereto and made a part of the public record.

Mr. deNagy stated I have a Form 1 for you to fill out and it needs to be filed with the Supervisor of Elections in the county in which you live. That needs to be done within 30 days of today’s meeting. I have some information for you on Chapter 190 which is about the community development districts and also a guide to the Sunshine Amendment which says this is a governmental board and you will need to pay particular attention to it.

Mr. Crumbaker stated there are two issues with respect to the Sunshine Law. The first is public records. If you retain anything that you obtain as a member of this board of supervisors it is subject to the public records laws. If you are just keeping an agenda package, you don’t have to keep that because the district manager will maintain agenda packages. If you have notes or correspondence and decide to keep them, keep them separate from your personal and business files so if we receive a public records request they are not going through or inadvertently end up with some of your private matters. The other aspect of it is open meetings. If you and another member of the board of supervisors are going to meet to discuss items that could come back before this board, it has to be in a publicly noticed meeting. Be careful what conversations you have outside of the meeting with regards to district business. If you have any questions you are more than welcome to give me a call. If you ever have any questions regarding the Sunshine Law be sure to err on the side of caution because, the City of Jacksonville for example has been front page news because they were going to public places and having discussions.
Mr. deNagy stated as a board member you can accept or decline compensation. The statute states a board member can be paid up to $4,800 a year. I believe currently the board members are getting $200 per meeting. It’s your choice if you want to take compensation or waive compensation.

Mr. Billette stated if that’s been the general decision of the board so far then I will accept it.

Mr. deNagy stated then I will give you these two forms, a W4 and an I-9, for you to fill out and get back to me.

D. Consideration of Resolution 2007-10, Election of Officers

Mr. deNagy stated the next item is consideration of resolution 2007-10, the election of officers. The current slate of officers is Holly Bell as Chairman, Dale Bradshaw was your Vice Chairman, Amy Krulish, Sue Carpenter, and Taylor Shavatt are all Assistant Secretaries. With Shane coming on board, I would ask the board for their guidance on where we have Shane placed as officer or if there are any other changes with regards to the officers of the board.

Ms. Carpenter asked do we need to elect a vice chairman?

Mr. deNagy responded yes we do.

Ms. Carpenter stated I’m not a candidate for that. I think my term expires this year anyway, so it really should be someone who is going to be there.

Mr. deNagy stated everybody is 2008 except for Taylor and Amy whose terms go through 2010.

On MOTION by Ms. Bell seconded by Ms. Shavatt with all in favor Resolution 2007-10 appointing Ms. Amy Krulish as Vice Chairperson was adopted.

On MOTION by Ms. Carpenter seconded by Ms. Krulish with all in favor Resolution 2007-10 appointing Mr. Billette as Assistant Secretary was adopted.

THIRD ORDER OF BUSINESS Approval of the Minutes of the June 11, 2007 Meeting
Mr. deNagy stated the next item of business is approval of the minutes of the June 11, 2007 meeting. You will find these in your agenda package behind the tab marked minutes. Are there any corrections to the minutes?

Ms. Krulish stated page 5, A1 the first sentence should read Taylor & White not Light.

Mr. deNagy asked are there any other changes to the minutes? Hearing none, with the exception of the change at the top of page 5, I look for a motion to approve the minutes from June 11, 2007.

On MOTION by Ms. Krulish seconded by Ms. Bell with all in favor the minutes of the June 11, 2007 meeting were approved as amended.

FOURTH ORDER OF BUSINESS Public Hearing Adopting the Budget for Fiscal Year 2008

Mr. deNagy stated the next item of business is the public hearing adopting the budget for fiscal year 2008. You have a copy of the proposed budget in your agenda package behind a blank tab in section 4. At this time what I would like to do is get a motion from the board to go ahead an open the public hearing for discussion of adopting the budget.

On MOTION by Ms. Carpenter seconded by Ms. Bell with all in favor the public hearing was opened.

Ms. Krulish asked what does EAU stand for?

Mr. deNagy responded equivalent assessment units. I think that’s the weighting method that was used in the original methodology when the district was formed.

Mr. Crumbaker stated there are different terms that you hear. EAU or ERU and a couple other terms that people use, but the EAU in effect is the relationship among the various unit types for the assessments. Usually your base unit is a one and from there you take off from the one, so in this case the multi family ended up with a half of an EAU so when you look at the assessment it’s roughly half of what your single family would be where if you have a larger unit it would have a larger EAU factor. The reason they differentiate between units is for instance storm water, as the unit gets bigger you have more garages, larger house, and more impervious surface area which results in more run off in comparison to a town home. It’s the same with trips...
or the use of a recreational facility, usually the larger the home it’s more likely to have an entire family versus a town home which is usually first purchasers or single buyers. That’s how they usually differentiate between the unit types and the benefits associated with the assessment.

Mr. deNagy stated just for the record I did want to note that the assessments for fiscal year 08 are not going up. As compared with fiscal year 07 the total net assessments remains at $255,225 which was the total in fiscal year 07. You can see on the third page for the operations and maintenance budget, the per unit assessments for the different sized lots, and if you flip back past the description of the different O&M budget line items you will see the debt portion of the assessments. In debt you have the same layout with the different lot sizes and the assessments per lot size.

Mr. Crumbaker stated the debt assessment is fixed so it doesn’t change from year to year. The O&M is what usually changes year to year and it usually increases gradually from 3 to 5% per year. With respects to the assessments on roll and the assessments direct, you have the exact same numbers plugged in from 07 to 08. I would think that houses would have sold and closed. In fact, when you say assessments direct, they are assessments you have been collecting and not just like a deficit funding. It’s been set assessments right?

Mr. deNagy responded let me check something.

Ms. Krulish stated I have been getting one bill.

Mr. Crumbaker stated you would. The difference between on roll and off roll, they are both assessments, on roll you would utilize a uniform method of collection which means a tax certificate is issued by the tax collector. When it’s direct what happens is essentially a direct bill goes to the principal land owner. This would seem to indicate that not a single lot has been sold since 07 and that’s hard to believe.

Mr. deNagy stated I agree. I see the on roll assessments and I see off roll assessments, but I don’t have any numbers Brian to support your question.

Mr. Crumbaker asked why do we have a shortfall in the off roll assessments?

Mr. deNagy responded I would have to ask who paid what. On roll we are okay.

Ms. Krulish stated help me understand this on roll versus off roll again.

Mr. deNagy stated on roll are the ones who go to the tax collector and the off roll are the developers who would get a direct bill.

Mr. Crumbaker asked does Harbco own any lots?
Ms. Krulish responded yes they do.

Mr. Crumbaker asked how many do they own?

Ms. Krulish responded I think they just own parcels on this side, but it still gives them voting rights.

Mr. Crumbaker stated more importantly is everything platted. We don’t treat property owners differently if everything has been platted.

Ms. Krulish asked Sue, isn’t everything platted through here?

Ms. Carpenter responded to my knowledge yes.

Mr. Crumbaker stated then everything should be on the roll. You don’t treat two property owners differently. You can treat them differently if it’s a platted lot versus an unplatted lot, but platted lots are all treated the same, so if everything in the community has been platted then everything should go on roll.

Ms. Krulish asked depending on the size would it give them a different vote?

Mr. Crumbaker responded no because you don’t have anything that’s over an acre. From a voting prospective, if Harbco for instance owns 28 platted units, they would get 28 votes.

Ms. Krulish stated I know they own at least 11 lots alone in parcel C and they own some vacant land on this side but I don’t think it’s zoned residential. I guess I’m also asking would the daycare site get billed or just residential?

Mr. Crumbaker responded no. In all likelihood the daycare site as been platted as well meaning it’s a part of another plat and if it’s been platted then it should also receive a tax bill just like any other. The only time you differentiate between land and whether you go on roll or off roll is platted versus unplatted.

Mr. deNagy stated Brian, I am looking at the debt schedule and for the assessments direct I’m seeing a zero dollar amount in the fiscal year 08 budget as opposed to tax roll, so it looks like everything is on the roll for purposes of debt. I would assume that would be the same for the O&M.

Mr. Crumbaker stated the reason I ask that is because what that would impact, and I don’t know how you account for it, but it would impact your collection costs.

Mr. deNagy stated the collection cost is on the total assessments. I think we’re okay.

Ms. Krulish stated so at this point we shouldn’t have assessments direct, everything should be assessments tax roll.
Mr. deNagy stated correct. We are grossing that up for the total.

Mr. Crumbaker stated it’s important because as the market has changed, it becomes a little more difficult sometimes to collect the direct collections. That’s the reason why if everything is platted now, you want everything on roll.

Ms. Carpenter stated I thought everything was platted.

Mr. deNagy stated I am looking at the debt budget and we don’t have any direct assessments there so I will follow up on that and see why we have that on the O&M budget. I would suspect given what I am seeing on the debt budget that we have taken into account that everything has been platted and should be on the roll.

Mr. Crumbaker stated the good thing is you have already accounted for it in the collection costs so it won’t impact the assessments, which is the important part.

Ms. Krulish asked is there going to be any difference in figures on this side?

Mr. deNagy responded no.

Ms. Krulish stated I was going to ask about the boardwalk maintenance. Is the boardwalk maintenance considered part of the drainage system since it’s over a conservation area?

Mr. Crumbaker responded the boardwalk would be separate fees.

Ms. Krulish asked so do we own the boardwalk?

Mr. Stilwell responded we haven’t been conveyed the boardwalk. The only assumption we have been operating under is we were going to convey the storm water system and the storm water system is only inlet structures, the actual underlying fee title to the ponds, that kind of thing, it’s not wetlands or boardwalks, those are totally separate.

Ms. Krulish stated somebody had to think we were going to get a boardwalk.

Ms. Carpenter asked who would it be?

Ms. Krulish responded we do have a boardwalk. We have several of them. I am trying to figure out with this whole conveyance issue of if we owned the ponds, I didn’t know if they were part of the drainage since it was in a conservation area.

Mr. deNagy stated in looking at the expenditures through June, there have been no dollars spent on boardwalk maintenance to date.

Mr. Crumbaker stated the question is whether the HOA has budgeted for it or not.
Ms. Krulish stated no we have not, but I am going to have to especially if we’re not going to expect any conveyance from the CDD.

Mr. Crumbaker stated to this point nobody has mentioned the boardwalk and CDD ownership of it. They can, but are you going to maintain it out of the HOA budget or the CDD budget. You can certainly convey it over to the CDD but boardwalks are traditionally considered recreational type of amenities and in that instance to this date we have discussed just keeping the recreation in the HOA because then you have the ability as a private party and not a governmental party to then restrict access and stuff of that nature.

Ms. Krulish stated getting back to the funds being used. Were they originally used to construct these boardwalks?

Mr. Crumbaker responded no, that’s the issue. We had limited construction dollars on this project and originally when you go back to the improvement plan it was anticipated that the parks were going to go to the CDD and that kind of thing, but we went back through and it hadn’t been done and that’s the reason we identified the storm water system as something that could be conveyed over because that was far in excess the amount of construction dollars that the district had originally. So, from the prospective of bond holders and IRS and FCC we were okay from a liability standpoint if that were conveyed over to the CDD and storm water systems usually are anyway. With recreational improvements the idea was to keep that private so you could restrict access and deal with those types of issues. If you want it to be in the district at this point in time, the drawback is obviously you have to account for dollars to maintain it and provide a reserve, and we haven’t gone through the assessment process that would likely result in an increase in your assessment and the district has to go through notice requirements in order to levy an increase in assessments this year. Now, next year, and we are out of time at this point because we have to certify our tax roll September 15th, if you want to do it for next year bill of sale wise and the improvements are conveyed over to the CDD we can do that.

Ms. Krulish stated I’m not trying to suggest that we convey anything over from the HOA to the CDD, I guess I’m just trying to make sure what we are budgeting for and if it’s going to be HOA or CDD. I have heard from several homeowners who have said if I’m paying for something and the CDD is not maintaining it, I want my money back. Do we need to remove this from the budget or is it too late to make changes to the budget at this point?
Mr. Crumbaker responded the only thing that’s too late at this point is to increase the budget because then you would have to increase the assessments and we haven’t gone through the notice process. You can certainly move for instance the boardwalk maintenance. That’s certainly something you can move over to the maintenance reserve and then utilize it for whatever, or you can cut it and this year we can reduce the assessment across the board by $2,000.

Ms. Krulish asked do you guys have any feelings on it or any other opinions?

Ms. Bell stated if my memory serves me right we put that in there around the thoughts of any type of maintenance needed if there were any hurricanes or any damage from kids. It’s been there for a while and obviously we have not needed it. We can look at shifting it.

Mr. Billette stated the only thing I would mention is that I can see some possibilities for where boardwalk maintenance might be necessary, maybe not next year, but perhaps the year after especially with little instances like kids playing around and things like that.

Ms. Krulish stated we definitely need work on them now. We have a lot of missing spindles and the developer was supposed to have taken care of those as part of the transition list. I think it’s probably going to be coming from the HOA because the HOA is going to have ownership of that. That’s just my thought, but if the HOA is going to have ownership of that, then the CDD doesn’t need to have a line item for boardwalk maintenance.

Mr. Billette asked can you see any reason why a boardwalk in the HOA would not be a good idea? The reason I ask that is because the boardwalk spans wetland areas. If we go tromping around in a wetland area as the HOA to fix a bridge, does that pose any risk to the HOA?

Mr. Crumbaker responded from that prospective there is no difference between the HOA and the CDD. The real advantage of having it in the CDD is that you have sovereign immunity and so from the prospective of someone going out there and it’s not maintained properly and somebody falls through it or an accident happens, the CDD with the sovereign immunity has caps on the liability. With the HOA you are not a proper corporation and your liability is open. That’s the biggest advantage of the CDD maintaining those facilities. In one budget or the other, at some point we need to start reserving money for that because they are expensive.

Ms. Krulish stated that’s what I don’t understand; you are saying one budget or the other. Can we keep this in our budget?
Mr. Crumbaker responded you can keep it in your budget and it’s not a problem for the district to own, operate, and maintain it, but you can’t take public dollars and turn it over to the HOA or maintain an HOA owned facility.

Ms. Krulish stated I would recommend at this time that we lower the overall budget by $2,000.

Mr. deNagy stated keep in mind that this may impact, I know it’s just a little bit, but next year if your assessments go up then you have to go through the individual notice process. We could reclassify it as a miscellaneous reserve.

Mr. Crumbaker stated what you are looking at with 703 units for $2,000 you are talking about less than $3 per unit.

Ms. Krulish stated I make a motion that we take the $2,000 and shift it into the miscellaneous reserve and remove the line item for boardwalk maintenance from the budget.

On MOTION by Ms. Krulish seconded by Mr. Billette with all in favor of moving the $2,000 boardwalk maintenance to miscellaneous reserves was approved.

Mr. Crumbaker stated right now you have about $145,000 in the reserve fund balance. That’s generally unreserved for expenditures meaning it’s essentially just reserves for maintenance and whatnots. Once you go back to the HOA, it may be something you want to consider over time. The district would likely have to increase the amount of reserves that it creates on an annual basis next year, but I don’t know where the HOA is with respect to their reserves or if they have any. You may want to look at the unreserved funds and decide if you can get to a point where you would have a reserve sufficient to maintain the boardwalks quicker than the CDD in light of what you have currently versus the HOA.

Ms. Krulish asked is it expensive to maintain storm water drains once they are okayed and acceptable?

Mr. Stilwell responded you have your quarterly maintenance of the mowing and grassing of the banks, the treatment, and outside of that you may have some sedimentation in the pipes and things. I don’t know how much you have set apart for that specifically, but that’s probably at most a yearly cleaning.
Ms. Krulish asked Sue, do you know have we flushed these systems? I would imagine not since we just transitioned over.

Mr. deNagy stated we officially don’t own them yet.

Mr. Crumbaker stated I have the signed documents. I am holding them until we get a final resolution on issues associated with 1700 and 1800 because what we would recommend not doing is accepting ownership of something that immediately has to be repaired or fixed. Ryan met with Glen Taylor on site and he can go into that discussion, but the back two ponds were designed and permitted in accordance with standard engineering practices so the fact that from the best observations we can make is that the low water levels are based on the low ground water levels, the existing ground water level in that area, along with per Glen Taylor’s explanation, the limited amount of actual roof tops that are in that area or houses that are in that area. They submitted back in March of 2006 that those ponds were built substantially in accordance with the plans and really from an esthetic reason, maintenance has not occurred on those ponds for the last two years basically, and that’s why we have the rutting that’s going on out there, the erosion, and the vegetation that’s also present out there. As far as actually raising the water level in those ponds, there’s not much we can do about that without significant research and investigation to figure out if there is something wrong. However, it’s our opinion that the maintenance, or lack thereof of maintenance over the past two years, should be corrected before those ponds are accepted by the CDD. Does that also include that the banks should be sodded the remainder of the way down to the water level due to the fact that they are lower at this time before we take them? That’s something Ryan and I were talking about. Eventually, once that water table may come back up and it will kill that sod, but aesthetically it could help the situation and limit the erosion that’s currently occurring out there right now because there is no grass. Those two ponds are really our main reason for the CDD not accepting everything.

Ms. Krulish asked are we going to be able to accept some of the ponds and just hold off on these two or are they all on the same deed?

Mr. Crumbaker responded what happened was we had the issue of the ownership because they had everything titled incorrectly including the deck and plats and everything else. They went back and corrected that problem and when they did so they submitted a deed and a bill of sale for everything combined. The hold up is we need to get resolution to this issue before we accept it all because they are not willing to split it out.
Ms. Krulish asked are we going to have to fight, is that what it’s going to come down to?

Mr. Crumbaker responded that’s one of the things that Ryan and I were talking about today is how much would it cost to go back in and maintain or clean that up. In the scale of tens of thousands you are probably looking at $30,000 to $40,000.

Ms. Krulish asked per pond or combined?

Mr. Stilwell responded I don’t know sod prices right now and the biggest issue would be the cost to sod that area around it. These are pretty large ponds so I would say you are probably looking at $10,000 to $20,000 per pond for the sod alone.

Ms. Krulish stated we have talked about half the ponds looking one way and half the ponds looking another way. Lennar did a fantastic job on the ponds, for instance in the Villas. Are those ponds in there part of the 18?

Mr. Stilwell responded I need to look at that and I haven’t seen the deed so it would probably be a good thing for us to look at that. For some reason I feel like the one pond in the middle of the multi family is not. We need to look into that and see.

Mr. Crumbaker stated it’s my understanding that Lennar owns some or all of the lots out there on these two ponds. It’s certainly in their best interest to assist us in trying to get this resolved. If anything, we can go ahead and begin maintaining the ponds that we’re okay with. Clearly we have taken issue with respect to these two ponds and have made that issue clear with Harbco and Taylor & White, but just so that the other ponds don’t slide back again.

Mr. Stilwell stated my concern, and I know you have pointed out other ponds that have a minor issue here and there, I have taken the position that we need to get these two up to par and if we can make that happen we have done ourselves a good deed as opposed to worrying about a little rutting here on this pond or one mitered end section that might have an issue on another pond. I don’t think with the responses that we have been getting from Harbco, I don’t think the little nickel and diming them of all the other ponds is going to get it. I think these two we have a good stance on and the other ones we are just not getting any response.

Ms. Krulish asked so can we start maintaining the other ones.

Mr. Crumbaker responded that would be my recommendation because I don’t want those to get worse and then we end up with an issue. Let’s worry about the big picture. I’m hoping if I talk to Paul or the folks over at Lennar that maybe they can assist us on trying to get this issue resolved or at least try and figure out definitively who should be picking up the tab associated
with them. Lennar is going to have a problem selling lots on lake front property that looks like that.

Ms. Krulish stated they were trying to sell that back parcel. The first section is D1 and the back section is D2. They were trying to sell off completely D2. They just recently went back there and hired the HOA landscape crew to go in there and mow everything which looks a ton better. I don’t know where they are in the big scheme of things, but nobody is buying right now, especially the developers. When we get into the ponds that are in acceptable condition, does it make a difference that some of them are fully irrigated with St. Augustine sod?

Mr. Stilwell stated I was looking when I drove around the day I came down and took these pictures. Are there separate irrigation systems on some of the ponds themselves that aren’t homeowners?

Ms. Krulish responded no. They are all homeowner. The builder has done that. They came in midway. They did it in the Villas, but on the other ponds the irrigation is part of the homeowners and they are paying the water bill, they are responsible for maintaining the sprinkler system as it stands right now. Then you get into the problem of broken sprinkler heads and who is going to pay for it. What if the CDD’s mowing crew knocks off a sprinkler head back there and it breaks the whole sprinkler system?

Mr. Crumbaker responded we can resolve that issue to begin with because if they installed the sprinkler system in the district’s property and I don’t know what ultimately would be fee title right now would be HOA property.

Ms. Krulish stated no it’s not even us. Nothing is in the HOA name. We can all sit here and say the CDD doesn’t technically own it, but the HOA doesn’t either, but someone has to maintain them at this point. Obviously, we are going to step up. Back to the concern of the district if it was actually irrigated on what is going to be CDD property, then what?

Mr. Crumbaker responded one it shouldn’t be and two they don’t have any property interest allowing them to put in sprinkler systems on the CDD property. If it’s not authorized to be there and there is nothing to indicate they have authorization for it to be there, then if we go through and inadvertently break sprinkler heads that are located within our strip, it’s not our problem. They shouldn’t have been there to begin with. The question is we should probably be identifying those areas that have the sprinkler systems that go down to the water line because frankly we should be putting them on notice saying your sprinkler system is on CDD property.
Maybe the position we take is that it’s okay to have that sprinkler system here for the time being because it’s already in there, but be warned that if we inadvertently break it it’s not our liability, it’s yours.

Ms. Krulish stated from an HOA point I have tried to express to Lennar that this is not such a great idea because if they get a certain burn in their grass, or they get chinch bugs, or they do break a sprinkler head, it’s not their property and then it’s a matter of when you are trying to get bids to maintain and owners tell them to stay off that St. Augustine sod because I’m paying the water and I don’t want you on it. Coming from a CDD I think it’s going to be a lot easier to get a grip.

Mr. Crumbaker stated what you are going to get is the people saying Lennar put this in why all of a sudden are you going after me.

Ms. Krulish stated I tried to tell Lennar six months ago it wasn’t a good idea.

Mr. Crumbaker stated my recommendation would not be, and this is not a legal recommendation to get them to say pull your stuff out, but at the same time we should be putting them on notice that it is across the property line into the CDD property and if we inadvertently break it as a result of our maintenance program that it’s going to be their nickel. If they have an issue with that they need to go back to Lennar who originally installed that system and talk to them about it.

Ms. Krulish stated on some of those ponds Lennar has gone in and irrigated so we don’t have that budget for right now either. They have gone in and irrigated and put in tens of thousands of dollars worth of trees and irrigation systems so I don’t know how that is going to go as far as the Villas budget if it’s a CDD pond.

Mr. Crumbaker stated one of the problems here that you may not have elsewhere is that in many cases the pond elevation is based upon a certain amount of storm water flowing into it and when you don’t have a pervious service area in the area, you have a tendency for the water to then percolate into the ground as opposed to running off into the storm water system. As you end up with roof tops going around there it may not be perfect, it may not get to the top. I don’t know if this is going to be an end all be all, but at the same time I would anticipate that that would come up some as a result of that building activity and having the additional run off.

Ms. Krulish asked at what point can we go ahead and start maintaining these ponds?
Mr. Stilwell responded like I was saying, you’ve got those little minor issues, but a lot of those over time can be corrected through the maintenance of the ponds.

Mr. Crumbaker stated because we are talking about the fact that the roof tops aren’t going up and this may always be a little low, right now based upon the maintenance that they have been doing since they have constructed those ponds, I think they have to do a little bit of work to sod it and clean it out.

Mr. Stilwell stated the erosion is going to be a problem and it has to be corrected. Really the only way to maintain it at this point would be to sod those ponds until that water level does come up. We don’t have the expertise of how these ponds were designed as far as what research was done initially to establish the levels because we weren’t the engineer of record. We have relayed to Brian that if you did want to raise this water level up it’s going to cost you tens of thousands of dollars of research, design, and permitting. What you would really be doing is lowering that structure. Really we can’t make that water level come up.

Ms. Krulish stated I think Lennar did go back in there and sodded it. In the two years, even with all that rainfall and all the other ponds were full, those were still like puddles.

Mr. Stilwell stated I don’t know if you know or not, but there has been some work done on some of them.

Ms. Krulish stated Harbco took the concrete from the curbs and some of the other parcels, made a big mound in parcel C, carried them over, and put them at the bridge where the bridge goes over back into Chancellors in the back at those ponds as well. Their on site representative who used to be here did that.

Mr. deNagy stated we are still on the public hearing for purposes of the budget, so if there is no more discussion on the budget, I would ask for a motion to close the public hearing on the budget.

On MOTION by Ms. Bell seconded by Ms. Krulish with all in favor the public hearing was closed.

A. Consideration of Resolution 2007-08, Annual Appropriation Resolution

Mr. deNagy stated the next item of business is consideration of resolution 2007-08 which is the annual appropriation resolution and you will find that behind Tab A in Section 4. I point to
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page 2 where I will fill in the total general fund and total debt service that we just discussed. Are there any questions on the appropriation resolution?

On MOTION by Ms. Carpenter seconded by Ms. Bell with all in favor Resolution 2007-08 was adopted.

**B. Consideration of Resolution 2007-09, Levy of Non-Ad Valorem Assessments**

Mr. deNagy stated item B is consideration of resolution 2007-09. This is the levy of non-ad valorem assessments. This is the actual resolution where we go ahead and levy the assessments based on the adopted budget. Are there any questions on resolution 2007-09? If not, I need a motion to approve.

On MOTION by Ms. Bell seconded by Ms. Shavatt with all in favor Resolution 2007-09 was adopted.

**FIFTH ORDER OF BUSINESS Acceptance of Annual Audit Report for Fiscal Year 2006**

Mr. deNagy stated the next item of business is acceptance of the annual audit report for fiscal year 2006. You will find that in your agenda package behind Tab 5. You will find a draft of the auditor report in your agenda package. I would like to point out a couple of things in the independent auditor’s report on the third page. I would like to read into the record the third paragraph which states “In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2006, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United Stated of America.” In addition to the audit statement just read, there are two other items I would like to point out. There is an internal control report on page 21 and if I could I would like to read into the record in the second paragraph, the very last sentence which states “We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.” If you go to page 22 there is a management letter that is there for the purposes of the Auditor General for the State of Florida. If there are not any questions regarding the audit, I look for a motion from the board to accept the audit report.
Ms. Krulish asked when it says infrastructure under construction under capital assets, what would that be?

Mr. deNagy responded I don’t know that everything has been signed off on. Brian, is that correct that the engineer has to sign off on this?

Mr. Crumbaker responded ultimately, and keeping in mind that this is going back to September 30, 2006, until the time that the project is deemed complete under the indenture, then there is a portion of it, unless specific contracts have been closed out, they will deem it as under construction.

Mr. deNagy stated if there are no other questions, I look for a motion approving the audit report.

On MOTION by Ms. Shavatt seconded by Ms. Carpenter with all in favor the annual audit report for fiscal year 2006 was approved.

SIXTH ORDER OF BUSINESS  
Consideration of Deloitte Proposal for Arbitrage Services

Mr. deNagy stated item six is the consideration of a proposal from Deloitte for arbitrage services. I would like to point out that their proposal includes a fee of $2,000 which in our budget we only have $1,575 earmarked for arbitrage services and we have gone back to Deloitte for that change. I have not heard back from them, but we can accept their proposal at this time with the contingency that they change the amount to $1,575. If they don’t, then we will have to go back out for bids on another arbitrage proposal.

On MOTION by Ms. Krulish seconded by Ms. Bell with all in favor the proposal from Deloitte for arbitrage services not to exceed $2,000 was approved.

SEVENTH ORDER OF BUSINESS  
Other Business

Ms. Krulish stated I would like to discuss accepting the maintenance on the ponds.

Mr. deNagy stated I don’t know how we are going to categorize what ponds are included or excluded with regards to maintenance.

Mr. Crumbaker stated we know that 1700 and 1800 will be excluded so any ponds with the exception of 1700 and 1800.
Mr. Stilwell stated you had a concern on pond 1000 and I don’t have the map with me today. That was the only one that had a major issue that you pointed out next to one of the mitered end sections. I want to confirm whether or not we want to start the maintenance on that one or not, so I want to go look at it.

Mr. Billette asked isn’t it already being maintained?

Ms. Krulish responded by the HOA.

Mr. Crumbaker asked are you maintaining 1700 and 1800?

Ms. Krulish responded no, there is nothing to maintain. They were supposed to start the cattails. I asked them to get the cattails sprayed. I just recently found out that our aquatics services does not include algae, it only includes nuisance vegetation. There wasn’t any sod on it when this first started, and then slowly but surely, someone has been putting it down.

Mr. Crumbaker stated one thing we will have to do is get proposals in order to maintain the facilities. The district will need to hire a contractor so maybe what we need to do is authorize staff to obtain proposals for maintenance of the storm water management facilities and the HOA can just continue it for another month or two until we come back and then we can award a contract for those services.

Mr. Stilwell stated what the district could do on those proposals is get any minor work such as that one mitered end section. If someone is going to do a contract on it they aren’t going to want to try and mow around that unless they fix it, so they could include that in their proposals.

Mr. deNagy asked if we go out for proposals, who would we want them to work with when they come in? Would that be you Amy?

Ms. Krulish responded I would be happy to meet with you and whoever came out, but I would definitely want you there. I will have to say that we have the best landscaping crew. Proscape has been doing it and that’s who the HOA hired and they have been fantastic.

Mr. Crumbaker stated the district has a contract with the HOA for landscaping. All the landscaping goes through the HOA. What I’m referring to with respect to the district picking up maintenance, is picking up the actual maintenance of the ponds. That’s already part of the existing agreement with the HOA and that’s something we need to confirm.

Mr. Stilwell stated it’s probably a good idea for us to have a quick call maybe over the next week or so and I will pull the maintenance contract between the CDD and the HOA so we
can see what the scope of that is with regards to the ponds and the landscaping around the ponds because then we can figure out whether we’ve already technically got it under contract or whether we need to supplement it with services from someone else. It’s probably a good idea, at the very least, that the four of us be on that call because you will know more about the ponds themselves and whether the scope covers what we need for the purposes of maintaining those. Any gaps that there are we will bring back in the form of proposals to the next board meeting.

Ms. Krulish asked Sue did you sign an agreement with the CDD for the HOA for that $94,000 for the landscape maintenance?

Ms. Carpenter responded I’m not sure I’ve seen an agreement any time recently. Was there suppose to be something recently?

Ms. Krulish responded no, not recently. It would have been last year.

Mr. Crumbaker stated the other question under that would be because of the $94,000, is what exactly the district is paying for.

Ms. Carpenter stated I can’t hear everything you are saying.

Mr. deNagy stated the question was, is the district is paying $94,000 to the HOA and we are not sure what that $94,000 covers exactly.

Ms. Carpenter stated I thought it was to take care of ponds and landscape.

Mr. Stilwell stated but the district doesn’t own any landscaped areas.

Ms. Krulish stated but we thought we did. At this time last year we thought we owned soccer fields, so it was done with the thought that we did own everything else.

Ms. Carpenter stated I will see if I can find an agreement. I don’t even know if I would have signed it. The directors may have signed it themselves.

**EIGHTH ORDER OF BUSINESS**  
**Staff Reports**

A. Attorney  
There not being any, the next item followed.

B. Engineer  
There not being any, the next item followed.

C. Manager  
1. Report on Number of Registered Voters
Mr. deNagy stated by statute I am required to report the number of registered voters in the district. In your package there is a letter from Penny Halyburton, the Supervisor of Elections. As of April 15, 2007 there were 375 registered voters in Heritage Park.

2. **Proposed FY 08 Meeting Schedule**

Mr. deNagy stated the last item I have is the proposed fiscal year 08 meeting schedule. You will find that in your agenda package. I would note that we had the meetings being held at the Ponte Vedra Library, that is incorrect, the meetings will still be here at the amenity center. We have dates for November 12, 2007, January 14, 2008, April 14, 2008, June 9, 2008, and August 11, 2008.

Mr. Billette asked would it work any better for anyone else to move the meetings to a little bit later in the day around 4:30 p.m?

Ms. Krulish responded I would like to move them to around 4:00 p.m. because more homeowners may be able to attend.

Mr. Billette asked can we do 4:30 p.m?

Ms. Krulish responded I’m open to 4:30 p.m.

Ms. Carpenter stated the only negative I would have with that is if I’m trying to attend a meeting up there it puts me at like 9:00 p.m. getting back home. I don’t mind calling in, I just hate not being there. That works fine.

Mr. deNagy stated I need a motion to accept the schedule as outlined here with the meetings being at the amenity center starting at 4:30 p.m.

On MOTION by Ms. Shavatt seconded by Ms. Carpenter with all in favor the meeting schedule for fiscal year 08 as outlined was approved.

NINTH ORDER OF BUSINESS Audience Comments

There not being any, the next item followed.

TENTH ORDER OF BUSINESS Supervisor’s Requests

There not being any, the next item followed.

ELEVENTH ORDER OF BUSINESS Financial Reports

Mr. deNagy stated the next item is financial reports. In your agenda package you will find a balance sheet and income statement as of June 30, 2007.

B. Approval of O&M Invoices as of June 30, 2007

Mr. deNagy stated behind Tab B is approval of O&M invoices. I handed out to you a revised check register and if you would please direct your attention to that instead of the one in your agenda package. It’s for checks 1507 through 1513 totaling $174,088.47. Are there any questions on the invoices? If not, I look for a motion to approve.

On MOTION by Ms. Krulish seconded by Mr. Billette with all in favor the operations and maintenance invoices totaling $174,088.47 were approved.

TWELFTH ORDER OF BUSINESS Next Scheduled Meeting – 11/12/07 at 4:30 p.m. @ Heritage Park Amenities Center

Mr. deNagy stated our next scheduled meeting is November 12, 2007 at 4:30 p.m. at Heritage Park Amenities Center and unless there is any further business I ask for a motion to adjourn.

On MOTION by Mr. Billette seconded by Ms. Shavatt with all in favor the meeting adjourned at 3:33 p.m.