

MINUTES OF MEETING

BAYTREE COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Baytree Community Development District was held Wednesday, April 6, 2011 at 1:30 p.m. in the Baytree National Golf Links Meeting Room, 8207 National Drive, Melbourne, Florida.

Present and constituting a quorum were:

G. Melvin Mills, Jr.	Chairman
Lou Smail	Supervisor
Edward Rizzotti	Supervisor
John Finafrock	Supervisor

Also present were:

George Flint	District Manager
Michael Pawelczyk	District Counsel
Melissa DeFrancesco	District Engineer
Alan Scheerer	Onsite Manager
Jason Showe	Assistant District Manager

FIRST ORDER OF BUSINESS

Roll Call

Mr. Mills called the meeting to order and Mr. Kane led the pledge of allegiance.

Mr. Mills stated I would like to introduce Melissa DeFrancesco the engineer assigned to us from the Atkins Group which used to be PBS&J and they are going to continue doing business with us and we greatly appreciate your attendance with us.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the February 2, 2011 Meeting

On MOTION by Mr. Finafrock seconded by Mr. Smail with all in favor the minutes of the February 2, 2011 meeting were approved as amended.

THIRD ORDER OF BUSINESS

BCA Activities Update

There not being any, the next item followed.

FOURTH ORDER OF BUSINESS

New Business

A. Consideration of Resolution 2011-03 Reviewing Lake Banks

Mr. Pawelczyk stated by now you have all had the opportunity to review the resolution. I received comments from Mr. Rizzotti and Mr. Harden that we implemented into the resolution.

Basically it just states the policy of the Board and if at any time the Board wanted to change the policy, the policy can be changed. In essence it states that the policy of the Board is that the Board commissions the District Engineer or other capable consultant to review the lake bank areas of the District on an annual basis and for that District Engineer to make recommendations to the Board with respect to those lake bank areas that have been significantly and adversely impacted by natural erosion. The first part is on an annual basis we will review it with the District Engineer, the District Engineer will make recommendations either as to what needs to be done or what doesn't need to be done and it is up to the Board to determine whether or not they are going to take action from there. It is further the policy of Board to review that report and recommendations and in its sole discretion and subject to available funding to take those necessary actions to restore, repair and remediate those District lake bank areas that have been significantly and adversely impacted by the forces of natural erosion. Section 4 of the resolution directs the Manager to include in your budget a separate line item for lake bank restoration reserve starting with Fiscal Year 2012 budget. The Board can put nothing in there as part of their budget process or it could put something in there so at least you will have the line item there more or less to remind not this Board but a Board five years from now that every year we want to make sure that it is included as part of our fiscal consideration. That in essence is all the resolution does at this point.

Mr. Finafrock stated during the last meeting I made the point that while my house does back up to a small body of water and the preserve in Turnberry every neighbor I have that lives on Royston Lane where I live has some benefit from the water storage. I will go back to the once in a 100 year rain that we had a few years ago. My neighbors across the street do not back up to any water body but every one of them benefitted from having that water storage for the water runoff to go into that lake area and to run off into the whole system of St. Johns River Water Management District. While I recognize what you said is mostly correct because not every home in Baytree does benefit from this I believe it is the majority of homes that do benefit from this in some way or another. We talked about it quite a bit during the last meeting and I believe if the budget hearing is conducted correctly and I believe I know Mr. Mills' plans for this year, I believe every resident in this community is going to have an opportunity and there is more than lakes in that budget that I as a resident of Baytree am interested in. We take the budget process seriously.

Mr. Mills stated indirectly we all benefit and the lakes were put there to manage the stormwater runoff. After the 100 year storm that we experienced we can speak to the fact that no homes in Baytree were flooded and I attribute that to the lakes and our management company for making sure our storm drains were open. At the budget workshop and hearing this will be an item for discussion and that topic was discussed at the last meeting. I am going to work with Tony Studds to make sure that the VMs and BCA is aware of all that is going to take place in the budget process.

Ms. DeFrancesco stated I agree with what you both said that the stormwater facilities are for the entire community. The permit that is issued by St. Johns is issued for the community for the design and when it goes into operation and maintenance phase it again is for the entire community and not for an individual street or household.

Mr. Mills stated Jason and I will get together and draft a letter that will be sent to the residents with regard to the budget and we will distribute it to the Board members for their input.

Mr. Pawelczyk stated significance is determined by the Engineer based on her review of the permit requirements, the layout of that particular area, the unique circumstances of that particular area. The Board didn't want to define significance based on footage for instance or acreage because it would be almost impossible to do and would result in unfair circumstances. This is just a policy and a policy only. The Engineer is going to make her recommendations, the Board can listen to her or not based on what they think her opinion is and based on what money is available to the Board to do that work. We wanted to use significantly and adversely affected to provide language to prevent people from saying my property has eroded a foot in the last ten years. Clearly that is not significant but we will continue to watch it and if it does rise to that level then the Board can consider it at that time based on the Engineer's Report.

Mr. Rizzotti stated the other thing in the resolution is that we plan to do something similar in a spreadsheet that we did for the maintenance of all the roads so that we have them all laid out for ten years, we put the money aside. We are going to have an orderly plan and we will update the plan each year.

On MOTION by Mr. Rizzotti seconded by Mr. Smail with all in favor Resolution 2011-03 was approved.
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B. Review and Acceptance of Fiscal Year 2010 Audit Report

Mr. Showe stated the audit was provided to you with your agenda package for this month. Go to pages 23 and 24, which is the report to management and that is where they highlight all the areas they look at in terms of if it is a good audit or not. You will see that there were no findings in the current year there were no findings in the prior year and when you look at the nine items they highlight in terms of what they are supposed to look at we complied with all of them. There were no significant findings or recommendations, we complied with the Florida Statutes and there is no finding of a deteriorating financial condition. It is a clean audit and we can answer any questions you may have.

On MOTION by Mr. Finafrock seconded by Mr. Rizzotti with all in favor the Fiscal Year 2010 audit was accepted and staff was authorized to transmit it to the State of Florida.

C. Consideration of Property Appraiser Agreement

Mr. Showe stated we received this agreement from the property appraiser's office. The last agreement they gave to us was about 1994 so we have been operating under an agreement from that time. I think they changed some of the terms, they are going to charge us a \$100 fee for providing us the assessment file every year but the rest of it is standard.

On MOTION by Mr. Finafrock seconded by Mr. Rizzotti with all in favor the agreement with the Brevard County Property Appraiser was approved.

D. Discussion of Strategic Planning

Mr. Mills stated I think that we as a Board should look at is some kind of strategic plan noting the fact that we have had some lake bank issues, we have had lighting issues and those kinds of issues that we have been reactionary to and not proactive to. I would like us to consider a strategic plan whereby each of us look at our particular areas and if you look at the one page it says internal, look at the strengths, weaknesses, the opportunities and threats, we call that a swat analysis. Basically it could be misconstrued in that this is a BCA issue and not a CDD issue, the community is getting old, the infrastructure is getting old and I think what we need to identify in our own particular areas is that as a whole what are the strengths in our particular areas, what are the weaknesses, what are the opportunities and threats? We also have the external, what are the external strengths, our proximity to I-95 would be one of them. What are our weaknesses? We have an older community compared to some like Summer Lakes that is a new community. What are our opportunities and what are our threats? I don't want you to spend a lot of time on this but

just take a little bit of time and come up with some ideas so that we can summarize where we think we need improvement where we don't need improvements and what are our opportunities going forward either in a five or ten year plan. It may also be the fact that we can pass this along from our perspective to the BCA when it does have an implication from where they are from. I'm going to open the floor for discussion to see how the Board feels about doing this but I thought it would be a great opportunity for all of us to look at our areas and identify those particular areas.

Mr. Rizzotti stated I have done a lot of this in industry. I think it is a good idea if you sit down and give some thought to it, looking forward strategically rather than playing this year by year. I think it is important that everybody point out the weaknesses and strengths. Are we going to get any input from the BCA?

Mr. Mills stated once we get ours done then I will pass that along to Mr. Studds to pass along to his board at the BCA the issues that do deal with homeowners. I think we need to do it as a community.

Mr. Finafrock stated if I heard you correctly we are looking at our area of responsibility and I can't look at Mr. Harden's responsibilities or anything like that.

Mr. Mills stated you could.

Mr. Finafrock stated but what you are looking for is in our area predominantly.

Mr. Mills stated focus on yours but if you see other things then we can bring it back and I ask George and/or Jason to facilitate when we summarize and prioritize which we feel are the strongest bullets that we really need to implement or look at seriously. I think we need to have a defined strategic plan as to where we need to go. What do we want this community to look like five years from now, ten years from now and twenty years from now? Input from the Engineer and Attorney is going to be invaluable. I would like the residents when we start summarizing some of these issues to give us some input. Sometimes an outside opinion is much better than sitting here and can't see the forest for the trees.

Mr. Smail stated I don't know how I can put strengths and weaknesses on landscaping. That thing changes so often if we are not talking about expanding to other areas, talking about maintaining what do we have.

Mr. Mills stated strengths in our landscaping as you have already implemented is the annuals that are in front of the gate. One of the weaknesses that I see is that a lot of our shrubbery is becoming mature and at some point in time it is going to need to be replaced.

Mr. Smail stated I have been saying that but the timetable is not in our hands. The timetable is whenever it starts looking bad they have to be replaced. Right now you can see the signs and the age of them but the age can vary. One nursery will tell you it will last ten years and another will tell you it will last twenty years.

Mr. Mills stated you pulled out all the old shrubs in the front and replaced them and enhanced, that is a strength. The weakness is the back gate some of those shrubs are going to need to be replaced but when, next year, two years from now?

Mr. Smail stated we didn't replace shrubs in the front. We pulled them out and opened up the wall that was covered up by the shrubs. We replace them as we see the need. I will take a shot at it.

Mr. Mills stated why don't we work on this and report back what you have done at our June meeting and we will keep this on the agenda until we can work all the way through it.

E. Discussion of Budget Schedule

Mr. Rizzotti stated as I usually do I sent some guidance to GMS and usually we do zero based budgeting and we are going to do that this year but we are going to do it more disciplined and intense. We are going to start by looking at all the budgets that we have contracts for because those are commitments and we are going to price them out all together. Then we are going to take all the other things like the reserve that you have for security, the reserve that Lou has and then we are going to have to come to a consensus, do we want to add to or renegotiate those contracts.

Mr. Rizzotti stated our two biggest things are security and landscape and we are going to look at everything else we are going to look at Ecor, the lighting, FP&L and that way we will be able to look at what our real obligations are, what are our contracted for obligations and do they need to be expanded. The purpose of doing that is not to get the contractors more money but is to get more control out of the money you have. We are going to start there and then we are going to look at how much money we have left over that can go into reserve and one of the immediate problems we are going to have is as a result of the motion that we approved last time we really have an unfunded liability. That unfunded liability is the lake banks restoration. I

think the right thing to do is see how we come up with the money to address that, the \$40,000, do we do it in one year and what about the next bracket of lakes which is about \$200,000? That is the plan and once we go through all of that we should know how much is in our reserve. Part of that reserve is dedicated to the roads.

Mr. Finafrock stated I'm at a loss for why you feel that we are operating in 2011 from the seat of our pants.

Mr. Rizzotti stated I'm not saying we are operating from the seat of our pants. I'm saying it is really a fiscal problem that we have, that we have some reserves that are hanging out there that maybe there is a better way of doing it.

Mr. Finafrock stated when I left the budget hearing last year for 2011 I was very comfortable that we were coming out of that with a solid budget with definite reserves and the issue of the lake bank erosion was an item that we specifically deferred to the 2012 budget and I look at that as a different category to be added to the budget and I hate to see us take the whole budget process, which I think works well for us and turn it upside down.

Mr. Rizzotti stated we aren't going to turn it upside down. All we are going to do is for example take a look at security, let's say security costs \$125,000 a year then we have gatehouse maintenance where we put things that weren't gatehouse maintenance. This is the same as you pay a utility bill and the utility bill comes along and it includes everything it is not at the end of the month you have to write a supplemental check for some things that came up. I think we are just refining the zero based budget process. I think we ought to give it a chance see how it works and if worse comes to worse then we say the system we have doesn't need to be changed or if we decide there are some places we should change we could jointly change it but we are really sticking to a tighter, more rigid, zero based budget to see what our expenses are.

Mr. Finafrock stated it bothers me because I know that notes flow out of these meetings among the different neighborhoods and I'm afraid we will see something in the mail this weekend that says we had a very loose budget process in 2011 and Mr. Rizzotti stood up and said we are going to drill down in 2012.

Mr. Rizzotti stated we are just trying to take another look at it to make sure we have looked at everything and we have things identified. Maybe as part of that we leave it the way it is or maybe we decide to make some change. It is just another way to approach it but we are still sticking to the zero based budget philosophy we have always had.

Mr. Mills stated I agree in theory, Ed, your architecture of that particular situation. Unfortunately and let's go back to your analysis of the utility bill, your utility bill may run \$100, \$110, \$120 and we have an extreme hot spell and your utility bill could go to \$200 and that is way out of the ordinary. I don't think there is one Board member that isn't prudent in what they do. When we issued the contract for security I knew we needed to update the way our security was being handled. I said to Jason let's put out for bid when we do our security company and include a computer, software, scanner, printer and everything that goes with that. As a result of that we basically escalated the cost by 2¢ an hour. Nobody can say especially if we have a hurricane this year you are going to have to have a capital reserve for capital if something were to happen to our infrastructure.

Mr. Rizzotti stated we are going to have all those things.

Mr. Mills stated but you are basically saying eliminate it.

Mr. Rizzotti stated I'm not saying eliminate it. Essentially, if you take security again, all we are saying is let's take a look at that and perhaps what we ought to do instead of having that under gatehouse let's move that money into the line item for security so it is identifiable right there. You don't look at it and say that is really not gatehouse because it was the camera outside the gatehouse or it was software that was someplace else. You have a history you can go back and look at and know what your maintenance was, you know what your new contract is, perhaps you will end up saying we ought to change one contract to include that or maybe we should just stay the same. It isn't an indictment of anybody for what we have been doing in the past. It is just taking a more stringent look at it and we may end up leaving it where it is and we may end up with one case where we think it is more prudent for us to add that money into the contract and have GMS negotiate with that supplier.

Mr. Finafrock stated we had that kind of detail when we did the budget and decided to roll up some of that data as one reserve line item. GMS will have more lines of backup, more detail. Given that I don't have a problem with that because I believe that we should have the wherewithal to see the detail if that is what you are addressing.

Mr. Rizzotti stated that is all, we want to see the detail and we want to see it framed in the contract based on past actuals and based on something that could go wrong and we have to keep in mind that in case of emergency we do have a \$100,000 line of credit and it is there for an emergency such as a hurricane.

Mr. Finafrock stated that is prudent.

Mr. Rizzotti stated that is all we are doing and we will see as we go through that, is the prudent thing to leave everything the way we did it last year or is the prudent thing to incorporate some things back into that given contract.

Mr. Mills stated I'm having an issue with regard to putting into security, cameras, computer, painting of the guardhouse, those kinds of things. Now we do not have a line item we can say here is camera expense, here is computer expense, here is facilities expense where it is all broken out and you can track it. If you lump it all under security, under one item it narrows the vision for you to be able to categorize it.

Mr. Rizzotti stated I don't think that is what we are trying to do. We would still have the visibility and this is just a proposal, it is just a way in which we are going to look at it, you would still have the ability in the line item for security to say the total cost of security with the supervision and whatever we have costs so much and then the next thing is we bought all this equipment so we have maintenance and software programs that need to be updated and we would have that all together, you would have the visibility except it would be under the contract. There are some things that maybe you could get a better deal if you could put them in the contract.

Mr. Finafrock asked as a separate contract line item?

Mr. Rizzotti stated you would have absolute visibility, you are not going to look at one thing.

Mr. Mills stated we did that this time with the security company, they have to supply all the toilet paper and paper towels, that was all included.

Mr. Rizzotti stated you did that because you had the opportunity to negotiate a new contract.

Mr. Mills stated that is right.

Mr. Rizzotti asked if we hadn't changed security firms would you want to go back and put that in and say in order to renew your contract we would like to put these things in? You might have done that.

Mr. Mills stated we would have.

Mr. Rizzotti stated essentially we are kind of on the same page. Let's give it a try.

Mr. Smail stated I'm out in left field again with landscaping because we have a landscape contract and we have "landscaping additional". The reason we did that is because you have so many unknown things that come up that you cannot put a price tag on because you don't know until they die what is going to die. That is the reason we came up with "landscape additional" and put funds in there and we thought we were doing it and out of the first year we put \$5,000 and the previous year we put a little over \$10,000 and I also looked at what was actual and the actual each year has gone up \$3,000 or \$4,000 from the previous year. I understand if you can control the price, if you know what the pricing is going to be and predict it but with landscaping you can't do that. Last year we had a \$10,000 limit on the landscaping above the contract and we spent \$11,500, we spent \$1,500 over what our limit already was because each year it is going to get worse.

Mr. Rizzotti asked what if we were able to based on past history sit down with Tropic-Care and say these things have been occurring, you are the experts you know what happens, can we come up with a number that Tropic-Care will say up to this level I'm going to include everything? You might get a better deal you don't know.

Mr. Smail stated I don't think Tropic-Care will come up with something because if they obligate themselves to a top number in a contract and they spend that and the year is not over, what happens? You can't put a price tag on what it is going to increase the rest of the year.

Mr. Rizzotti stated you would have to make provisions for if that is the case then the supervisor responsible for that would have to bring it back to the Board and the Board would say we have had this 32° weather and all these things died and we would have to come up with some more money. All I'm saying is let's take a look at this. Everybody keeps saying that I can't change what I'm doing. We have to take a look at it and be fiscally prudent at what we are doing because you have to remember one other thing, one way or the other we are going to have to cover the unfunded liability which this year is at least in round numbers \$100 a person. That is nothing that is the smaller one. The larger one is a couple hundred thousand dollars. All I'm saying is let's take a look.

Mr. Smail stated the larger one you are talking about is something that could end up being the majority of it 10 or 20 years down the road.

Mr. Rizzotti stated not the second one.

Mr. Smail stated the two of them together come to less than \$50,000.

Mr. Rizzotti stated that is the first two.

Mr. Smail stated that is immaterial. I understand your philosophy and if you could put a price tag or even an estimate but you can't even put an estimate on what landscaping is going to do. There is no way to come up with a price.

Mr. Rizzotti stated we haven't tried that. How do you know if you don't sit down with Tropic-Care?

Mr. Smail stated if I were Tropic-Care I would never consider a contract that I didn't have a bottom line and know exactly what it was. You can't sign a contract on landscaping for what you think it is going to be or you expect it to be.

Mr. Rizzotti stated you could easily by taking actuals and averaging the actuals, you could easily come up with a target price. You could easily do that and you wouldn't have to be worried about how much money is in your reserve you would know that you have this much money there and if we are getting to the point where we have had some major problems that exceed that then we could put some more money in it. We are just trying to identify the fixed costs versus what we have been doing in the past. It is a budget process.

Mr. Smail stated in landscaping the only fixed cost is the landscape contract. That is a fixed cost. Regardless of what happens under that contract, the contractor has to do it if he has to eat a little bit of money doing it. That is a fixed cost. Beyond that you don't have a fixed cost.

Mr. Rizzotti stated maybe he would sit down and say and I will pick a hypothetical number, we averaged this stuff over the past few years and this year it was \$11,000. Let's say for \$12,000 he is going to cover all of that unless it is a major thing that it exceeds this number. Maybe he will do that. If he did that then you don't have the problem of dipping into the reserve.

Mr. Smail asked how are you going to do that as you go? Right now we have a dead palm tree behind the Windsor monument. It is dead from the freeze so now he has to replace that so he is going to spend extra money and that is going to eat into whatever the budget is that we come up with. How do we know that we aren't going to have something tragic come at the end of the year and we have already eaten up what we said?

Mr. Rizzotti stated we can have a discussion with Tropic-Care, we don't know what he is doing with his other contracts.

Mr. Smail stated I have had discussions with Dave about something else I want to do and he said that is time and money if you want to do it and I understand that.

Mr. Rizzotti stated but he is going to have a line item we are going to come up with and the line item is going to say "replacement of vegetation" and we will see if he will agree to a number. We could have something that protects us and him. If there is a major thing that occurs he can come back to us and we can discuss it or fund it.

Mr. Mills stated I would like to suggest that we move forward with your suggestion in that we will look at it. Jason can have discussions with Tropic-Care along with Mr. Smail to see if your suggestion is feasible, John can do that with his contract company and I can do it with security. Let's move forward and if it doesn't work before our meeting in May we can toss it out and go back to what we did before.

Mr. Rizzotti asked are there any other contracts besides that, that we should consider, Jason?

Mr. Showe stated the only contracts we have for services is Tropic-Care and that contract only covers the monthly maintenance. All the additional stuff they bill us for separately. Security is the same way they only bill us for the hours the guards spend there and we have lake maintenance and again they have a basic service cost in the contract that just covers their service. We generally don't have a whole lot of extra with them but occasionally we will.

Mr. Anderson asked is there an objective in this budget process such as reduction of assessments to homeowners or holding it constant? I hear a lot about extra this and extra that but do you have an objective that says you are going to fit this budget to allow there to be no increase in the assessment?

Mr. Rizzotti stated just what you said, no increase in the assessment, we have had for the past three years.

Mr. Anderson stated I'm talking about future years.

Mr. Rizzotti stated I'm saying you have some precedent. We start out with our philosophy of zero based budgeting is that the budget for 2012 should not cause an increase in the assessment. That is what we start with but you have to remember we talked about an unfunded liability we have and we can't just kick the can down the road because sooner or later the can is going to get too large to kick.

Mr. Mills stated on the flip side of that if we had enough reserves built in then we would be able to tap that under expected liabilities that we are not covered for currently.

Mr. Rizzotti stated that is the plan.

Mr. Mills stated we have not discussed this but when the bond is paid off basically the assessment will go down by the amount that we are using to pay off the bond other than those who paid the bond off early. We have to come up with some figure in order to accomplish what we need to accomplish. I think Mr. Rizzotti's concern is that we build enough reserves and it is my concern as well at this point in time as a Board member that we have enough reserves that when these issues happen we write the check and there is no question what is going to happen.

Mr. Pawelczyk stated so you are not borrowing money.

Mr. Rizzotti stated the plan is to never touch the \$100,000 line of credit unless we have an unplanned for, unforeseen emergency.

Mr. Anderson stated you just carry it forward. In the past for instance we put in additional capital expenditures for gate security, cameras and all this stuff. That has gone away now. True zero based budgeting says other than fixed costs which you have everything else is off the table. Then you build it up from there but with an objective of reaching a cap. You can do zero based budgeting and the sky is the limit you can add and add and add.

Mr. Rizzotti stated we always have the cap that we are not going to exceed the assessment.

Mr. Anderson stated that includes exclusive of the bond.

Mr. Showe stated he is referring strictly to the operations and maintenance budget.

Mr. Flint stated you may be jumping the gun a little bit today because I think the purpose of this discussion was to talk about the budget calendar and the direction and philosophy is probably what you are going to be talking about at your workshop.

Mr. Anderson stated I'm not going to be here at that point so I would like to have my points made today.

Mr. Flint stated this isn't your budget workshop and you will be having budget workshops.

Mr. Anderson stated I have done zero based budgeting and I also had the restriction placed upon me that says this is what you are going to come up with. Right now in Washington they are going through a similar situation and it just makes me nervous are we going up and Mr. Mills brings up a valid point that the bond is going to be paid off so homeowners are going to be paying \$500 less for that. You get the inference that we can go up and we won't be exceeding what they were paying.

Mr. Mills stated but I didn't say \$500 and I did say the Board has not discussed this. We don't want to pay any more than anybody else does so we are right where you are. We are trying to keep our budget as basic as we can knowing that our community is getting older and we have infrastructure that is going to need attention. Is there anything further you want to talk about the budget schedule?

Mr. Showe stated I think the next step is in May we will do the budget workshop and in June as part of your agenda you will have the proposed budget for the Board to approve. The budget workshop is May 4th it would be the regular meeting date in May at 1:30 p.m. here.

Mr. Finafrock asked when does it go to the county?

Mr. Showe stated the proposed budget will be in June.

Mr. Pawelczyk stated we have at least 60 days from that time so we have two months then you will have your public hearing on the budget so it is August.

Mr. Finafrock asked are there any changes permitted at the public hearing?

Mr. Pawelczyk stated yes, you can go down.

Mr. Finafrock asked if the public hearing can be our meeting here?

Mr. Pawelczyk stated it depends on the 60 days.

Mr. Mills stated I have a legal question for Counsel. Basically we really should return all of the money that is being charged now because of the bond.

Mr. Flint stated what you are going to be doing is when your bond assessment is going to go away your O&M assessment is going to go up so you can't avoid that mailed notice.

Mr. Pawelczyk stated once the bonds are paid off and let's say the debt assessment is \$500 you are no longer paying that \$500. Your O&M let's say is \$300. Since the bond payment is gone if you decide to add money to your O&M to deal with aging infrastructure if you add any amount to that O&M, it is my opinion that you need the written notice because it is a different type of assessment. You are going to have the public hearing anyway but everybody will have written notice of the increase. Even though it is not above the historical high assessment it is still an increase to the O&M. If you think about it, that is really the right thing to do anyway.

FIFTH ORDER OF BUSINESS

CDD Action Items

Mr. Showe stated the action items are in your agenda. The first item is the streetlights on Baytree Drive and we have paid the contractors and are waiting for the equipment to get in.

Mr. Finafrock stated he gave me a date yesterday that it would start in approximately four weeks, worse case.

Mr. Showe stated I spoke to Kirby and at this point they don't have a date for when the equipment is coming in. Their initial response two weeks ago was between four to six weeks.

Mr. Finafrock stated and FP&L has delivered everything they owe us to date. Mr. Jean and his neighbor have done some work already on Phase 2 and Phase 2 is going to be less ambitious than Phase 1 has been and we will bring that to the Board for consideration at the budget hearing with approximate costs that should be within a reasonable deviation for the 2012 budget.

Mr. Showe stated the next item is the tennis pro reports and payments. We keep this on the list and to date we have gotten it through February and I anticipate we will get March within the next couple of days.

The lake bank restoration we talked about. Sidewalk panels that are impacted by trees John has been looking at that.

Mr. Finafrock stated I will wait until it is my turn. I have a handout and I would like to take some time and discuss that.

Mr. Showe stated one item we carried over and we talked about it at the last meeting was the chemical cleaning options for the curb. We have gotten some prices and we can talk about that as part of the budget process.

Mr. Finafrock stated basically we are talking about finding a way to keep the community as pristine as we can keep it but there comes a time when the community is going to show some wear with rust on the streets and what have you. We have spent a lot of money, we have taken a lot of time, we spent some heartache and sweat in the last few years of taking the pressure washing to the heart in the community and cleaning up the community. We noticed last year that we were damaging some of the concrete and we were afraid that we were starting to mutilate some of the Miami curbing and some of the common area sidewalks so we got serious about looking at a way to preclude that from happening at the same time to try to reduce some of the cost in that area. Rather than pressure washing those Miami curbs and sidewalks every year we want to find a way to clean them about every three years using some type of process with chemicals that are not dangerous to the fish and grass carp in our lake system. We want to make sure we don't kill the grass. We are looking at two different options and we should have

something by the budget process. We should know how much, how often and I invite Jason to get our Engineer involved because I am not an expert.

Mr. Showe stated the next item is the annual sidewalk repair. We have done an evaluation of all the sidewalks in the community. We found a significant number that we think we can grind down as opposed to doing replacement so we are going to do the grinding process first and take another look at which ones may need to be replaced. We are hoping to have significant cost savings compared to previous years.

Mr. Finafrock stated their first look and I checked a couple areas that I got calls on they have covered all of those areas and as few as five panels may require replacement. That would be a significant cost savings.

Mr. Mills stated at one time we had talked about meeting with the county commissioners and the people in charge of landscaping for the county.

Mr. Showe stated I think that is part of what Mr. Finafrock is going to talk about with the trees.

Mr. Finafrock stated we have separated the two. Number six is the annual maintenance and safety issue. We have had a couple of residents who took some serious falls in the last couple of years.

Mr. Smail stated ever since I have lived here the sidewalks by the park a lot of them are cracked and have been cracked for years. There is a curb drain that has some serious cracks and we need to get rid of the cracks in all of those sidewalk panels if possible.

Mr. Finafrock stated that just increased the replacement number for sidewalk panels by eight. I don't have any problem doing this because that particular part of the park is not slightly and I think there are two panels that are going to be safety issues within a year. They were not in this survey. We will take another look at this and add that to the survey and see what Alan can do with the grinding.

Mr. Scheerer stated it would be full panel replacement. It is not a safety issue at this point but it could eventually turn into one and if we have enough savings in panels maybe we can look at that.

Mr. Finafrock stated let's be careful not to fix something just because it might not look exactly right. If we think it is going to crumble let's use common sense with this.

Mr. Showe stated the last item is curb improvements. The last couple of years we have done four or five curbs on an annual basis so we have the next phase of that ready to go and we are getting the contractor lined up to do that so there will be another four going in.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Pawelczyk stated the only thing I have worked on since the last meeting is the resolution that we took care of earlier in the meeting. We also prepared a form letter for management for gate incidents for people that run down the gates. It is my understanding it is not a prevalent problem here as it is in other communities in Broward. It is a daily occurrence in some communities in Broward. You being in a high end community have people who actually have some consideration for how they drive.

There are some new Americans with Disabilities Act standards that would apply to you if you were to make any changes to your infrastructure whether it be the pool, your sidewalks, which I believe we are already trying to comply with because of the people who live here and I will make sure the new assigned Engineer has a copy of that information that I have. I'm also putting together a brief memorandum that will be distributed to all my boards detailing bullet points as to what it says and either providing links or copies of the materials to the extent a Board member wants to review them. I don't think there are any changes that we need to make but for instance if we were to resurface the pool or change the fencing at the tennis courts or the pool it would need to comply with these new standards. We will have to keep that in mind when we bid contracts and when we do new work we will have to check and see if you have an ADA expert in your firm who is familiar with these issues.

Ms. DeFrancesco stated we deal with the ADA all the time.

Mr. Pawelczyk stated I don't think there is anything we need to do at this point but keep in mind that they may add costs when you are dealing with budget issues to future projects.

B. Engineer

Ms. DeFrancesco stated I took over from Mr. Krug in March so it has been a short run so far. I met with him and went over the reports, the pavement management and those types of items. I also met with Jason and he took me through the community a couple of weeks ago to get a feel for the infrastructure and the state of the community. I have taken a look at some of the stormwater permits from St. Johns we talked about the lake bank erosion and I'm sure I will

be looking into that. Coming up I think we are looking at the one year warranty inspection for paving in July. I have that on my radar and then the next bid package for the pavement maintenance. I'm sure that during budgeting we will be talking about those items. What I have heard so far today is to take a look at possibly the curbing as well and the ADA issues.

C. District Manager's Report

i. Field Manager's Report

Mr. Scheerer stated the swimming pool is real good, no complaints, the water seems to be holding steady, just some minor pool repairs and screening problems on the gate. We did have a resident enter the gate and the transformer went bad and ACT came out and replaced the transformer and the circuit seems to be working fine. The lakes are in good condition. Ecor is living up to their contract keeping the outfall structures free and clear. With respect to landscaping a lot maintenance is going on, the annuals are installed. Vines were pulled from trees on Southpointe, there is some additional cleanup that needs to be done. It is looking pretty dead back there because of the grape vines and there may be some additional cleanup that needs to be done. Removed dead palm tree at Chatsworth and we did some juniper plants on the opposite side of the guardhouse to fill in some bare spots. On a general note we did replace some lights within the main guardhouse. We did get the new speed hump in and installed. Repaired a light at the tennis court, installed the tennis court rules signs on both gates, we installed a new awning on the tennis court but apparently the latest windstorm damaged the other one. We removed that on Monday and will install a new one as soon as it comes in. The potholes on Old Tramway were repaired, both gatehouses have been painted, they look very nice. There was a PM done on the air conditioner unit at the main guardhouse, filters were cleaned on the back guardhouse. Once we get a timeframe on that and how long they are going to be off they can't do it while they are on so they are going to pull them off and we will have the barrier gate arm in place temporarily and once we get closer to that we will let everybody know. The metal barrier gates that go up and down will remain in place so you will see the absence of the big white iron gates.

Mr. Flint stated another item with regard to the bonds according to the amortization schedule the last payment on the bonds is scheduled for May 2012; however, there are enough funds currently in the revenue account and the other accounts to be able to pay those off on May 1st of this year. We are going back and forth with the trustee right now. It makes sense to do that

obviously there is some interest savings. There is a slight penalty for prepayment when you redeem those bonds before the final maturity you have to basically pay them down at 103% versus 100% but the cost is about \$5,000 the interest savings is about \$7,000 and there is also an avoidance of the trustee fees between now and next May that will increase that \$2,000 savings. Our goal is to try to go ahead on May 1 and utilize all the money in all the accounts to pay off the debt early and there will be a slight savings associated with that. To the extent there is any balance after that, that balance would be transferred to the general fund. I don't know what that dollar amount may be at this point but that would be something that you can consider in your budget process. I just want to let you know that I anticipate that will be done, we have a deadline of April 11th to get it taken care of and we are trying to get some information from the trustee right now.

Mr. Rizzotti stated you are saying that we are going to pay it off a year early.

Mr. Flint stated when the bonds were issued there was a reserve account set up with one year's worth of debt and that is sitting there. At the end of the process those are going to be wiped out and rather than waiting to the end, getting that money back basically we think it is better to go ahead and pay it off a year early and utilize that money to prepay it and have that interest savings.

SEVENTH ORDER OF BUSINESS

Treasurer's Report

A. Consideration of Check Register

On MOTION by Mr. Smail seconded by Mr. Finafrock with all in favor the check register was approved.

B. Balance Sheet and Income Statement

Mr. Showe stated these reports have been provided for your information. There is no action required. On the last page you will see that through March 4th we are 96% collected on our assessments.

Mr. Finafrock stated on page 2 of the combined balance sheet there is nothing specific but I would like to address this to Jason and George. When I listened to what Mr. Rizzotti was saying a while ago about the budget process I would anticipate in the future if we are going to go to some detail tracking expenditures rather than trust each supervisor to address his or her variances I anticipate we would use this sheet and we would address the actual variances through the last month every time we have a meeting, where we expect a supervisor to be, where you are,

and why it is different. I would expect between GMS and the supervisor with that responsibility to be able to address those kinds of questions. I think that is what we need to do to put some comfort back into this whole process for everyone. You listen to some of the questions and you think that folks wonder if you really have a handle on what you are doing. I suspect that each one of us do it independently. I suspect it would be best for the whole Board and the entire meeting process for us to go to that kind of detail. If we are going to give up our minutes nitpicking the vowels in our minutes maybe we would have time to do something like this. I'm not asking for exhaustive detail what I'm suggest is nothing personal, everything being business and lets go forward with something like this.

Mr. Showe stated what I can do if the Board is amenable is at the next meeting when we get the next set of financials I will meet with each individual Board member and go over each one of the items that have an overage.

Mr. Flint stated we sometimes produce what are called variance reports. Any line item that has a negative variance we do a one pager that shows why. Sometimes it is related to the proration because we often use just a flat 1/12 a month we are comparing the actuals to.

Mr. Finafrock stated I'm not trying to add something to the contract that is not there so whatever you work out I think we should go there.

Mr. Mills stated it is great idea.

Mr. Rizzotti stated it is a good idea. In what case do you use the variance report, if it exceeds a certain amount or something?

Mr. Flint stated basically if you look at the monthly financials if there is any significant negative variance over the prorated amount it is usually just a one liner. You are going to know real quick if it is a line item that you have a one time expenditure early in the year and they are prorating it 1/12 a month and it is showing a negative variance but it is really not an issue versus the telephone line item, it appears we are going to be over at the end of the year on the telephone and I'm sure it is related to the new computer we had to add an additional phone line when they put the new computer in the gatehouse and we didn't budget for that additional phone line. The variance report will just explain if there is a negative variance why it is there.

Mr. Finafrock stated I think it would be great because we have different residents here in different meetings and Mike Harden is not here today and he needs to hear this at the next meeting.

Mr. Flint stated overall we are well under.

Mr. Finafrock stated that doesn't mean that next year we are not going to be over.

Mr. Smail asked if we prepay the bonds would there be any legal documents that are public that will show the bonds are paid off and would that be any confusion to residents so they understand the bond is paid off and they still have one more payment they need to make?

Mr. Flint stated residents won't be affected because whether it is paid off next May or this May we are not going to have the assessment in place for the next fiscal year because the balance in those accounts would go to pay two payments so there is not going to be an assessment on next year's tax bill whether it is paid off then or not.

Mr. Smail stated I realize that. But is there any legal paperwork that you do when you pay it off?

Mr. Flint asked is there something that is recorded, Mike? I don't think so it is just that the assessment goes away.

Mr. Smail stated we don't need that kind of firestorm for resident to think that it is already paid off yet they have to make one more payment.

Mr. Showe stated you have already made your last payment.

Mr. Pawelczyk stated when you approve the budget your next year's tax bill will include the O&M assessment only whatever you determine that to be.

Mr. Smail stated I realize that.

Mr. Showe stated there won't be a debt service fund in the budget.

EIGHTH ORDER OF BUSINESS Supervisors Requests

Mr. Rizzotti stated several neighbors have asked me why do we keep closing off one of the gates. My answer is cars used to come out but I don't know what to tell them other than we are doing that now. Are we going to continue to do that?

Mr. Mills stated we are it is a safety issue.

Mr. Showe stated those two cars used to race in the lane at the same time and there was a jockeying for position if two cars hit that gate at the same time. It is cleaner and safer to have one closed.

Mr. Rizzotti stated you have a similar situation coming in. I just came in from Melbourne and when I approached the gate there was a truck that pulled up to the guard and evidently the guard recognized him or whatever and he approached the gate at the same time I did.

Mr. Mills stated I will address that with the guards and have them not open that gate until the resident goes through.

Mr. Smail stated we still have that the guards must recognize us or recognize the car or something because we still have guards opening the gate before we even get close.

Mr. Showe stated we will address that.

Mr. Pawelczyk asked what are they supposed to do when you approach the gate as a non-resident?

Mr. Mills stated they should ask you the name, where you are going and take your tag number.

Mr. Pawelczyk stated I assume she did that when I pulled up but in the past they were not doing that I said I was going to the clubhouse and they just let me in. This time they did ask me for my last name.

Mr. Showe stated they are also logging all of that information into the computer now so anything they write down they are plugging into the computer.

Mr. Rizzotti asked when somebody approaches the gate and says I'm going to play golf and I have a 2:00 p.m. tee time is there any way they can compare that and say that is correct?

Mr. Mills stated we are waiting for the license scanner. We have run into an issue with that. We were told it would be here within a week and it is not here. Jason has already addressed that with them. Once that becomes implemented then we are going to approach the golf course to send us an email list of the starting times of all the people coming in and they will match that.

Mr. Showe stated they have an email at the front so the golf course can email it directly to the front gate.

Mr. Finafrock stated I appreciate this contractual status summary that you sent forward and I'm looking at this as a government official with credentials signed by Governor Scott. I worked for the federal government too many years and I do hate gray but when GMS gives me two entries, you have the District and a field management contract under one area, the contract was awarded on the 23rd of October, 2007 with continual renewals. I remember going into that process and we decided to do a couple different things. We decided to use best value contracting and we adopted that as a policy of the Board. Then we also decided that we would use basic contract with option years. I realize that we did not go with a basic contract of one year or at

least that is not my memory. I did not go back and look at the minutes. I was under the impression that we had a basic contract for GMS and we had a basic contract for the field management position, they were two competitions at least the field was and we awarded that on best value for a period of time. I think having continual renewal has a potential of getting us in trouble. Our supervisors are elected for a period of four years and we have supervisors locked in every two years. I believe that we should take a look at this and I need input because there is a strong possibility I could be wrong with my memory and my assessment. I believe we should be looking at a two year contract with options up to ten years. I didn't grab that number out of the air that happens to be a number that I checked with this being used in the federal sector, we are not the federal sector I understand that, but the federal acquisition regulations say you can go with contracts up to ten years and after that things get shaky. Employees turn over, companies are bought out, you don't see that so much in this business except for our engineering firm but am I missing the boat here on the way these kinds of districts are operated? I would appreciate the opportunity to take a look at your current costs every couple of years and make a decision on past performance. If Alan for example doesn't like me that is beside the point this is business. This is the point I'm trying to make. You know how I feel about GMS. I am so pleased to be serving on a team with a team of professionals like this it is unreal. The only thing is I don't want to wake up and catch my name in the Florida Today Newspaper for having been too close to contractors as a public servant. I want to open this up for discussion. PBS&J now Adkins contract was awarded in 2005 with continual renewal.

Mr. Pawelczyk stated I can give you some input from my standpoint. For instance you don't have a contract with my firm, we have an engagement letter you can terminate us at any time upon 5 minutes notice by action of the Board. Really the same is true for your Engineer and for GMS. We have contracts with them, I'm governed by the Florida Bar so that is a little different. I just provide general legal services pursuant to that engagement letter and really do what you ask me to do. They have specific obligations that are set forth in each of their agreements. While it says annual renewal, the agreement does renew on an annual and is terminable at will. I believe the notice is 30 days in the Engineer's contract and it is 60 days in the District Manager's contract, so you can terminate them at any time upon 60 days notice so while there is an annual renewal we have implemented. I do this in all my districts where a

contract is brought to me to look at, there must be a termination for convenience by the Board so that if you see improprieties or you just don't like them the Board can change those firms.

Mr. Flint stated if you are concerned about protection or legal responsibility in regards to management services there is no statutory requirement that they be bid. As a practical matter and as a business matter you may decide it is prudent to do that but from a legal perspective you could just hire us directly and not even consider anyone else. When we were hired you did consider Severn Trent at the time and asked for presentations and you retained us as a result of that but you are not obligated to do that from a legal perspective. There is nothing that is going to come back on you in that regard.

Mr. Finafrock stated so continual renewal means something other than what I thought it meant. Is the District Engineer the same way?

Mr. Flint stated there are requirements called the consultants competitive negotiations act and any time you retain an engineer and you are going to spend more than \$25,000 you have to go through a selection process and it requires an ad in the newspaper and that sort of thing but you did that when PBS&J was originally retained and I don't know that there is any ongoing requirement that it be done again as long as you are in a contractual relationship.

Mr. Finafrock asked what about the field management side of your contract?

Mr. Flint stated that falls under management and that was bid, it wasn't required to be bid. I think we may have been the only one. Your current contractor didn't even submit.

Mr. Pawelczyk stated I think we just amended the District Manager's contract to add field management in the scope. I think we didn't do a separate contract because we already had them retained and it was easier to use the same terms and conditions and add additional work, basically added Alan to that scope of services.

Mr. Finafrock stated about every four years we will probably have the same discussion.

Mr. Pawelczyk stated this is a good team.

Mr. Finafrock stated I think it is an excellent team. I feel comfortable paperwork wise. What brought this about is in my neighborhood we have Turnberry resident association meetings and you would never believe what comes up in those meetings. We have two paralegals and one attorney who specializes and support homeowner associations in those meetings.

Mr. Pawelczyk stated while there is no bidding requirement at all even though you have GMS and you have your engineer retained and you have an attorney there is no reason you can't

consider proposals from other management firms if you wanted to put it out for bid you could still keep the same firm. There is a possibility that you can change it at any time.

Mr. Mills stated it is also the chair's position whoever that may be at the time if there is an issue with that particular individual that they sit down with Counsel and say the Board has a concern about this or we have heard there is a concern about them and let them be aware and basically you have done that from time to time and they either improve or we go look for somebody else.

Mr. Finafrock stated I think the process of raising concerns among this particular team has really worked well in the 4+ years I have been on it because I have never said anything that wasn't addressed. It always exceeds my expectations.

Mr. Finafrock stated we have a serious problem with sidewalks and the last three years we spent quite a few dollars replacing sidewalk panels. Mr. Jean did a survey last July and there were 284 trees planted between the sidewalks and the Miami curbs in this community. He put this together by neighborhood. What we are finding is the ARC and BCA that has responsibility for planting different forms of vegetation and doing other things throughout the community have a couple of requests they are holding right now and one specifically where one of our neighbors in Turnberry decided to move his hardwood trees out of his yard because he didn't like what the contractor put in when he built the house. He replaced them with bottlebrush trees but he didn't want them in his yard too close to his house so that when they grow and in the fall when they exfoliate they don't get those brushes in the gutters. Then he asked me what do I have to do and I said did you go to the ARC and he said no, they always say no. I don't know if you remember or not but I asked Mr. Studds to put a hold on those kind of approvals at the ARC and I did so two meetings ago and he agreed to do that. Now I have a neighbor that has bottlebrush trees between the sidewalk and the street and is mad at me because the ARC won't approve it after the fact because we have them on hold. That is not fair to anybody and there are approximately 284 other trees in the community. Now I have another neighbor in Turnberry that said if they can do it we can do it so they are planting trees between the sidewalk and the curb and they are going to do that as soon as the weather gets right. My concern is we need a mitigation policy that says this is what you do when trees are planted in this area. I started to prepare such a policy it is about 50% completed but I intentionally stopped because we have got to do something. My opinion is that the easement of the CDD should be free of any vegetation

because if we put vegetation in that easement you are going to have sidewalk panel problems. We replaced one two years ago and it is going on the replacement or grind list this year. We had a gentleman from Michigan trip all over the place and he went to the doctor and my neighbor felt so bad about it and he was so concerned about it that he paid the medical bills, he was his house guest. We have had other neighbors in our area fall and we all know this is a problem. I would like to solicit Board direction on where to go.

We have two problems in my opinion and maybe three. The number one problem is we cannot afford to spend the money we are spending to replace sidewalk panels and put GMS through what we did last year. These guys work with our contractor both Jason and Alan to get them away from that new hospital to replace our sidewalk panels almost on a priority basis. We had a panel that was raised up and tripping people and these guys were on the phone to them begging them to come over and do a couple of panels and then go back. That is a terrible way to manage the process. It is also a terrible way to address safety features. We have to do something other than work with the symptoms. We have to mitigate this somehow. I truly believe we should not permit any more planting of trees in the easement and I think we need to come up with a policy about what we are going to do with trees in the easement. Now that we are coming up on the budget process I think there are some trees especially in Kingswood that it is almost like watching some of these commercials you put fertilizer on the Hummer you pour water on the Hummer and you get sunlight to it and it starts to grow. You can almost see the roots growing and the sidewalk panels are raising. There are all kinds of solutions to this. There is equipment out there other than concrete that you could use to replace the panels. Can we afford that? Can we afford not to offer the homeowner an alternative that says those trees are causing us problems and this would be on a case by case. We have the same problem that Lou does with landscaping, you can't possibly forecast this but you can put a wedge in the budget and say to Mr. & Mrs. So and So who live in Windsor on Bradwick Way those tree roots are causing our sidewalks to raise and they were planted too close. We will pay to replace your two trees, we will buy two hardwood trees to plant in the front outside the easement area and you can have an option that says you are going to take those trees out or we are going to take them out for you that are there now. When tried to address this with PBS&J at one point and the answers were not finite the answers were pretty broad and quite frankly we got what we paid for because we didn't put that much into it, we just wanted a quick guide on what we might do.

Mr. Mills stated the county has a forestation policy.

Ms. DeFrancesco stated they have a landscape policy and my understanding from what you are saying is this is an easement.

Mr. Pawelczyk stated it is the swale, it is our right of way.

Ms. DeFrancesco stated so it is the CDD right of way. I believe those trees were still counted towards the landscape requirement for the community and for the homes when the community went in. The county I'm sure would want to have a say on what happens to those trees. Many of them are mature so they look at the size of those trees and also say you can't just take that out you are going to have to replace it somehow. That is the question of how you do it and with the homeowners. I haven't spoken with the county about this particular situation and I don't know if you have had that direct conversation.

Mr. Finafrock stated members of our team have.

Mr. Jean stated not with the county that I am aware of. I do remember an article in the paper where somewhere in Viera the county removed 25 trees that were breaking up sidewalks. That was just an article I don't know if it was true.

Mr. Finafrock stated I had some discussion with the county. I'm not sure that I talked to the right person but the gentleman said as long as you meet the standards and we are going to check you by helicopter with photos, as long as you meet our standards two hardwood trees in the front yard two in the back we are going to leave you alone. Your point is well taken that when you start messing with mature trees perhaps without their coordination you are going to have a problem.

Mr. Pawelczyk stated there is a permit process for tree removal.

Mr. Smail stated I imagine the majority of these trees are oak trees and oak trees are protected. You can't remove them even inside your own property without county approval. You can't trim them unless they tell you how to trim them.

Mr. Mills stated I had suggested that we meet with some people at the county and maybe you along with myself and/or John or Lou or Jason have a meeting with the county and the commissioner for our area which is Mary Bolin and whoever is in charge of forestation with the county and explain our situation. We have spent \$27,000 in sidewalk repairs. It is causing a health issue, a safety issue and we need to mitigate that. How do you feel about us meeting with the county?

Ms. DeFrancesco stated I think it is the right thing to do. We can sit in this room and talk about what possible solutions are but the county has a say in this we are not going to make a decision until we get their feedback.

Mr. Smail stated you also have to consider that in the first phase and how predominant it was I don't know but the infrastructure is underneath that strip we are talking about between the sidewalk and the road. You go pulling out trees you are going to interrupt the utilities and that needs to be taken into consideration too. I'm all in favor of getting rid of them I don't like them there but you need to look at how we do that.

Ms. DeFrancesco stated we will have to look at the utilities that are in that strip as well and figure out the best way. I'm not an expert on tree removal but we will talk to the appropriate people for that and figure out do we need to cut it off, do we grind it down, how do we get rid of this tree so it is not going to come back and let the roots die. That may be for many of those locations what we need to do is cut it off where we can and then grind the stump down from there.

Mr. Mills stated we had a situation in one of the developments that the hurricane blew the trees over and unfortunately it was right where the gas line was and it pulled the gas line up as well. We have to be very careful when they plant in the easement area because electric wires, gas lines, water lines and all that stuff is in there.

Ms. DeFrancesco stated we are talking about homeowners that have planted in there. Do they call for utility locates when they do that?

Mr. Mills responded yes.

Ms. DeFrancesco stated if they did I'm glad they did many people won't do that they just go ahead and plant.

Mr. Pawelczyk stated you can have a policy pursuant to rulemaking that prohibits any further planting in those areas or limit such planting to certain species of trees that are known not to cause a problem. Those are questions the county would answer.

Ms. DeFrancesco asked is that a five foot strip?

Mr. Mills stated it varies.

Ms. DeFrancesco stated it looked like a very narrow strip and with five feet I would probably say no trees.

Ms. Hernandez stated Mr. Finafrock's idea of we will give you two trees to replace those that are in that area is a good one. Many shade tree commissions actually encourage them in that area because they shade the streets and sidewalks and I know communities where it is actually encouraged to put them in that area if it is wide enough. In some sections that area is very wide and in some sections it is very narrow. There is another option that could be considered. If you have those trees in that area on your property and it is affecting the sidewalk then you have to pay to replace the sidewalk instead of the community paying to replace the sidewalk. They could even curb the sidewalks. The umbrella trees add so much in shade that you don't want to knock them all down and get rid of them because you are going to hurt the very look and the essence of Baytree itself.

Mr. Finafrock stated I am not an arborist and one of my questions is can we attack the rooting system and keep it away from our sidewalks and we have done that arbitrarily in a couple of cases only to see the rooting system gain renewed vigor.

Mr. Mills stated I suggest the Board charge Ms. DeFrancesco to meet with the county to see what our options would be to help resolve this issue. I'm asking the Board to give approval for Ms. DeFrancesco and Mr. Finafrock together to meet with the county and find out what we need to do. John can explain it very well because it is his area and say for a safety issue we need some guidance. These trees have got to come down and we have to replace them with others, what do you recommend.

Ms. DeFrancesco stated I will be happy to do that.

Mr. Flint stated sometimes it is good to have a carrot and a stick and your carrot is donating trees your stick is if you don't take these out and accept our new trees then you accept responsibility for the cost of the panel replacement. The way the City of Plantation handles it is they go out and flag the lifted panels and notify the homeowner and say if you don't replace them within X number of days we will replace it and bill you for it.

Mr. Mills stated that would be a good point for us to consider after we find out what the county will and will not allow us to do. I think we can say if we take the trees out we are asking permission to do that if you allow us to do that what can you recommend as a hardwood that we put in its place?

Ms. DeFrancesco stated also the size. You probably need to approach it as well that we are a CDD we are sort of in the same boat as you are as the county looking at properties that we have to maintain and a safety issue as well.

Mr. Finafrock stated one of the things I want to make sure of when I look at the drawings for this community and there are different ones for the different parts of the community that the easement I was talking about was from the center of the street X number of feet into the property. I think that is called easement.

Ms. DeFrancesco stated it should be the right of way. The property line for the individual homes does not go to the center of the street it goes to the right of way.

Mr. Jean stated our previous engineer told me that from the center of the street to the property line is 25 feet and the sidewalk could be in or out of that. You can see some places there is 3 feet of grass some places there is 5 feet of grass. There is no consistency of where the sidewalk is placed.

Ms. DeFrancesco stated I need to look at it and see whether we are dealing with this being within the right of way or is this an easement on another property.

Ms. Hernandez stated there are a lot of people who love tree lined streets. May I recommend that you ask a member of the BCA to join that committee because I think it falls more under their purview than it does the CDD.

Mr. Finafrock stated we have already done that.

Mr. Mills asked do we put the audit on the website?

Mr. Showe responded we can do that.

Mr. Pawelczyk stated the only thing I see with the audit report and you can put it on there but it really doesn't say anything other than that you have a clean audit. You can put a blurb that we received the audit report, we have a clean audit, we submitted it to the state and I think that would carry more weight than putting it on there. People can always request it.

Mr. Smail stated if anybody is really interested they know they can request it.

Mr. Mills stated maybe we can do as he suggested put on the website that the audit has been completed if you would like a copy we can email it to you.

We had an issue with one of the guards telling an individual to approach an offender in the community. Whatever you do, do not do that call the sheriff. Encourage your neighbors when an incident happens to please call the sheriff. The guards are not police officers they are

strictly security. When you have an issue happen at your residence just call the sheriff. Let the guardhouse know that you have called the sheriff but do not approach the offender. There were two boys fishing in the pond and I told them there was no fishing and there was the sign right there and they became very abusive.

NINTH ORDER OF BUSINESS

Audience Comments

Mr. Kane asked if the Board gets together at night to explain the budget to the community does Michael have to be here?

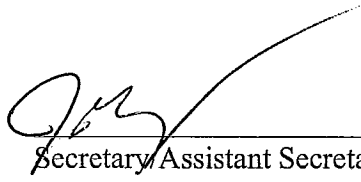
Mr. Pawelczyk stated I typically don't come to the budget workshop. If you want me there I can be available by phone at that time and you can have Jason call me if you have any questions. Typically all you are talking about is numbers and there is no action being taken so it doesn't concern me other than if they are going to discuss my line item which they can do before the meeting.

Mr. Mills stated I would like to thank all of you who attended today and thank you for your commitment and involvement in the community. I also would like to thank the Board members for a great meeting and your input was very valuable.

Mr. Jean stated I have something I would like to read to the Board. Had I not pointed out that we had shoreline erosion in Baytree we may not have taken any action also with both resolutions specified how homeowners would resolve the problem in the past they could not initiate action until the shore erodes into their property by at least 1 foot. Based upon these true facts I believe nobody would be addressing shore erosion for probably years yet, therefore, may I suggest that we not treat the known shore erosion as an emergency and take at least one more year to review and plan the best approach for budgeting and timing of action. I do not believe that it is that critical. If deemed necessary we could budget a few thousand dollars for 2012/13 to apply means of slowing the rate of erosion not full restoration possibly anchoring of some sort in the worst of the areas in order to buy time although I do not believe that is absolutely necessary. Waiting and proper planning will provide more time to escrow sufficient reserve funds to perform larger, more efficient and cost effective projects. Thus I believe we may be able to accomplish all of the repairs over three or four projects based over 8 to 10 years at a cost of possibly of \$50,000 to \$80,000 less than the total of using the entire per foot estimate in the Engineer's Report. If you like I will give you a copy of this.

The second one has to do with our annual assessments. I recently studied Baytree's assessments over the last 10 years, 9 years ago following the 2002 budget year the assessment was raised \$41 for Fiscal Year 2003. Then it was lowered by \$67 for the 2004/05 budget years. From 2005 the assessment was raised \$559 and that was for good reason for the budget years of 2006/07/08 from 2008 the budget was lowered by \$150 for budget years 2009/10/11. If kept level again it will be the longest stretch in ten years. Looking at it differently we are paying just \$382 over the 2002 budget years going into 2012. That is only an average increase of \$38.30 for ten years. Since 2002 there have been two rate increase and two rate decreases leaving the overall difference of \$383. Since 2002 we have accomplished much particularly due to the three increase of 2006/07/08 but the fact remains that we are presently only \$383 over the budget year of 2002 our costs have risen but more importantly your expenses have grown. I make the distinction between costs and expenses, costs relatively unchanged items such as security, pool maintenance, etc. subject to inflation expenses are items that continue to expand beyond inflation due to aging or increases in the number or amount of work that we may require for instance the breaking of the sidewalks. Examples of the annual increases and the number of sidewalk panels needed to be replaced as well as streetlighting additions due to over increasing tree growth. It also includes in this category newly discovered expense requirements such as the shoreline rehabilitation. I believe it is prudent for the Board to consider an increase in the assessments for budget year 2012 before we get to the point of a serious budget crunch as occurred in 2004 when we had to raise assessments by \$559 in 2005 because we had virtually no reserves. That was seven years ago with an intervening decrease of \$150 four years ago. I believe we should have been building targeted reserves all along so people who live here are paying funds that will eventually be needed to pay for the deteriorating facilities before they move and leave the expenses for later buyers. I respectfully recommend and urge the Board to consider a budget increase of at least \$150 in 2012. That would make the average increase since 2002 budget year ten years ago of a little over \$48 per year. With a \$150 increase in our assessments absent bond payments which will end now this year would average \$132 a month, this is the O&M would average \$132 a month. This is still nicer than many communities and competitive with most. I do not believe this is an exorbitant amount by any means to maintain our property values and make Baytree competitive.

On MOTION by Mr. Smail seconded by Mr. Rizzotti with all in favor the meeting adjourned at 3:50 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman