

**MINUTES OF MEETING
HERITAGE HARBOR
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Heritage Harbor Community Development District was held on Tuesday, October 16, 2012 at 6:00 p.m. at the Heritage Harbor Clubhouse, 19502 Heritage Harbor Parkway, Lutz, Florida.

Present and constituting a quorum were:

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| David Penzer | Chairman |
| Jeff LaPace | Assistant Secretary |
| Rich Gordon | Assistant Secretary |
| Russ Rossi | Assistant Secretary |

Also present were:

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| John Ricciardi | Manager |
| Greg Tamborello | Director of Operations |
| Jim Poertner | Field Superintendent |
| John Panno | Pro Shop Manager |
| Resident | |

The following is a summary of the discussions and actions taken at the October 16, 2012 Board of Supervisors meeting.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Ricciardi called the meeting to order and roll was called.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the September 19, 2012 Meeting

Mr. Ricciardi stated each Board member received a copy of the minutes of the September 19, 2012 meeting and requested any additions, corrections or deletions.

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| On MOTION by Mr. LaPace seconded by Mr. Gordon with all in favor the minutes of the September 19, 2012 meeting were approved. |
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THIRD ORDER OF BUSINESS

Staff Reports

A. Golf Course

- Mr. Poertner noted that the golf course is looking very good. The greens are healthy and he is not anticipating any problems this winter.

- Mr. Panno explained that on Saturday, September 8th, there was a Knights of Columbus golf tournament scheduled with 128 players; however, it rained all day. The restaurant served them an early lunch and he provided all the golfers with an 18-hole rain check with a one year expiration date.
- In comparison to last September, rounds increased by over 400 and increased the total revenue by approximately \$6,000. This was despite the fact this was the wettest summer on record with a total of 63 inches of rain.
- Mr. Panno received a proposal from Bank of America for credit card processing services, which will be made a part of the public record. The estimated savings would be \$629 per month or \$7,551 per year. The cost for a new terminal, if required, is \$369.

On MOTION by Mr. Penzer seconded by Mr. Gordon with all in favor the Board authorized Mr. Panno to switch to Bank of America credit card processing services, as proposed.

- Mr. Gordon commented that although he works for U.S. Trust, which is Bank of America's Wealth Management Group, he does not receive any personal gain from it.
- Mr. Ricciardi noted that Mr. Gordon will fill out a Conflict of Interest Form 8B.
- Mr. Panno indicated there are seven golf tournaments booked for the remainder of year-end 2012, which will bring in approximately \$15,000 to \$20,000 in revenue.

B. Director of Operations

- Mr. Tamborello reported that Luke Brothers, the new landscapers, started last week and he walked the property with them yesterday. He requested they time the mowing of the grass with ValleyCrest's mowing of Seamist Lane, so both landscapers will be mowing on the same day.
- A new irrigation pump, located north of the pump house along Heritage Harbor Parkway, is needed to fill the golf course reservoir at a cost of approximately \$5,700. A well line to water the soccer field is also needed, which will cost approximately \$2,000 to \$3,000.
- Mr. Tamborello indicated the water would be used for the soccer field and some common areas two or three times per week and Mr. Poertner stated he would only use it once or twice per year.

- The consensus of the Board was to defer this issue until the November meeting after Mr. Tamborello obtains some bids.
- It was noted there were several gate incidents; however, less than last month.
- CIS reported to Mr. Tamborello that vandals spray painted the letters on the east gate monument and he will have it repaired. Ms. Jackson is working with Envera to see if the camera caught anything.
- Vandals also took down the sign by the entrance to the Clubhouse.
- Mr. Ricciardi spoke with the Community Resource Officer, Deputy John Hajj, who indicated he is frequently on the property and recommended setting up a Neighborhood Watch program, which has not succeeded in the past.
- An e-mail was received from a resident in regard to solicitors within the community. Mr. Ricciardi noted even though the community has “no soliciting” signs posted, technically you cannot keep them off the public streets; however, they can be trespassed if they are on your property.
- The resident also was concerned about people fishing in the retention pond behind his home located along Harbor Lake Drive and Aqua Springs Drive.
- In regard to placing “no trespassing” signage around the ponds to discourage fishing, Mr. Ricciardi indicated the cost is \$30 per sign with a total cost of \$660 for 22 signs.
- Mr. Tamborello noted the flood lights in the middle of the island are not working and Gary will check it out.

NINTH ORDER OF BUSINESS

Approval of Financial Statements

- General Fund:
 - The total expenditures for year-end are \$69,839, which is 10% below budget.
 - The District is 99.99% collected and overall revenue is 100.67%.
 - The District is in good shape from a general fund point of view. These numbers may change slightly as expenditures accrue, but not significantly.
- Enterprise Fund:
 - The balance sheet indicates there is \$118,191 in the checking account and last year it totaled \$187,000.

- Total current assets in FY 2012 are \$338,843, compared to last year which was \$409,053.
- The year-to-date budget for operating revenues totaled \$1,282,400 and we had \$1,190,523 less than budget in revenue. However, it was made up in expenditures because Mr. Poertner under spent by \$75,000, but our revenue stream was under by \$91,877.
- The change in net assets on page 16 indicates the budget was targeted to end the year with \$5,308. The number shown is \$84,210, which gives the impression we are in much better condition than last year and within budget. However, it does not show the \$80,000 for the bond payment.
- As of September 30th, page 20 shows there is \$38,979 in the main operating checking account and \$79,212 in the pro shop checking account opposed to \$30,405 and \$156,937 last year.
- Mr. Ricciardi explained the District took in less revenue this year and the only reason it does not look bad is because we spent less, but the cash flow is not looking good at this time.
- There is the possibility the bond payment of \$55,000 may not be made, which is due at the end of the month. We can take funds out of the reserve fund to make the payment, but then it puts the District in a technical default.
- Mr. Penzer noted the only reason the revenue did not come in is because of the 70 inches of rain these past three months.
- Mr. Ricciardi indicated if needed, we may be able to do a swing loan of \$30,000 from the general fund for three months. However, today shows our cash flow has increased in the last two weeks and if it continues, a loan may not be needed. We also want to ensure we can make payroll and pay the other mandatory expenses.
- Mr. Ricciardi conferred with District Counsel because he wanted to ensure we are not comingling any of these funds. He informed District Counsel and the District Engineer that the Board wants to pay the bond and within the next four or five months evaluate the expenditure for the reclaimed water meter and the bond payment at one time, which will be March.

On MOTION by Mr. Gordon seconded by Mr. Penzer with all in favor the Board authorized an amount not-to-exceed \$30,000 for a swing loan, as analyzed by the accountant, from the general fund to the enterprise fund if needed.

- Mr. Poertner commented he was looking at different scenarios in order to cut costs.
- The Board requested the District accountant prepare a source and use report/cash flow between 2011 and 2012. They also requested that the monthly financial statements show a more realistic profit/loss position.
- Mr. Ricciardi explained he has been working with Mr. Poertner, Mr. Panno and the insurance agent through Innovative to obtain health insurance. They met with the golf course employees to determine the best plans to benefit the employees and how it would financially impact the District.
- The outcome was to stay with the current provider, AvMed this year and Mr. Ricciardi discussed the plan and cost for the employees, which comes out of the enterprise fund.
- In regard to Mr. Tamborello, the District pays 100% of health coverage with the higher cost plan for him and his spouse through age 65, which comes out of the general fund.
- After discussion with the Board and Mr. Tamborello, it was the consensus of the Board to eliminate the dental, vision and life insurance coverage from Mr. Tamborello's higher cost plan.

On MOTION by Mr. Penzer seconded by Mr. Gordon with all in favor the Board approved eliminating the dental, vision and life insurance coverage for Mr. Tamborello and his spouse and to keep the higher cost health insurance plan.

FOURTH ORDER OF BUSINESS

Attorney's Report

There being no report, the next item followed.

FIFTH ORDER OF BUSINESS

Engineer's Report

There being no report, the next item followed.

SIXTH ORDER OF BUSINESS

Manager's Report

Follow-up Items:

- In regard to a question asked by Mr. LaPace at the last meeting pertaining to whether the bond payment can be made more often to reduce the interest, Mr. Ricciardi responded to him by e-mail, indicating the indenture only allows two payments per year.
- The letter from District Counsel regarding vandalism and trespassing on the golf course was mailed out to the residents. Mr. Ricciardi received only three phone calls from concerned residents.
- Mr. Tamborello was reimbursed \$34.18 for the two stolen orange cones he replaced.
- The fiscal year 2013 meeting schedule was revised to Tuesdays, with two exceptions.
- The restaurant gross revenue amount for the month of September was \$34,784. They are approximately \$6,000 ahead of last year at this time.
- Mr. Ricciardi received an e-mail from Ms. Wise indicating the music system in the restaurant was broken and needed to be replaced. The CDD's split will be approximately \$250 and he was informed that the HOA does not want to pay their share of the allocation because they no longer have music in the exercise room or the outside patio. However, it was discovered there are two large speakers mounted on the roof, pointing towards the pool area.
- After speaking again with Ms. Wise, she indicated the issue of the music system will be brought up before the HOA Board.
- A letter was sent to US Bank requesting issuance of a check for the \$8,000 in excess reserves from the 1997 Recreational Bond Reserve Account.

A. Consideration of Resolution 2013-1, Adopting a Policy Regarding Trespassing on District Owned Property

- Mr. Ricciardi noted this item is a result of the discussions regarding whether the Sheriff's Office will trespass someone from CDD property. The answer is yes, if the Trespass Authorization Form included in the agenda package is signed by the Chairman and filed yearly with the Sheriff's Office. Resolution 2013-1 is a formal action by the Board we will forward with the authorization form, authorizing Chairman Penzer, Mr. Tamborello and CIS representatives to issue trespass warnings and report those individuals to the Hillsborough County Sheriff's Office.

On MOTION by Mr. Penzer seconded by Mr. Gordon with all in favor Resolution 2013-1, adopting a policy regarding trespassing on District owned property was adopted.

B. Trespass Authorization Form

- Mr. Ricciardi indicated a motion was needed to authorize the Chairman to sign the Hillsborough County Sheriff's Office Trespass Authorization Form. The form and resolution will be provided to CIS.

On MOTION by Mr. Gordon seconded by Mr. Rossi with all in favor the Board authorized the Chairman to sign the Hillsborough County Sheriff's Office Trespass Authorization Form.

C. Discussion Regarding Employee Health Insurance

- This item was previously discussed by Mr. Ricciardi.

Assignment of Reserves in Fiscal Year 2012 Budget

- Mr. Ricciardi explained under GASB 54, the government accounting standards, we need a motion to "assign" the reserves identified in the fiscal year 2012 general fund budget, which moves that money to the balance sheet under the reserves.

On MOTION by Mr. Gordon seconded by Mr. Penzer with all in favor the Board approved "assigning" the reserves identified in the fiscal year 2012 general fund budget.

Blue Water Monument

- At the last meeting the Board authorized an amount not-to-exceed \$13,000 for the replacement of the Blue Water monument. Mr. Ricciardi inquired whether the funds should be taken out of the reserves or operating expenses.
- Mr. Tamborello noted he received a quote of \$10,500 to replace the monument, and saved the CDD \$2,500.
- Mr. Penzer commented he would like to see it come out of operating expenses so in case the assessments are increased next year, it will be noted that one of the reasons is because the Board had to spend \$10,000 due to vandalism of the monuments.
- It was the consensus of the Board to take the funds from the operating expenses for the replacement of the Blue Water monument.

SEVENTH ORDER OF BUSINESS **Supervisor Requests**
There not being any, the next item followed.

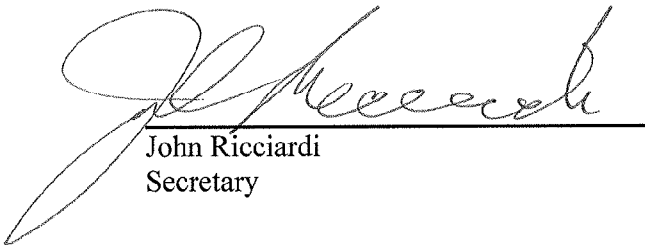
EIGHTH ORDER OF BUSINESS **Audience Comments**
There not being any, the next item followed.

NINTH ORDER OF BUSINESS **Approval of Financial Statements**
(Continued)

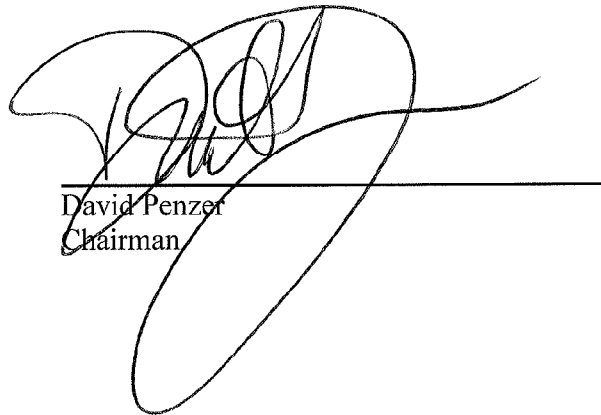
On MOTION by Mr. Gordon seconded by Mr. Penzer with all in favor the financial statements for the period ending September 30, 2012 were approved.

TENTH ORDER OF BUSINESS **Adjournment**
There being no further business,

On MOTION by Mr. Penzer seconded by Mr. Gordon with all in favor the meeting was adjourned.



John Ricciardi
Secretary



David Penzer
Chairman