

**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, March 19, 2013 at 6:00 p.m. at the Heritage Harbor Clubhouse, 19502 Heritage Harbor Parkway, Lutz, Florida.

Present and constituting a quorum were:

David Penzer	Chairman
Rich Gordon	Vice Chairman
Russ Rossi	Assistant Secretary
Robert Rossi	Assistant Secretary

Also present were:

John Ricciardi	Manager
Jim Poertner	Golf Course Superintendent
John Panno	Pro Shop Manager
Residents	

The following is a summary of the discussions and actions taken at the March 19, 2013 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 February 19, 2013 Meeting

- Each Board member received a copy of the minutes of the February 19, 2013 meeting and any additions, corrections or deletions were requested.

On MOTION by Mr. Gordon seconded by Mr. Rossi with all in favor the minutes of the February 19, 2013 meeting were approved.

THIRD ORDER OF BUSINESS

Approval of Financial Statements

- In regard to the general fund, Mr. Ricciardi reported that overall the District to-date is under budget from an expenditure point of view. From a revenue point of view, assessments are 91.88% collected as compared to 93.5% last year.

- Mr. Ricciardi had a conference call with Mr. Poertner and Mr. Panno to discuss the enterprise fund financial statements and the fiscal year 2014 budget.
- Year-to-date the Green Fees revenue through February is \$500,694 compared to last year at \$498,389.
- Total Operating Revenue for this year is \$535,974 compared to \$533,621 last year.
- Expenditures are running under budget. The Total Operating Expenses for the golf course are \$428,681, which are slightly higher than last year at \$421,800.
- Operating Income this year is \$100,998 versus \$106,135 last year. The Change in Net Assets of \$50,400, which is shown in the Consolidated Enterprise Fund, is \$7,000 above last year.
- The Statement of Cash Flows shows the cash at the end of the period was \$165,164 in January and \$207,866 for February.
- Mr. Ricciardi noted that the District will be able to make the May bond payment.

On MOTION by Mr. Gordon seconded by Mr. Penzer with all in favor the financial statements for the period ending February 28, 2013 were approved.

FOURTH ORDER OF BUSINESS

Staff Reports

A. Golf Course

- Mr. Panno reported that the numbers for February were pretty steady throughout the month, except for those days with inclement weather. A total of 3,820 rounds were played, averaging approximately 150 players per day.
- Three leagues will be starting this week; the Idlewild Ladies Golf League, the Idlewild Men's Golf League and the Twilight League, which consists of local Verizon employees.
- It was noted there was a rate increase in golf fees in January.
- In regard to the month of March, numbers are down due to the cold and rainy weather.
- Mr. Russ Rossi asked if the golf superintendent can continue to keep expenses lowered if revenue is down. Mr. Poertner indicated he will do whatever it takes to make the golf course work.
- Mr. Panno noted that since Bank of America has been doing the processing, the savings will probably be more than the projected \$7,000 to \$8,000 per year.

- Mr. Poertner reported there was some vandalism in the restrooms at Hole No. 4 with graffiti on the walls. The restroom doors have not been locked for over a year because they were being kicked open. Four new doors need to be purchased, which will cost approximately \$1,000 per door.
- Mr. Ricciardi will follow-up with the insurance carrier to see if the golf course restroom doors need to be locked.
- Mr. Morin inquired how much damage was done when there was a fire in the restroom a few years ago. Mr. Poertner indicated it just took some paint and the installation of a new paper towel dispenser; however, two new windows were installed and the total cost was approximately \$7,000.
- Mr. Poertner indicated he received an offer from someone to purchase two pieces of surplus equipment for \$500 each, plus a couple more hundred if we can sell him the old parts, which will total approximately \$1,200 to \$1,500. The two tri-plex mowers have not been used in two years. The original value is \$13,000 per mower and now judged to be less than \$600.

On MOTION by Mr. Penzer seconded by Mr. Gordon with all in favor the Board declared the two Toro 3050 tri-plex mowers as surplus and to be disposed of in the best interest of the District.

- Mr. Poertner received a quote of \$2,735 from Citrus Pump Station to replace the well pump with a 3 hp pump instead of a 5 hp, which he believes will last longer.

B. Director of Operations

- Mr. Tamborello sent Mr. Ricciardi an e-mail indicating the work on the Blue Water monument was completed and it looked great. The District saved \$5,800 by repairing it rather than rebuilding it.
- 99% of the graffiti on the east gate monument was removed. The plantings will be replaced when the other annuals are planted.

FIFTH ORDER OF BUSINESS

Attorney's Report

There being no report, the next item followed.

SIXTH ORDER OF BUSINESS

Engineer's Report

There being no report, the next item followed.

SEVENTH ORDER OF BUSINESS

Manager's Report

- Follow-Up Items:
 - Mr. Ricciardi noted that at the last meeting there was a question whether additional funds could be invested in a money market account to obtain more interest. \$545,000 has been moved into a money market account at Bank United for .45%.
 - In regard to the issue with the door handles at the Clubhouse, Mr. Ricciardi e-mailed the Board indicating his conversation with the HOA deemed the doors were not under warranty because they are over a year old. The door company fixed the ones causing problems.
 - At the last meeting the Board discussed refinancing the Series 2008 general fund bond. Feedback was received from SunTrust on the bond and they are willing to refund it; however, because of the short term remaining, the bank came back with a proposal that the term of the bond be pushed forward one year. In other words, it will shorten the length of time it takes to pay off the bond, the interest rate will go down, but when the cost of issuance is added, individual assessments for the debt service portion will increase by 28%.
 - Mr. Ricciardi stated it is not viable and in the best interest of the District to do this to the residents. Besides the cost of issuance, a public hearing will need to be held, of which there will be a cost for advertising, and a cost for the attorney to be involved.
 - It was noted that the District may be able to pay the bond off earlier than the amortization date.
- Mr. Ricciardi electronically provided the Board with the restaurant gross revenues for the first month of the new contract period. The gross revenue for February totaled \$37,692 and was down from February of last year, which was \$42,677. The golf cart revenue totaled \$8,640.
- In regard to the recommendation by the property insurance company, Mr. Kalojiannis installed a metal baffle in the kitchen and photos were sent to the insurer. Correspondence was received indicating the Loss Control Director confirmed the insurer is satisfied with the action taken.
- A false alarm violation warning notice from Hillsborough County was issued to the District. For the first two false alarms within a 365 day period a warning letter is issued

and after that they start assessing fines. It was determined that the door leading into the cart barn was not closed properly and Mr. Panno has taken the proper action.

- There was a late charge of \$25 for the golf cart payment, which was indicated in the financial statements. Severn Trent is trying to have the amount reimbursed by John Deere; however, if not Severn Trent will pay the \$25 late fee.

A. Acceptance of the Financial Audit Report for the Year Ending September 30, 2012

- The financial audit report for the year ending September 30, 2012 was prepared by Berger, Toombs, Elam, Gaines & Frank.
- Financial Highlights on page 4 indicate that the District's total assets exceeded total liabilities by \$8,539,976 (net assets). Unrestricted net assets for Governmental Activities were \$455,396 and for Business-type (golf course) activities were \$68,547. Basically, from an overall asset point of view, the District is well above their liabilities.
- Internal Control Over Financial Reporting on page 37 states "*We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.*" Under Compliance and Other Matters it states "*The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.*"
- The Management Letter on page 39 states there were no recommendations made in the preceding audit report. Public funds were invested appropriately. There were no illegal acts, fraud, violations of contracts, grants and agreements.
- The audit also stated "*Heritage Harbor Community Development District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes*", which sounds like a negative but is actually a positive, meaning the District is not in a state of financial emergency.
- Mr. Ricciardi noted it was a clean audit.

On MOTION by Mr. Gordon seconded by Mr. Rossi with all in favor the financial audit report for the year ending September 30, 2013 prepared by Berger, Toombs, Elam, Gaines & Frank was accepted.

EIGHTH ORDER OF BUSINESS

Supervisor Requests

- Mr. Penzer indicated that Mr. Robbie Kilby of the SRK Camp asked if he could put up a sign for his summer camp. Mr. Ricciardi informed Mr. Kilby he could not put up another sign because it is county property. After also conferring with Mr. Panno, it was determined that Mr. Kilby could place a sign above or below the \$1 a Hole sign, as long as it was temporarily mounted and he purchased the sign with design approval by the Board.
- Mr. Russ Rossi also sits on the HOA Board and explained that the HOA was planning to hire a decorator to upgrade the interior of the clubhouse. This project has been put on hold as he would like to renovate the restrooms first due to the expanded restaurant business. The issue will be brought up at the next HOA meeting.

NINTH ORDER OF BUSINESS

Audience Comments

- Ms. Betty Valenti, a resident of Cypress Green Drive, expressed concern about the poor condition of the landscaping in front of the entrance to Cypress Green Drive and the length of time it has taken to replace the landscaping.
- Mr. Ricciardi conducted a site visit to the monument prior to the Board meeting and observed that ground cover (perennial peanut) had been planted in the flower beds and that annuals would be planted in the monument now that the graffiti had been removed. However, Mr. Ricciardi agreed with Ms. Valenti that the east gate entrance area could use additional color and plants similar to what is planted at the main gate entrance.
- Ms. Valenti noted that much of the landscaping in the community is reaching the end of life and she would like to see more money put in the budget for fiscal year 2014.
- Mr. Ricciardi will contact Mr. Tamborello and request he bring a proposal before the Board at the next meeting.
- In regard to replacement of the landscaping, Mr. Gordon explained that the Board does not have enough funds in the budget to replace everything at one time.
- Mr. Walter Howard, a resident of Sandy Springs Circle, expressed concerns about the continuous strikes on the main entrance gate.
- Mr. Ricciardi indicated there are cameras at both gates and letters are sent to individuals who knock down the gate arms, fining them \$25.

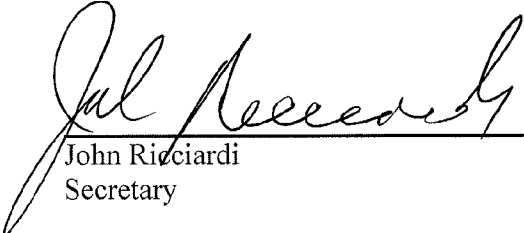
- Mr. Howard also commented that he has seen vendors come in to the community and empty bottles into the stormwater drains. It was noted that it is a county issue and to contact them.
- Parking on the street is also a county issue; however, parking a boat on the street is an HOA issue and he should contact Green Acre Management Company to report it.
- In regard to the issue of dogs running loose, Mr. Howard was told to call Animal Control.
- Mr. Howard inquired who picks up the trash in the ponds within the community. Mr. Ricciardi explained it is part of the pond maintenance of the CDD common area ponds to pick up the trash along the pond banks. As for the golf course ponds, Mr. Poertner's staff does that on a regular basis. If the trash in the ponds gets too bad, the pond maintenance company will provide a special clean-up at an additional cost.

TENTH ORDER OF BUSINESS

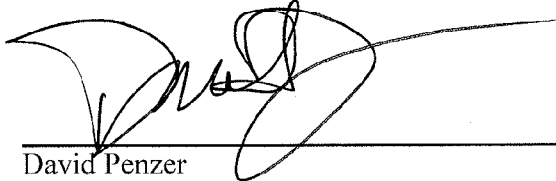
Adjournment

There being no further business,

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



John Ricciardi
Secretary



David Penzer
Chairman