

**HARMONY COMMUNITY
DEVELOPMENT DISTRICT**

NOVEMBER 18, 2010

AGENDA PACKAGE

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Harmony Community Development District

Severn Trent Services, Management Services Division
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November 11, 2010

Board of Supervisors
Harmony Community Development District

Dear Board Members:

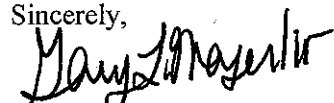
The regular meeting of the Board of Supervisors of the Harmony Community Development District will be held on **Thursday, November 18, 2010 at 9:00 A.M.** at 7251 Five Oaks Drive, Harmony, Florida. Following is the advance agenda for this meeting:

1. **Roll Call**
2. **Organizational Matters**
 - A. Oath of Office for Newly Elected Supervisors
 - Supervisors Elected by General Election (Ray Walls and Steve Berube)
 - B. Consideration of Resolution 2011-02, Election of Officers
3. **Approval of the Minutes of the September 30, 2010 and October 28, 2010 Meetings**
4. **Subcontractor Reports**
 - A. Landscaping – Luke Brothers
 - B. Aquatic Plant Maintenance – Bio Tech
 - C. Dockmaster/Field Manager - Buck Lake Boat Use Report
5. **Consideration of Gate Card Reader Proposals**
6. **District Manager's Report**
 - A. October 2010 Financial Statements
 - B. Invoice Approval #127 and Check Run Summary
 - C. Consideration of Engagement Letter with Grau & Associates to Perform the Audit for Fiscal Year 2010
 - D. Public Comments/Communication Log
7. **Staff Reports**
 - A. Attorney
 - B. Engineer
 - C. Developer
8. **Supervisor Requests**
9. **Audience Comments**
10. **Adjournment**

The second order of business is organization matters. The newly elected supervisors will subscribe to an oath of office. The Board can also consider restructuring its slate of offices. Currently, Mr. Robert Evans is Chairman, Ms. Nancy Snyder was Vice Chairman, the remaining Supervisors are Assistant Secretaries, Mr. Robert Koncar is Treasurer, Mr. Stephen Bloom is Assistant Treasurer and I serve as Secretary. Enclosed is a copy of Resolution 2011-02 which will memorialize the actions taken.

I look forward to seeing you at the meeting. In the meantime, if you have any questions, please contact me.

Sincerely,



Gary Moyer/ir
District Manager

Second Order of Business

2B

RESOLUTION 2011-02

**A RESOLUTION DESIGNATING OFFICERS OF THE
HARMONY COMMUNITY DEVELOPMENT DISTRICT**

WHEREAS, the Board of Supervisors of Harmony Community Development District at a regular business meeting following the General Election held on November 2, 2010 desires to appoint the below recited persons to the offices specified.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD
OF SUPERVISORS OF THE HARMONY COMMUNITY
DEVELOPMENT DISTRICT:**

1. The following persons were appointed to the offices shown, to wit:

_____	Chairman
_____	Vice Chairman
<u>Gary L. Moyer</u>	Secretary
<u>Robert Koncar</u>	Treasurer
<u>Stephen Bloom</u>	Assistant Treasurer
_____	Assistant Secretary
_____	Assistant Secretary
_____	Assistant Secretary

PASSED AND ADOPTED THIS, 18th DAY OF NOVEMBER, 2010

Chairman

Gary L. Moyer
Secretary

Third Order of Business

MINUTES OF MEETING HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, September 30, 2010, at 9:00 a.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Robert D. Evans	Chairman
Nancy Snyder	Vice Chairman
Steve Berube	Supervisor
Kerul Kassel (<i>by phone</i>)	Supervisor
Mark LeMenager	Supervisor

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Tim Qualls	Attorney: Young vanAssenderp, P.A.
Broc Althafer	Engineer: Woolpert
Thomas Belieff	Dockmaster
Brenda Burgess	Moyer Management Group
Greg Gologowski	Harmony Development Company
Todd Haskett	Harmony Development Company
Pete Lucadano	Luke Brothers
Larry Medlin	Bio-Tech Consulting
Jason Shafer	Luke Brothers
Shad Tome	Harmony Development Company
Residents and members of the public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Evans called the meeting to order at 9:00 a.m.

Mr. Evans called the roll and stated a quorum was present for the meeting.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the August 26, 2010, Regular Meeting

Mr. Evans reviewed the minutes of the August 26, 2010, regular meeting, and asked for any additions, correction, or deletions.

Mr. Berube stated page 4, the end of the first paragraph should read "by \$15,000 per year."

On MOTION by Mr. LeMenager, seconded by Ms. Snyder, with all in favor, approval was given to the minutes of the August 26, 2010, regular meeting, as amended.

THIRD ORDER OF BUSINESS

Subcontractor Reports

A. Landscaping – Luke Brothers

i. Monthly Highlight Report

Mr. Shafer reviewed the monthly landscaping report as contained in the agenda package and is available for public review in the District Office during normal business hours.

Mr. Shafer stated September was a difficult month with no rain, extremely dry conditions, and high temperatures along with some irrigation problems. Toho Water Authority turned the water off out here at one point, and we had ten main line leaks this month compared to about one leak average per month. We have two leaks to repair today, so we have been spending a lot of time repairing irrigation leaks this month.

Mr. Evans asked is that due to the water shut off or deterioration of the system or something else?

Mr. Shafer stated when Toho lost their lift station, we lost pressure out here. When they turned the water back on, they did not call us to let us know. We could have opened some valves to let some of the air out, but I am not sure if that had a bearing on the leaks or not. When the pipes fill back up, the water slams into them, and when the air pressure is greater than the water pressure, you can blow a pipe.

Mr. Evans stated we do not have thrust blocks on a lot of the irrigation system.

Mr. Haskett stated we do in certain areas. Most of the time, it is in the neck of the T where it is coming off a 4-inch main to a 2-inch line, and that is where they have been breaking.

Mr. Berube stated the good news is, according to Toho Water Authority, they are not going to shut off the water anymore.

Mr. Shafer stated that is good news. We were finding leaks faster than we could fix them.

Mr. LeMenager asked can we send them a bill? I am being totally serious. I do not expect them to pay it. It is like my attitude toward the property appraiser. They will never act this time, but if you go down and get in their face, they will act next time. Maybe we let them know they cost us a lot of money, send them a bill, and let them discuss it at their Board meeting. They will not pay it but it will be on their mind.

Ms. Snyder stated I had it happen at one of my houses and they came out at night and fixed it right away. Are they still turning the water off?

Mr. Shafer stated no, it was just that one instance. This community is so big and there are miles of pipe underground that it made a big impact.

Ms. Snyder stated I could not get the sprinklers to come on one night when I was testing it at one of my houses.

Mr. Berube stated because of all the rain, the sensor might have turned off the timer.

Ms. Snyder stated my irrigation technician looked at it and he figured the water supply was turned off.

Mr. Berube stated Toho told me that they were not going to turn off the water anymore.

Ms. Snyder asked have you contacted Toho about these problems? We called and they repaired mine, so instead of us bearing the cost, I wonder if they would have fixed them. For my residential home, they came over right away and fixed it.

Mr. Shafer stated no, I did not.

Mr. Haskett stated we have not had conversations with them about the line breaks, only about shutting the water off. My concern is, will they approve it. We can send them a bill and tell them they broke our pipes, and see where it goes from there, but actually proving that they caused the problems might be hard to do.

Ms. Snyder stated they did not have a problem when I called them about a residence. It was the same issue, the water pressure broke a pipe in the ground going into the pump, and they replaced the whole thing.

Mr. Haskett asked did that occur before your meter?

Ms. Snyder stated yes.

Mr. Haskett stated if it is after the meter, it is our responsibility or the home owner's responsibility. If it is before the meter, it is their responsibility. That is the big difference.

Mr. Evans asked what are we going to do with the contract?

Mr. Moyer stated I emailed a letter to the Board that I received from Mr. Lucadano.

Mr. Lucadano stated Mr. Moyer and I had some conversations, and after having those conversations, I had some time to reflect and review. If we are going to amend the scope of the contract and take a piece out, it made sense to reflect that financially, which is what I am proposing in this revised letter that I just distributed to the Board.

Mr. LeMenager stated you revised item 3, which I did not understand at first.

Mr. Lucadano stated I clarified it a little and I provided for a two-year extension.

Mr. Evans stated in essence, the base fee will stay the same with the exception of eliminating the specific scope of the trash removal, which results in an overall reduction of the base contract amount that is reflected on the revised letter, and you are asking for a two-year extension instead of one-year extension.

Mr. Lucadano stated we are asking for a 24-month extension upon the expiration of our existing period, beginning tomorrow. Regarding the \$24,518.40 reduction, I took the line item in the contract that specifically addressed the debris removal. The reason the amount in the letter does not account for the full amount is because when I arrived at the number for our bid, I also incorporated dumpster usage and policing in that figure. So I extrapolated the fees that we are spending on our dumpster and everything else should rightly go back to the District.

Mr. Berube stated I understand about the dumpster, but that is not called out separately by contract. If we remove litter and trash for 2011 and 2012, the 2011 cost is \$31,493 and the 2012 cost is \$32,438, which totals \$63,900 and that is the value of litter and trash for two years. The 3% increase would have been \$14,800 for 2011 and \$15,200 for 2012, for a total of \$30,000 for an increase. If we take away the increase, we have a negative of \$33,000.

Mr. LeMenager stated that does not sound right.

Mr. Berube stated I may have said it wrong, but the value of the increase by Luke Brothers eliminating their 3% annual increase, that is worth \$30,000. That is a savings of \$30,000. The savings of removing the litter and trash for two years is \$63,000.

Mr. LeMenager stated over the two years, they are reducing their price by \$49,000, so that plus the \$30,000 increase they are eliminating is \$79,000. That is what he is saying in item 2, that they will take this out of the contract and we will give that to the assistant field manager.

Mr. Berube stated that is correct. By contract, the value of removing litter and trash is \$63,900 for two years.

Mr. Evans stated he had the dumpster included in that \$30,000 but he is still keeping the dumpster.

Mr. Berube stated the new deal is we will receive \$49,000 versus \$63,000. That means we are paying \$14,000 for a dumpster for two years.

Mr. LeMenager stated I do not know what a dumpster costs.

Mr. Evans stated he is also waiving the 3% increase. When you factor that in and when you add all these up, we will come out ahead.

Mr. LeMenager stated I read this as he is waiving the 3% increase to get a 60-day termination notice instead of a 30-day notice. That seems like a very fair compromise to me.

Mr. Lucadano stated the investment that has to be made so that we can maintain the project properly and so that we do not have shortfalls, in reality, 30 days is the value of one month of the agreement but it provides a huge intangible value to us that there is security of having additional time to wrap things up.

Mr. Evans stated I see it as a positive thing and an economic advantage. We can renew the existing contract, we can let it terminate and let the grass grow until we get someone else to do that, or we can go with the revision that is offered in this proposal for the next two years.

Ms. Kassel stated I thought he said the contract will remain the same with no increase but they are removing the cost for trash removal from their contract.

Mr. Evans stated that is correct.

Ms. Kassel asked we do not have to pay anything extra for use of the dumpster and disposal of the trash that the assistant dockmaster collects, and all they want is an extra 30-day notice?

Mr. Evans stated there are several things taking place. They are removing the scope for trash pickup. Within that scope that they originally bid were a couple components. One was the dumpster and things they will do to utilize that dumpster under their normal scope of work, and all the other trash pickup. They just eliminated a portion of that scope that was included in that line item, which reduced it by \$24,000 but they are keeping the dumpster. The District is taking on that scope through the assistant dockmaster.

Ms. Kassel asked is the assistant going to be able to use their dumpster for trash disposal?

Mr. Lucadano stated yes, they can.

Mr. Berube stated we gain the savings of not paying for a separate dumpster.

Mr. Evans stated that is correct. He is waiving the 3% increase but he wants an extension to a two-year contract.

Ms. Kassel asked is that at the same rate with no increase and with the removal of \$24,000 for litter and trash?

Mr. Evans stated that is correct. The third component is, instead of a 30-day notice to terminate, he is asking for a 60-day termination notice so that he can make the appropriate business decisions for a restructuring, should that event occur.

Mr. Moyer stated in some respects, 60 days is a benefit to the District.

Mr. Evans stated that is correct; it gives us more time if that occurs to take action to replace them if we need to. It works both ways.

Ms. Snyder stated item 1 says he is waiving the annual 3% increase for 2011, not for 2012, but he is asking for a contract extension through 2012.

Mr. Lucadano stated I apologize that is not clear but what I meant to state is that we will keep the prices static through the two-year extension. I will waive it for both years. I presume the District will prepare a special addendum to incorporate all these changes.

Mr. Moyer stated yes, we will provide that to you.

Mr. Berube stated when you do all the math, they are not eliminating the total cost of litter and trash removal at \$24,518. There still is a component for additional costs that they are not completely eliminating, specifically the dumpster and some ancillary costs.

Mr. Lucadano stated that is correct.

Mr. Berube stated we are not gaining the full savings that we anticipated on our prior approval for the assistant field manager. Luke Brothers is retaining some money on that item.

Mr. Lucadano stated that is correct.

Mr. LeMenager stated our costs are not as high either because we can use their dumpster.

Ms. Kassel stated I do not know that we accounted for those costs in the estimate for the assistant dockmaster.

Mr. Berube stated yes, we did.

Mr. Moyer stated the only reason we break even in the first year is because we are buying equipment. Clearly, we are ahead after we purchase the equipment.

Mr. Berube stated that is correct. I just want everyone to be clear that there is a tradeoff where we are spending a little more money than we anticipated, but I think it is a fair trade. In our current contract, we effectively have a zero-day cancellation clause, not

30 days; it is cancelled at will. Going to a 60-day termination probably does not matter because we cannot terminate and hire another company within that time anyway. I have varying concerns about some things with Luke Brothers, but this is a much better proposal than the initial proposal.

On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor, approval was given to the revised proposal for Luke Brothers dated September 29, 2010, as discussed.

Mr. Haskett asked what will the effective date be for the change in scope? We still need to hire staff.

Mr. Evans stated I will let you all work that out.

Mr. Lucadano stated I have no problem with Mr. Haskett notifying us with a 30-day notice to help you out, and we will change billing to reflect that.

Mr. Moyer stated that will be fine.

Mr. Qualls asked may I work with Mr. Lucadano directly on the addendum?

Mr. Lucadano stated yes.

Mr. Evans stated we also received an oak tree structural pruning proposal.

Ms. Kassel stated there is no indication as to which trees other than oak trees. It does not give us a count or let us know what is excluded. Is it just the oaks along certain streets? There are also elms, sycamores and other trees along some of the streets.

Mr. LeMenager asked is this something we asked them to quote on?

Mr. Haskett stated no, they took the opportunity to bid on that service since we have arborist services budgeted every year. The scope of services is a little vague and needs to be better defined.

Mr. Lucadano stated we are trying to establish parameters of what the District wants to accomplish with your arbor care program versus what we would recommend. This is an amalgamation of sorts of those two things. Mr. Haskett explained what has been done in the past, and we discussed what I would suggest with respect to performing structural crown thinning, which is a process where we remove crossing limbs. It is also removing limbs that are competing with the central lead to where we can restore proper branching. Some of the trees were nursery grown but they may not be growing in an outward fashion. This process will also include crown cleaning, which is removing any dead wood

or limbs or anything that can detract from the health of the tree. There are potential contributing issues with the diseased trees that the State has not been able to diagnose that affected the trees earlier this year. One thing I noticed, as an arborist and working throughout the State with this disease, is when the crown is properly thinned and pruned, it reduces the risk of progression of the disease and it improves airflow, which is very important. If we sustain tropical force winds, with the canopies as dense as they are, the trees can get an umbrella effect. That will happen if a tree does not have enough air flowing through the canopy. We will thin the canopy so that air can flow through the tree and not pull it up out of the ground. We understand the description is vague, but there is no existing tree inventory. I wanted to give a basic explanation of what we are proposing to prune. We are not limiting it to any specific trees but it is mostly the hardwoods on the property, especially the oaks, that require a significant amount of pruning. I have no problem within our scope of work in performing additional pruning of the oaks, sycamores, and elms, but the sycamores and elms do not have near the need of pruning as the oaks.

Mr. Berube asked is this every tree on every street or just the main boulevards?

Mr. Lucadano stated it is the latter; every foot of green space that we currently maintain for the District was accounted for in the proposal, so just the main streets.

Mr. Evans stated there is a timing for this; obviously there is a better season for the pruning to take place. When is that window?

Mr. Lucadano stated since we have more of a tropical climate, we have more of an option and there is not a window you cannot do the pruning. Fall is a great time to do the pruning, when the sap and seeds are in the system which helps with callouses healing over the tree cuts. I would like to do the project in October.

Mr. Berube asked did we not do every tree in the project a year or two ago?

Mr. Haskett stated we phased it into two separate years. The main boulevards on Luke Brothers's proposal were the first phase that A Cut Above pruned. The second year, they did some of the neighborhood streets as well as the parks and along U.S. 192. The cost was \$17,000 the first year and \$6,000 to \$8,000 the second year.

Mr. LeMenager stated the idea was that A Cut Above will be coming back every year with a proposal.

Mr. Haskett stated that is correct.

Mr. LeMenager asked are they on the list to do anymore work for next fiscal year?

Mr. Haskett stated they would be asked to propose the next phase. How it was setup initially, certain streets are pruned this year and left alone the following year.

Mr. LeMenager stated I am happy with our current provider for that particular function.

Ms. Kassel stated I am not happy with A Cut Above. They were supposed to do crown thinning and I do not think they did. The trees look just as umbrella-like as they did before they trimmed them.

Mr. Lucadano stated at no cost to the District, we removed all the dead wood on these trees, and we applied proper pruning methods to all the trees that were affected by this disease. By our proper pruning, we were able to save a number of trees that were in a state of decline, upon my diagnosis. We fronted a lot of those services to the District at no charge, and I would ask for the opportunity to let us continue to do what we started.

Mr. LeMenager stated right now in the current contract, Luke Brothers is supposed to be taking care of trees up to 10 feet. Two months ago, we asked why the job was not being done and why Schoolhouse Road was still not done. The answer was they would be getting to it. Two months later, it is still not done. I appreciate that you have good professional staff with knowledge of how to treat trees, but I question whether or not that gets to the workers whom you have assigned to do the work.

Mr. Lucadano stated in the scope of contractual work, we are working up to an established height limit. The concern I have about a lot of these trees is they were elevated improperly, where the lower limbs were cut in half. As a result of that, they emit a sucker growth and improper branching habits on these trees. That is why we had the issue this summer of constantly having to elevate trees. I have grounds maintenance employees doing arbor care work. To perform the proper arbor care work, I need authorization to get up into those canopies to do proper lateral pruning back to the central lead. That kind of pruning is not included in our existing scope of work. I instructed Mr. Shafer to go light on those trees because I do not want to perform improper pruning that had been done in the past by previous maintenance companies. I do not want to insult anyone because I do not know what they did, but I know what I see as an arborist. If you approve the proposal, not only will I correct what I see but I will also change the branching of the trees to grow in an upward fashion and we will perform proper

maintenance going forward, versus improper maintenance. I have not been comfortable with the elevation of what this scope of services is asking us to do. It is improper pruning for the oaks and it makes the trees susceptible to a variety of problems. If you will let me prune these trees properly, you will see the difference.

Mr. Berube stated your crews have been pruning the trees here for 16 months. Has anyone heard these concerns about tree pruning before?

Mr. Haskett stated not necessarily. I understand his concerns.

Mr. Berube stated I hear what he is saying, but all of a sudden, we get a surprise where they cannot trim the trees where some of them have canopies that are literally touching the ground.

Mr. Evans stated I hear it differently. I hear what he is saying, that he can perform that scope exactly the way he is asked to do it, but there may be repercussions because we have two different service providers working on the same trees. One impacts the other and there is an overlap. It is better to have one person who deals with the pruning of the entire tree because one affects the other.

Mr. Lucadano stated that is correct. If pruned properly, the elevations will not be the issue that they have been in the past. I can solve the elevation problems by hacking the canopies back, but that is not proper pruning. That is why we have gone very light on the elevations. We have done it where we have had to. It is not that we were not able to, but proper branching and structural crown thinning will promote upward growth of the tree versus a lateral or downward path that a lot of these oaks have right now. I believe we showed the difference at my cost when we brought in our arbor crew who trimmed all the diseased trees at no charge. They are a different crew and a trained crew who knows how to properly prune trees.

Mr. Berube stated we are currently paying \$6,000 per year for pruning, and now we are being asked to provide a special pruning project.

Ms. Kassel stated their contract provides for them pruning below 10 feet. What this proposal discusses, much of it is over 10 feet.

Mr. Lucadano stated the proposal is for everything above 10 feet, but it will address the structural elevations included in the contract to get them in a proper growth pattern. Most of the work will be above 10 feet with the proposal you are discussing. To clarify, the limbs that are pruned for elevation is what we are being asked to prune now, but those

limbs are over 10 feet above the ground. All we are doing is chopping the base of those limbs to elevate them, and that is not proper pruning. I think we have an opportunity to promote the growth habit and the health of these trees. I believe the conditions that affected the trees earlier this year had something to do with the necessity of the pruning rotation that I am proposing.

Ms. Kassel asked how many trees does this scope cover?

Mr. Berube stated 1,061.

Mr. Haskett stated included in the budget this next fiscal year is \$15,000 for arborist tree services, regardless of who it is. Mr. Lucadano brings up a lot of good points about the canopies and different methods of pruning that A Cut Above has not been doing. Ms. Kassel noticed a few items that could be corrected. I suggest we give Mr. Lucadano the opportunity to do the same or better service that we have been getting, since it is in the budget.

Mr. LeMenager stated my concern is that we received a surprise proposal to change suppliers and we do not give our current supplier an opportunity to respond. I do not object to one company doing the work, but I object to changing suppliers without giving our current supplier a chance to make their comments. I have said often enough that we should not have surprises at these meetings. This is a bit of a surprise. If this is the right thing to do, that is fine. The trees make the first impressions of the community. If this is what we want to do, let us give the current supplier a chance to respond. I thought we had a multi-year plan with them, but now I am hearing they did not do a very good job. This is the first time I am hearing that.

Ms. Snyder stated we did not know until now that this will be a better job for what the tree needs.

Mr. LeMenager stated of course a contractor is going to say that; it is marketing.

Ms. Kassel stated the only reason I would be interested in getting a quote from A Cut Above is for a comparative price purpose rather than for quality of service. We had them here more than once. They are very nice when they attend the meetings and they were very neat about their work, but I do not think they were very effective at the things they promised to do. If we receive a proposal from them, I would not want to hire them because they have not been very effective.

Ms. Snyder stated two years ago, A Cut Above charged us \$2,000 more than this proposal.

Ms. Kassel stated I am not sure if it was for the same scope of work.

Mr. Berube stated I think it was for a larger scope. To clarify the scope of work, you are going to take everything up to 10 feet and shape the entire canopy. There are a number of oaks in the community.

Mr. Lucadano stated you do not shape an oak tree. That is improper pruning. I do not know if that has happened in the past.

Mr. Berube stated this proposal will go up to 10 feet and you will do what is needed within the canopy to be a healthy growing tree.

Mr. Lucadano stated yes.

Mr. Berube stated there are a number of oaks that have spikes at the top that appear to be dead wood.

Mr. Lucadano stated that will be performed by crown cleaning, as well as any fractured limbs and other areas of dead wood. That will all come out.

Mr. Berube asked once this occurs if we accept this proposal, then the pruning portion of your contract will continue to maintain this?

Mr. Lucadano stated yes.

Mr. Berube asked in a year, you will not bring a proposal to do this again for \$15,000?

Mr. Lucadano stated no.

Mr. Berube asked is this a one-time work effort?

Mr. Lucadano stated it is not a one-time work effort, but it will not need to be done in a year. A properly crowned, thinned and pruned hardwood tree can last two or three years.

Mr. Berube stated I want to clarify that the \$6,000 pruning portion of your contract will provide maintenance for what this proposal is going to do and the 10-foot height of canopies that we are looking for should be maintained on an ongoing basis going forward.

Mr. Lucadano stated that is correct because then it becomes true maintenance where it has not been that in the past. We have been rectifying the growth pattern of the tree. Now we can just take care of sucker growth off the base or the central limb. I respect your

comments and I want to defend one thing that we spent a lot of my time on related to the diseased trees. I completely respect the District's right to get multiple proposals; that is good business. I respect loyalty, too, but the reality is, you have a major problem that was taking over very expensive trees, one at a time. Your other contractor was not around when work had to be done to these trees. That was performed at our cost and on our time based on our agricultural analysis, and I hope you would recognize that.

Mr. Berube stated I still think Luke Brothers had some culpability on the live oaks, which are turning brown again. After hearing what you said this morning, I think your proposal makes sense. I agree with Mr. LeMenager that this is a lot of money to spend at one time without getting a competitive bid. However, I think it makes sense that we have one supplier maintaining our biggest asset and one person to go to when something goes wrong.

Mr. LeMenager stated I agree with that aspect.

Mr. Berube stated we have taken some things away from Luke Brothers and I am leaning toward accepting their proposal based on having one contractor maintain the trees.

Mr. LeMenager asked did I understand correctly that we are not talking about your current maintenance crews doing this work? We are talking about specialized people doing this work?

Mr. Lucadano stated yes. The crews we have on site are not trained or equipped to do this type of work.

Mr. LeMenager stated that is a concern that I have.

Mr. Berube stated based on what you just said, starting November, mulching on this property should begin again. Last year's experience led to a disaster. Will your current crews do mulching or will that be a separate crew?

Mr. Lucadano stated there is seasonality of work in the landscaping industry, and that is how it should be. The crews who are here should be part of the mulching process. How the project will be managed, how the material will be ordered, how the project will be accounted for, all those things needed to change. We kept our contract when it came to mulch installation; there is no time limit to completing the work. We did not necessarily do anything wrong, but I agree with you that it was poorly done and it took too much time to review the work to check the areas that were not done. I completely agree with

you, and Mr. Shafer and I have a plan for the work effort. We will use onsite staff to perform that work, but it will be done in an organized and professional manner.

Mr. LeMenager asked are we going to take into account the University of Florida's advice that we over mulched the tree rings. That was part of their report. I appreciate that we are looking to install more mulch, but experts told us we over mulched and that contributed to the problems with the trees. Let us not put down a lot of mulch to make it look good. While it may look pretty, it is not necessarily healthy for the trees.

Mr. Gologowski stated that is correct.

Ms. Snyder asked what about the trees on the other streets?

Mr. Haskett stated they can come up with a proposal for the following year. It is not in the budget to do all the trees in one year. This year he can do the main roadways and next year do the side streets and some of the smaller park areas.

Mr. Berube stated we have \$30,000 in the budget that was estimated for the irrigation project, which we have not designated elsewhere. If the trees need help, we could have the money if we do not spend it somewhere else.

On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor, approval was given to the proposal from Luke Brothers for structural tree pruning along the main boulevards in the amount of \$15,000.

B. Aquatic Plant Maintenance – Bio-Tech Consulting

Mr. Medlin reviewed the monthly aquatic maintenance report as contained in the agenda package and is available for public review in the District Office during normal business hours.

Mr. Medlin stated we will be performing two treatments to the ponds this month, the first was on the 9th and the second will be today. I do not see anything significant out of the ordinary. I had a look around this morning and things are looking pretty good.

Mr. Evans asked what is triggering the algae blooms? Is it the heat?

Mr. Medlin stated there are so many different things that can contribute, including water chemistry, heat, sunlight, and decaying vegetation. It is a combination of a lot of things.

Mr. Evans asked is one a lack of rain where you do not get as much water flushed through the stormwater ponds where you have diminished circulation and it gets more stagnant?

Mr. Medlin stated some ponds need the rain. Sometimes the algae problems fix themselves and some ponds seem to get more algae when the water level drops. Each pond is so different where the water level may drop and one will not get algae but another one will. I have not been able to determine a formula for each pond yet.

Mr. Berube stated part of what we included in the aquatic weed control RFP was that we need to remain green and Florida Friendly. Is it safe to presume that the major treatment you do to the ponds is chemical based?

Mr. Medlin stated yes.

Mr. Berube stated I presume these chemicals are environmentally friendly.

Mr. Medlin stated they have all been tested, approved and registered for use in water. That is why we really have only 10 to 12 different chemicals. It is very expensive to go through that process since they have to test them on animals, fish and humans, to make sure that the label rates that we use to treat the plants does not harm any fish, birds, animals or humans.

Mr. Berube asked what would these ponds look like if no treatments occurred? Can you speculate on what we would see?

Mr. Medlin stated spikerush would probably dominate most of the ponds, at least a 10-foot to 20-foot outer ring with algae covering that. There would also probably be a lot of cattails growing in the planted areas; they like to spread quickly. If you drive along U.S. 192 and see stormwater ponds that look like they have not been maintained and are filled with cattails and plants under the water and algae on top, that is probably a good idea of what these ponds will look like.

Mr. Berube asked beyond the aesthetic negative of that condition, is there a negative?

Mr. Medlin stated they are designed as stormwater retention ponds. In order to function, they are supposed to hold a certain volume of water and move throughout the stormwater system. With all the extra vegetation, you start to lose that function. Orange County is cracking down on these smaller ponds in industrial areas that have just been let go, and they now have to clean them up.

C. Dockmaster/Field Manager

Mr. Belieff reviewed the monthly boat report as contained in the agenda package and is available for public review in the District Office during normal business hours.

Mr. Belieff stated residents are very happy with the two new kayaks. We installed two new motors, one for the large pontoon and one for the bass boat. Last month's fishing event had a large turnout, about 27 people.

Mr. Berube stated regarding the two motor replacements, both of them had parts needed that would nearly exceed the cost of replacing the motors. We analyzed that and talked with Mr. Moyer, who agreed with me that it would be more advantageous to replace the motors. Both of those motors are significantly updated from prior versions, which results in longer battery life. We also noticed a pattern of the same failures within the motors, so we are implementing different maintenance programs that Mr. Belieff and I put together that will avoid a couple of the failures that we had which proved to be fairly expensive. It is minimal maintenance, greasing a couple bearings to keep corrosion from occurring and keeping fishing line from getting behind the props.

Mr. LeMenager asked what happened to the sailboat?

Mr. Belieff stated since it has been having so much use lately, there was some minor damage to be repaired, but it will be running soon. We are trying to avoid spending money, but it will be available soon.

SIXTH ORDER OF BUSINESS

District Manager's Report

A. Financial Statements

Mr. Moyer reviewed the financial statements, included in the agenda package and available for public review in the District Office during normal business hours.

Mr. LeMenager asked on assessment collection page, what are the penalties?

Mr. Moyer stated if you do not pay your real estate taxes within the prescribed period, which is by March 31, if you pay after that point, the balance accrues penalties. You can take discounts if you pay prior to March, but if you pay after that date or if it goes to tax certificate sales, there are penalties that are assessed.

B. Invoice Approval #125 and Check Run Summary

Mr. Moyer reviewed the invoices and check summary, which are included in the agenda package and available for public review in the District Office during normal business hours, and requested approval.

Mr. Moyer stated this request includes an additional invoice from Hydrocom Technologies in the amount of \$501.25. There was also a request from Woolpert for the issuance of a check relative to Toho Water Authority in the amount of \$1,510.20 dealing

with inspection of the waterline extension. The Woolpert invoice will be paid from the capital fund.

On MOTION by Ms. Snyder, seconded by Mr. LeMenager, with all in favor, approval was given to the invoices as presented, including the two additions from Hydrocom Technologies and Woolpert, as discussed.

C. Public Comments/Complaints

Mr. Moyer reviewed the complaint log as contained in the agenda package and is available for public review in the District Office during normal business hours.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Qualls stated in reviewing the minutes, there were some things I was asked to research. The first was, a question came up about the responsibility for maintaining the area between the platted lot boundary and the street. Mr. Evans was correct that the responsibility falls to the home owners. Page 22 of the Harmony Residential Properties Declarations of Covenants and Restrictions, it says that each owner shall also maintain, mow, irrigate, replace sod and prune all landscaping lying within the right-of-way adjacent to public streets and alleys between the unit tract and lot boundary and the curb or the edge of the public street. The second thing was a question from Mr. LeMenager about the right to fine a resident or go after the home owner to have them replace the tree because they killed it. Our strong advice is, we advise against doing that. A CDD is a special-purpose local government, the special purpose being the maintenance of infrastructure. It is not a general-purpose local government with full police or enforcement powers. You can adopt rules to try to make that happen, but we advise to seek an Attorney General opinion before doing so, to get some idea if such a measure will be upheld.

Mr. LeMenager stated I understand and it is useful information.

Mr. Qualls stated there was a voluminous public records request made to the District. I want to commend the District manager and the Supervisors who may have been involved in that for going by the book. We spent quite a bit of time researching the exact specifics. This was a very voluminous public records request, and Florida has one of the broadest public records law in the entire nation. Public records are just that, they are available to the public. When a request is so extensive that it will require the extensive

use of clerical work or supervisory assistance, there are measures that are put in place to make sure that the request is paid for by the requestor. I sent a couple memorandums to the Board by email related to that issue. I want to commend everyone for following the letter and the spirit of the law when in receipt of those public records requests.

Mr. LeMenager stated I want to make sure that we document the cost of that and make it public knowledge as to how much this request costs the residents.

Mr. Qualls stated that is an excellent idea. A letter was sent from the general custodian of the records, who is your District manager, to the requestor. The rule is that when extensive clerical or supervisory labor is involved, those are costs to the District and the District will have to pay for the actual cost of coming up with those records. While the public records law is very broad, there is also a requirement that records have to be reviewed to make sure there is no exempt material within those records that cannot be provided. There are not a lot of exemptions, but they are important because the District could be subject to a lawsuit if you were to turn over something that was exempt. The cost includes the time it takes to review those records, and the time it takes to compile the records. A letter was sent to the requestor. The District responded promptly and in good faith and said that if the District is going to compile all of those records, then the actual cost to be charged to the requestor will be a good faith estimate, and it was set forth in the letter. Because the law is clear that payment has to be paid before the records are received, the requestor now knows what it will cost to compile those records. If the requestor wants those records, he will pay the District for that work of compiling them and reviewing all of those records.

Mr. LeMenager stated I want to be sure that we document the cost of someone asking for everything ever done in the entire history of the CDD since the last general election and that they understand that the public are the ones who pay for that.

Mr. Berube stated there is a legal bill for that, also, or several of them.

Mr. LeMenager stated that is correct. I want to make sure that all the bills are clearly spelled out and that we clearly put that on the record.

Mr. Berube stated I do not think Mr. Moyer's company gives us an extra bill for their work on this request, but I am not sure that is necessarily right, either. I am sure in Mr. Moyer's office has spent time on this also.

Mr. Moyer stated we spent a lot of time researching the number of items that will have to be provided. The cost Mr. Qualls refers to deals with, on a going-forward basis, to go through 44,000 emails to determine if something needs to be redacted because it is exempt and would expose the District to possible legal action if it is not redacted. That is really what the number provided to the requestor was. All the work done prior to that is basically part of our contract and was absorbed by us. Mr. Qualls's work was not part of the number and there will be legal expenses that this Board will pay for this request.

Ms. Snyder stated already I think everyone should know what that cost is and that it is due to this request.

Mr. Qualls stated that is all part of being a local government. None of those costs are to dissuade anyone from making a public records request. Those records are available to the public. The point is, there is a cost associated with those, and the law is clear that a local government may be reimbursed for the actual costs it takes when the extensive use of labor or supervisory assistance is required. We have researched this in great detail and that is the law. At some point, when the District is in the frame of mind to adopt rules for any number of things, I think it would be good to have a rule setting out the procedure that the District will follow when there is such a public records request. For instance, it will define what "extensive" is in that rule. It will set forth the actual cost. Even though it is general law, it would be good to amend your current policies to include these types of things. Rules will have to be amended at some point, and at that time, this would be a good thing to do, in addition to whatever other rule may be amended or updated.

Mr. Evans stated it is my understanding that the estimate that was provided to the requestor did not cover all the items that we probably incur. The actual costs would be much greater than that initial cost. To put it in perspective, it will probably be closer to \$8,000 to \$10,000 by the time you add all the different actual costs. For a records request of the magnitude that was requested, that person would have to submit a check for that amount, somewhere between \$8,000 and \$10,000, to cover all the costs associated before you begin to assimilate and prepare all these documents. Mr. Moyer's time is not included in that quote, which will be a substantial amount of time.

Mr. Moyer stated that is correct.

Mr. Evans stated Mr. Qualls's time was also not included in that quote, which I think will be reimbursable.

Mr. Qualls stated my time so far has been general research from a public records aspect. If I am asked to review documents, that is paid by the requestor. There is precedent in one case for charging \$35 to \$40 per hour for legal counsel to review documents to see if there is any legal reason that would necessitate the redaction of certain exempt information. That is all reimbursable. Section 119.074, Florida Statutes, says that the custodian of the records shall furnish a copy of the records upon payment of the fee prescribed by law. The law sets forth the cost of copies. The law sets forth that you can charge for the actual cost of extensive clerical and supervisory oversight. What the law does not set forth is what that cost might be and how the District will go about coming up with that cost. The District manager did a great job in providing that information. There is case law that says it is based on actual costs that it costs those staff members, salary and benefits, for staff to provide these records. I want to commend you again for the way that you handled that request.

Mr. Qualls stated one last thing, in the notes of the financial statement for the general fund revenues and expenditures, we have discussed this before. There is an item under expenditures for administrative miscellaneous assessment collection costs which is the invoice from Osceola County Board of County Commissioners for reimbursement. We have discussed the fact that the District has no privity of contract between the District and the Board of County Commissioners. Our fear is, if there was an audit, you could get the question why you are paying the Board of County Commissioners for what they are doing when there is no contract or authority to do so. We have met with the property appraiser several times, and I have set a meeting with the tax collector, the Honorable Patsy Heffner this morning. Ms. Heffner has spoken with the property appraiser and asked her to draft a letter to all the Districts saying that it is fine with the property appraiser that the Board of County Commissioners is charging for what the property appraiser is supposed to do. I do not know if the property appraiser will send that letter, but it has been contemplated and if that letter is sent, it will take care of this issue.

B. Engineer

Mr. Althafer stated we were asked to follow up with the Toho Water Authority on an easement they need over the watermain that was constructed earlier this year. We have followed up with them and we are in the process of providing them with everything they need to close out the project.

Mr. Evans asked is the check for the inspection the only thing outstanding?

Mr. Althafer stated yes.

C. Developer

Mr. Golgowski stated I distributed a spreadsheet prepared by the South Florida Water Management District. We submitted a grant application to the Water Management District for funding improvements to the irrigation system, specifically to add flow sensors and flow valves that will give us real-time information on the amount of water flowing through the irrigation lines. If there is excess water that is unexpected, such as a leak, it will identify that right away and shut that line down electronically so that the leak will stop and allow us to address it. Unfortunately, there was only \$300,000 available from the Water Management District and we did not receive the grant. We budgeted \$60,000 for this project and we expected a reimbursement of \$30,000, which remains in your budget. That money can still be used for the irrigation project, but you will be funding it 100%.

Mr. LeMenager stated Broward County won four of their projects, so their water system must be in awful shape.

Mr. Moyer stated Broward County has 29 municipalities; this is four of the 29.

Mr. Berube stated even if we saved 10% per month of our total dollars with this upgraded system, that is a lot of money. We spend \$8,000 or \$9,000 a month on water, with about \$1,000 of that being potable. If we save 10% of that, it will be \$800 or \$900 per month, so recouping a \$30,000 investment would take a long time 10% a month. Maybe it was not a bad thing that we did not receive the grant. The payback on this may have taken a long time.

Mr. Haskett stated the swing set was installed at Lakeshore Park, and it is getting a lot of use. We updated the diaphragm valves that make the water feature function, and it seems to be that we need to do this every three years. It cost about \$1,300, and considering the use of that water feature, it is a pretty low maintenance cost. I am also looking at total pool improvements for the Swim Club. The fiscal year 2011 anticipates replacing pool tiles, and I am getting some bids for paver improvements where they are sinking around the outer edge of the pool deck, as well as getting rid of the rocks. I will have that proposal next month.

Mr. Berube asked what is the status of the 100 trees that we purchased?

Mr. Golgowski stated we have not taken delivery of them yet. We are lining up crews to install them before we take delivery of them. We have them on hold but we have not purchased them yet.

Mr. Berube asked will we install all 100 of them immediately, or will we stockpile some of these? Has that plan been developed?

Mr. Golgowski stated we have identified locations for about half of them and we will hold onto the balance.

Mr. LeMenager stated I have a question regarding the large school bus that is permanently parked right in front of the entrance to Lakeshore Park. Is that parked on CDD land or on private land?

Mr. Tome stated that is part of the five-acre tract that we own. The border runs where the old basketball court is.

Mr. LeMenager asked why is it parked there? It has already been vandalized once.

Mr. Tome stated on weekends, they are now going to move it behind the community school. The School District requires if there is inclement weather, such as a tornado warning or something, the students have to be able to get on a bus to evacuate and get to a school that is built to withstand high winds. It is a State Statutory mandate that they do that.

Mr. LeMenager asked can they park it closer to the school?

Mr. Tome stated I can address that with them.

Mr. LeMenager stated we are trying to promote the lake, but the only thing you see is a huge bus blocking the view to the lake.

Mr. Tome stated I think they are parking it where it used to be when the annex school was there, so it is probably the same bus driver. Because it is being vandalized, on the weekends it will be moved behind the community school.

SIXTH ORDER OF BUSINESS

Supervisor Requests

Ms. Snyder stated I noticed on the comment log that there was a tree on Buttonbush and Catbrier, but it does not say that it is complete. It only says pending.

Mr. Haskett stated I believe that is complete. We removed it and we are waiting for the replacement tree to arrive.

Mr. LeMenager stated I will not be here next month since I have a family reunion. This is my last meeting with Ms. Snyder, and I want to say how much I have enjoyed

serving on this body with Ms. Snyder. I always find her comments to be interesting and she gets to some of the details that some of us miss. Thank you very much for your service to the Board.

Ms. Kassel stated I have a request for the comment log. I think things are sometimes marked as addressed or complete. The CDD may have made a phone call to address it, but that does not mean it is actually completed.

Mr. Berube asked do you have something specific in mind?

Ms. Kassel stated my husband mentioned that one of the irrigation leaks was marked complete last month but it was still undone. One of the specific ones was about the gate in the large dog park. There was an issue once the new fence line was put in for the new trail that the drop fork was catching in the chain link. It was marked complete but the work was not actually done until much later. Thank you to Mr. Haskett for getting the hinge changed on the exterior gate on the large dog park on the east side. However, on the interior gate, all of the hinges need to be put on the left and the drop fork on the right to keep the drop fork from getting caught in the chain link.

Mr. Haskett stated I was not aware that the second gate did not get switched out.

Ms. Kassel stated that is an example of something that was marked complete but it actually has not gotten done. I understand Mr. Haskett is not employed directly by the CDD, but I do not know if there is a way of not marking it complete until Mr. Belieff or his assistant checks to make sure it is actually completed, unless the management company knows that it has been completed in physical reality.

Mr. Berube stated you are wanting a differentiation between someone knowing about the problem and it actually being fixed.

Ms. Kassel stated yes. Once someone has been notified, the CDD thinks it has been completed, whether it has been or not.

Mr. Berube stated we just want better follow up on the communication log.

Mr. LeMenager stated I think it might be a good idea to put up signs that there is a path there because I go for a walk in the morning and I do not think the students and staff at the school know it is complete and that there is a path for them. I do not think they are using it.

Mr. Tome stated there is some work yet to be done specifically on the Schoolhouse Road side to show that it is an entry. That is forthcoming.

Mr. Berube stated the new live oaks appear to be in some stage of growth other than green.

Mr. Haskett stated they have shocked a little, and that can be attributed to the dry weather, and we have had some high winds lately. I checked them this week and they seem to be thriving. They seem to have lost their dead leaves which is a good sign. We will continue to monitor them and any that decline or that are not in a good condition, we will ask them to be replaced.

SEVENTH ORDER OF BUSINESS

Audience Comments

Mr. Mike Flaherty stated it was mentioned earlier about a penalty on the assessments.

Mr. Evans stated on your property tax bill, if you pay early, then you get a discount.

Mr. Flaherty asked when is there a penalty incurred?

Mr. LeMenager stated when home owners do not pay their assessments to the District.

Mr. Moyer stated that penalty is not paid by the District.

Mr. Flaherty asked how many times are you going to paint this building?

Mr. LeMenager stated this building is not CDD property.

Mr. Flaherty stated I heard that Luke Brothers will not be doing trash removal. What will be the price of that to the District?

Mr. Berube stated it is more than trash collection. We included hiring a new employee who will be a handyman to help cleanup the streets and the edges of lakes. The first year it is a net zero gain because we have to purchase equipment, but the second year, we will save about \$10,000 based on the change to the Luke Brothers contract and Jan Pro for cleaning the bathrooms and a few other changes. Plus we will have another person to backup Mr. Belieff and do miscellaneous work.

Mr. Flaherty stated Luke Brothers said it has been dry the last few months, but the grass is overgrown in the dog parks, and when you walk on the sidewalks, branches are hitting you in the head. When will this be taken care of?

Mr. Evans stated we discussed tree trimming during the tree issue. They were previously responsible only for up to 10 feet, and a lot of these limbs are higher than that.

Mr. Flaherty asked does it mean they are supposed to keep them trimmed 10 feet above the sidewalk?

Mr. LeMenager stated you can do what I do and keep some shears with you. I go around and if it hits me in the head, I trim them myself.

Mr. Flaherty stated that is a fine idea but I pay taxes and assessments, so it should not be my responsibility to take that action.

Mr. LeMenager stated it is not my responsibility, either, but I do it.

Mr. Berube stated to be clear, Luke Brothers is only responsible for the main boulevards this year.

Mr. Flaherty stated that is the area that I am talking about.

Mr. Berube stated you are correct that there are many low-hanging limbs, which is why we have this proposal. Based on what Mr. Lucadano told us today, that work should be complete by the end of October.

Mr. Flaherty asked what about the height of the grass in the dog parks?

Mr. Berube stated in the last couple weeks, I think they missed some areas. I do not know if there is a personnel problem. Mr. Haskett has probably noticed.

Mr. Haskett stated last week they skipped some of the maintenance areas to focus on U.S. 192 for weed pulling because the growth was not that great, but they are back on scheduled and they started mowing again this week.

Mr. Flaherty asked are there provisions in their contract when they miss these areas that there is some sort of financial responsibility? If they keep missing those areas, they will continue to do it unless there is some responsibility on their part.

Mr. Haskett stated that is taken care of. Have you filed your concerns with the District so that they are aware of it?

Mr. Flaherty stated I am doing that now.

Mr. LeMenager stated this is not the appropriate venue.

Mr. Haskett stated if you go to the website and communicate that directly to the District, it can be taken care of a lot faster, rather than waiting to bring it up at a CDD meeting.

EIGHTH ORDER OF BUSINESS Adjournment

The meeting adjourned at 10:30 a.m.

Gary L. Moyer, Secretary

Robert D. Evans, Chairman

MINUTES OF MEETING HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, October 28, 2010, at 6:00 p.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Robert D. Evans	Chairman
Nancy Snyder	Vice Chairman
Steve Berube	Supervisor
Kerul Kassel	Supervisor

Also present were:

Brenda Burgess	Assistant Manager: Moyer Management Group
Tim Qualls	Attorney: Young vanAssenderp, P.A.
Steve Boyd	Engineer: Woolpert
Thomas Belieff	Dockmaster
Greg Golgowski	Harmony Development Company
Jason Shafer	Luke Brothers
Shad Tome	Harmony Development Company
Residents and members of the public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Evans called the meeting to order at 6:05 a.m.

Mr. Evans called the roll and stated a quorum was present for the meeting.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the September 30, 2010, Regular Meeting

Mr. Evans reviewed the minutes of the September 30, 2010, regular meeting, and asked for any additions, correction, or deletions.

Ms. Kassel stated page 6 in the middle of the page where Mr. Berube is speaking, the second sentence should read, "There is still a component." The next paragraph where Mr. Berube is speaking, the first sentence should read, "gaining the full savings that was anticipated." Page 8 at the end of the first paragraph, the sentence should read "sycamores and elms do not need as much pruning." Page 9 in the fourth paragraph where I am speaking, the second sentence is correct, but for readability, it should read "umbrella-like." Page 10 where Mr. Lucadano is speaking, the second sentence should read, "the elevations will not be at the level they have been in the past."

Mr. Qualls stated page 19 in the last paragraph, the second sentence is incorrect. What I was explaining at the meeting is that there is precedent for charging for legal counsel to review documents. There are only two cases dealing with this subject. In one of them, an agency was reviewing documents to make sure that none of them were exempt, and that agency attorney rate was \$35 to \$40. There is another case from Leon County that says charging for an appropriate cost for legal review, when there is an expansive public records request like we have, is a reasonable thing to do. However, my rate will not be \$35 to \$40. It will be reasonable, but it will be at the contracted rate that is pursuant to our contract. I just want to make that clear.

Ms. Burgess stated the minutes that were included in your agenda package are not the minutes that I submitted to be included. I did include the correct language but for some reason, someone changed and edited the minutes that I had submitted. I do not know what other changes were made but in my brief look at these, I am seeing other changes that they included that I did not put in there. They are minor and non-substantive, but perhaps you want to table approval of these minutes until your next meeting.

Mr. Qualls stated I recommend that you table the approval of these minutes until you have the latest version.

Ms. Burgess stated I transcribe the meeting minutes, Mr. Moyer reviews them, and those were the minutes I thought were going to be included in this agenda package, but these minutes are not what I submitted.

Mr. Qualls stated I have one other change on page 20 in the paragraph where I am speaking, the second sentence should read, "We discussed the fact that the District had no privity of contract." When two parties have a contract, that is privity between those two parties.

Ms. Burgess stated I also had that correct in my version of the minutes. We will table this item until your next meeting. My apologies to the Board for the mix up.

Ms. Snyder stated I have an informational comment regarding page 3 where we were talking about the water issue with Toho Water Authority. What Mr. Berube said is true that our water is never turned off. However, when I said that I could not get the sprinklers to come for two or three days was also true. I called a few people at Toho Water Authority, and they said they found a major problem with our water system, and since no

one was receiving water, they repaired it. That is just a comment but nothing to change in the minutes.

Ms. Burgess stated your comments will be made part of today's minutes and will be part of the record.

Mr. Berube stated there was a timing issue between what you said and what I said. It looked like I was contradicting you.

Ms. Snyder stated I called them after our meeting, on Friday or Saturday. They had fixed the problem. There was a problem and we did not receive water at that time. The important thing is they will not turn the water off from this point forward.

THIRD ORDER OF BUSINESS

Subcontractor Reports

A. Landscaping – Luke Brothers

i. Monthly Highlight Report

Mr. Shafer reviewed the monthly landscaping report as contained in the agenda package and is available for public review in the District Office during normal business hours.

Mr. Shafer stated this month was difficult. There was no rainfall the entire month, which forced us to focus on watering and keeping it flowing, repairing leaks, and adjusting the heads to keep plant material alive. We were in survival mode to keep turf and plant material alive during this dry period and with the heat. I think we made good decisions on what and when to water.

B. Aquatic Plant Maintenance – Bio-Tech Consulting

Mr. Golgowski reviewed the monthly aquatic maintenance report as contained in the agenda package and is available for public review in the District Office during normal business hours.

Mr. Berube asked is there any significance to the map that was attached?

Mr. Golgowski stated it is for your reference to identify the ponds and their locations.

Ms. Burgess asked would the Board mind if I put this on the website?

Mr. Evans stated no.

Ms. Kassel stated I think it would be good information to have.

Mr. Golgowski stated I will provide a cleaner copy for that purpose.

Ms. Kassel asked with all this dry weather, how are the plants doing that were recently planted?

Mr. Golgowski stated they are doing great. They have spread and filled in very well on all the ponds. We have not lost any that I can tell, and we could very well use more.

Mr. Berube stated when we talked about 3,000 plants at the beginning of this process, we thought that was a lot of plants. As it turns out, we can use a lot more of them.

Ms. Kassel stated at least it was a start and it was only for certain ponds.

C. Dockmaster/Field Manager – Buck Lake Boat Use Report

Mr. Belieff reviewed the monthly boat report as contained in the agenda package and is available for public review in the District Office during normal business hours.

Mr. Belieff stated I had a problem a couple weeks ago and had to call a sheriff to the property. I was wondering what the outcome of that was as far as being able to trespass someone. The sheriff told me that a resident cannot be removed from the property if there are problems.

Mr. Berube stated Mr. Belieff called me at the time this happened. The gentleman who was involved in the situation is also listed on the complaint log in an earlier altercation. This is his second situation regarding the boats, trying to bring alcohol to the boats and being turned away for that reason the first time. On this second time, Mr. Belieff instructed him that he cannot bring the alcohol they were carrying. Mr. Belieff found alcohol in their tackle box and a shouting match ensued. Mr. Belieff felt threatened and ended up calling the sheriff. The problem with this is that when Mr. Belieff calls the sheriff, they will not help him.

Mr. Evans stated I think we need to put it into context as to what Mr. Belieff, as an employee of the District, can and cannot do. He represents the District and the District's best interests. I think there is a dividing line for what Mr. Belieff can and cannot do. From my understanding of that issue, if there is any kind of a confrontation, Mr. Belieff did the right thing by calling the sheriff and let the sheriff address the confrontation, regardless of the reason for it, whether someone showed up with alcohol that is not allowed or whatever the case may be. It is not for Mr. Belieff to put himself in danger in any situation or with anyone. Once the sheriff arrives, whether or not he can act upon it at that time, it sends a clear signal that anytime there is a problem or a dispute, that will be our first recourse to pursue at that moment to help with the intervention.

Mr. Berube stated it appears that the sheriff's office wants a Resolution or something from the Board.

Ms. Burgess stated what we have done in a couple other Districts in Osceola County is to send them a letter authorizing them to trespass people on our property if it is after hours. We include a list of authorized personnel, which would be Mr. Moyer as the manager, the Board members, Mr. Belieff and any other District staff. You might want to consider some of the Harmony Development Company staff to that list. In that letter, we give the sheriff authorization to trespass people on CDD property if it is after hours or if there is a confrontation and whatever other parameters you want to include.

Ms. Kassel stated the problem is that where the trespass occurred was on the developer's private property in the area in front of the lake, which is not CDD property.

Mr. Evans stated there is a licensing agreement that was granted to the District for use of that property. What we are really trying to deal with is that we can set the policies but what to do when someone wants to ignore them and it turns into a shouting match. My advice is to call the sheriff and let them sort it out. That is to avoid a confrontation. I think we should send a letter and move forward with that authorization.

Ms. Burgess asked do you want us to provide it to the Board to review, or can we have Mr. Moyer, Mr. Evans and Mr. Qualls review the letter and send it out? The sooner we send it, the better.

Mr. Evans stated it sounds like it is pretty much a form letter.

Mr. Qualls stated we have also done agreements between a District and the sheriff's department for security and patrols and related services. I am not saying that is necessary, but in general, it is to foster communication between this Board and the sheriff about an issue where we need their help. I think you start the conversation with a letter and if that does not work, you pursue other options. I think it is a straightforward letter.

Mr. Evans stated it will include contact information for them if they have an issue or a concern.

Ms. Kassel stated regarding the lake in particular and any other developer-owned property that residents are allowed to access, I wonder if the developer might also want to send a letter including Mr. Belieff as an authorized person and the developer's representative to enforce a trespass. That way, he can be the representative who says it is private property and for the sheriff to be able to remove that person.

Ms. Burgess stated I will send them a copy of our letter for them to use as a format for theirs if they want to send one.

Mr. Berube stated Mr. Belieff is the person on the front lines all the time, and he is here largely by himself. This was the first time he ran into a safety situation where he needed police backup, and they came to talk to everyone but they did not do anything. We understand the reasons why, but I think it is important to resolve. We do not know when the next situation will be and I think sending the letter is going in the right direction.

Ms. Burgess stated I think Mr. Qualls is correct that we start by opening up the lines of communication and take it from there.

Mr. Belieff stated calling the sheriff is not always meant to charge someone with trespassing as much as it is to diffuse the situation and get that person to leave.

Mr. Berube stated he will get a trespass warning from the sheriff's department. If he comes back and you have to deal with him again, you call the sheriff back out and the second time he is subject to arrest because he already has the written warning. It may not be trespassing, *per se*, but that is the grounds they will use to give you some backup.

Mr. Belieff stated that situation has been resolved.

Mr. Berube stated we want to address if it is happens again to make sure you are covered.

Ms. Kassel asked is there an update for the assistant dockmaster?

Ms. Burgess stated I emailed the job description to Severn Trent. I need to have authorization to provide that to the interested applicants, and I am not sure where they are in the steps as far as posting the position. They are a large company, there are steps they need to go through, and I am not sure where that process is. I do have the job description ready, and I will contact Mr. Bob Koncar, the regional manager, to find out if I am authorized to post that on the website or simply email it to several people who have expressed interest. Once I provide that job description to the applicants, we will ask them to read it and let us know if they are still interested in the position. Then we can start the interview process. I am hoping Severn Trent will tell me that I can start sharing that information and get the interview process started. The good news is that we have had a number of residents who have expressed some interest.

Mr. Berube stated I reviewed the job description and it is very thorough. It should provide us with a good fit of what is needed in that position.

FOURTH ORDER OF BUSINESS

District Manager's Report

A. Financial Statements

Ms. Burgess reviewed the financial statements, included in the agenda package and available for public review in the District Office during normal business hours.

Ms. Burgess stated the financials show we had positive variances in all of the revenue and expense categories for the end of the fiscal year. I am not sure if all of the bills have been received for this time period. Sometimes it takes until November to receive all of the bills. It looks like there will be \$200,000 that will be added to fund balance pending the receipt of any other lingering bills.

Ms. Kassel stated on the 2001 debt service funds, it shows the special assessments collected by the tax collector are under collected by \$31,459 compared to the projected budget.

Ms. Burgess stated I will ask the accountant to research that. It could just be timing, but I am not sure. I will email that answer to the Board once I receive it.

Mr. Berube asked why are there no tax collector assessments for the 2004 debt service fund?

Ms. Burgess stated the assessments are all direct collected for that bond series because the developer is billed for the full amount. It is all undeveloped property and there are no residents who live there, so there are no assessments collected by the tax collector. We bill the developer directly.

Mr. Berube stated for 2001, with the shortage in assessments and interest on investments, it left that fund a little short.

Ms. Burgess stated there could be some tax bills that went to tax certificate sales or some other reason. I will ask the accountant to look into that. We are 99.8% collected on the assessments, but we are still short on this item, and the accountant will research that.

B. Invoice Approval #126 and Check Run Summary

Ms. Burgess reviewed the invoices and check summary, which are included in the agenda package and available for public review in the District Office during normal business hours, and requested approval.

Ms. Kassel stated there is an invoice for \$450 from Chapco for adjustments to the gate and fence at the dog park. The interior gate of the large dog park is still not reversed and taken from the side of the chain link where it gets caught. That was something I reported to Mr. Haskett at the last meeting and if that was something Chapco was

supposed to do, they have not done it. I have a contractor we have used who is very reasonably priced and very prompt, and I will forward that information to Mr. Tome if you are interested. I am not sure about this invoice and I would like more information before approving it.

Ms. Kassel stated Severn Trent had a charge of \$127.13 for an AT&T conference call.

Ms. Burgess stated we had a conference call about the very large records request last month and we also had one recently related to the issue with the docks. It might have been one of those two.

Ms. Kassel stated I can give you my conference information and go to FreeConference.com for everyone to dial. They will pay a long distance charge because it is not an 800 number; however, the call is free.

Ms. Burgess stated I thought they found a service that provided a really good rate. I use Ready Conference and it is 1¢ or 2¢ per minute. I am not sure what provider they use. If it is AT&T, then it is outrageously priced. I will find out more information on that.

Ms. Kassel asked what do we do about the invoice? Subtract that amount for the time being?

Mr. Berube stated the conference call has already taken place.

Ms. Burgess stated going forward we can ask them to make sure to use a reasonably priced conference service.

Ms. Snyder stated if it is not a correct charge, they can issue us a credit.

Ms. Kassel stated in terms of legal bills for the public records inquiry that was made by a resident a couple months ago, I want to make note that the legal charges for this request was \$2,173.50.

Mr. Berube stated there were charges that we approved last month also, bringing the total to about \$5,300.

Ms. Snyder asked does the requestor get billed for that?

Ms. Kassel stated no. If the resident wants the records, there is another fee that he has to pay, about \$2,200.

Mr. Evans stated that amount is not all inclusive, either.

Ms. Burgess stated that is correct; that is just for Severn Trent's billable time, as the management company, to prepare and provide the records.

Mr. Berube stated the actual costs will be much higher than that. As Mr. Qualls stated last month, this is all part of being a local government. I do not think it is right, but we do need to pay the legal fees to make sure we are doing the right thing.

Ms. Kassel stated I agree; I just wanted the residents to be informed.

Mr. Berube stated it is necessary so that we are not sued for doing the wrong thing, so we spent \$5,000 of the residents' money trying to fulfill an extremely large public records request.

Ms. Snyder stated there could be billing time for the emails that I sent to Mr. Moyer to find out what to do for the request.

Ms. Burgess stated none of Mr. Moyer's time has been included in the estimate that was provided to the requestor.

On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor, approval was given to the invoices as presented, except for the Chapco invoice in the amount of \$450.
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Ms. Burgess stated the Board has had some conversations about invoices that the District has received from Osceola County. The attorney has been working on that issue to refine that process and make sure that we are paying the rights bills for which we have agreements. I provided the Board with a copy of the letter from the property appraiser that simply says, "For the time being and until further notice, when you receive a statement for assessment services from the assessment division of Osceola County, it is on my behalf, and you are authorized to pay the County for the work that I have delegated to the County." We do have an agreement with the property appraiser for their services. We will keep this letter in the record.

C. Consideration of Engagement Letter from Grau & Associates to Perform Arbitrage Rebate Services for the Series 2001 and 2004 Bonds

Ms. Burgess reviewed the engagement letter from Grau & Associates to perform arbitrage rebate services for the Series 2001 and 2004 bonds in the amount of \$600 per bond series.

Ms. Burgess stated we budgeted \$1,200 for fiscal year 2011 for this service. For members of the public, we are required to have this calculation performed every year just to make sure we are not earning more on our investments than we are paying on the bonds. At one time you could do that and there were governments who did that and made

a lot of money until the Tax Reform Act of 1986. Now, we need to have this calculation performed every year. At the end of five years, if you have earned more money than you paid, you remit that to the Federal Treasury. We all understand that in today's market, we are paying a lot more than we are earning, but we are still required to do this as part of our bond documents.

Mr. Qualls stated this engagement letters talks about bond issues, the IRS and tax law, and the CDD has bond counsel who deals with those things. Questions on those subjects should be forwarded to the manager's office so they can be forwarded to bond counsel.

On MOTION by Mr. Berube, seconded by Ms. Kassel, with all in favor, approval was given to the engagement letter with Grau & Associates to perform arbitrage rebate services for the Series 2001 and 2004 bonds, in the amount of \$600 per bond series.

Ms. Burgess stated last year's budget include \$3,000 for this work. These firms used to charge \$1,500 per bond series. That is now competitive and the price is down to \$600, which is why we budgeted \$1,200 for this current fiscal year.

D. Public Comments/Complaints

Ms. Burgess reviewed the complaint log as contained in the agenda package and is available for public review in the District Office during normal business hours.

Ms. Kassel stated one thing I reported in September was a phone call I made to the District office regarding the memorial sign in the small dog park. It was mounted on a very thin, light aluminum frame that was not properly mounted in the ground. The marble sign fell out of the sign and it is slightly broken. One of our residents can repair the marble but it needs to be installed in a manner that is more durable and safe. That was not logged on this form.

Ms. Burgess stated occasionally things get missed. I will date your request as of September 30, 2010, and we will include it on the log for the next meeting.

Mr. Berube stated the column under work status indicates that it is complete. Does that mean it is marked complete when someone is told about it? Is there a follow up to make sure the request is truly complete? What is the process for marking it complete?

Ms. Burgess stated when it is confirmed to be complete, the item is marked complete. Previously, when these items were forwarded to Mr. Haskett and he responded that he

would complete them on a certain date, we would mark it complete. Sometimes, it does not happen on that date. At Ms. Kassel's recommendation last month, now they are marked complete when they are physically completed. If you see "TH" in the complete column, that means Ms. Rosemary Tschinkel has contacted Mr. Haskett and he confirmed it is complete. That is now our procedure. She will check with him on a weekly basis to make sure he has completed everything she forwarded to him.

Mr. Berube stated some of these items will never be completed but they will just be reported.

Ms. Burgess stated issues like kids jumping over the fence and vandalizing the pool may always be ongoing issues. Things that can be physically repaired will have a completion date.

E. Consideration of Resolution 2011-01 in Recognizing the Contributions of Nancy Snyder

Ms. Burgess read Resolution 2011-01 into the record, as follows. "Whereas, the Harmony Community Development District ("District") is a special-purpose District created by law and established by Osceola County, pursuant to Chapter 190, Florida Statutes; and Whereas, the District is a special-purpose local government, charged with the sole duty and responsibility of managing the works of the District, including designing, financing, constructing, and operating capital infrastructure to support Harmony, a planned community in Osceola County, Florida; and Whereas, the major function of the District was and is the pin-pointed, focused management of the works of the District, including recreational facilities, alleyways, parks, sidewalks and landscaping; and Whereas, Nancy Snyder demonstrated a dedication and devotion to preserving and protecting the interests of the District, and assuring the aforesaid infrastructure systems be managed to the highest standards in a timely and economical way; and Whereas, Ms. Snyder's energy, leadership, creativity, guidance, counsel, and efforts constitute a substantial contribution to the continued outstanding success of the Harmony community; and Whereas, Ms. Snyder further provided leadership, wisdom, and direction in serving on the Board of Supervisors since November 2006, being the first resident elected to the Board, and also serving as Vice Chairman since 2008; and Whereas, the Board finds it fitting and proper that official recognition be given to Ms. Snyder for her many achievements and her dedication to the Harmony community; now, therefore, be it resolved, that the members of the Board of Supervisors of the Harmony

Community Development District, for and on behalf of themselves and on behalf of the District, express their appreciation and gratitude to Ms. Snyder for her efforts and contributions to the ongoing success of the Harmony community.”

Ms. Snyder stated I feel that I have been very privileged to be one of the first residents on this Board. The first year, I learned so much, especially from Mr. Evans, explaining the budget process and how each meter is identified and read. With our legal counsel and our management firm, I think we live in probably the best CDD in Florida and I think we should all be proud of that.

On MOTION by Ms. Kassel, seconded by Mr. Berube, with all in favor, approval was given to Resolution 2011-01 recognizing the contributions of Ms. Nancy Snyder.

Mr. Evans stated I think it would be appropriate to post this Resolution on the website, once we obtain all the signatures.

Ms. Burgess stated Resolutions are currently posted to the website and I will post this one with all the signatures.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Qualls stated as authorized by the Board, we negotiated the renewal of the landscape maintenance services contract, with the key changes being the reduction in cost for the removal of the trash removal services from the scope of services. There is no 3% increase for the next two years, and there is now a 60-day termination notice requirement. That is complete. We also negotiated the agreement for certified arborist services, as authorized by the Board, in the amount of \$15,000, which includes maintenance of all the street trees along the main boulevards within the District. We included a map with the main boulevards shown in green, so Luke Brothers will have the responsibility of maintaining those trees on those roadways between the street edge and the lot boundary. Those two agreements have been executed.

Mr. Qualls stated I, too, want to thank Ms. Snyder for her service. Harmony CDD is a well-run District that constantly focuses on the District's single purpose, which is the maintenance of infrastructure. Ms. Snyder has been a huge part of that effort.

Mr. Qualls stated regarding the invoice for legal fees associated with the public records request, that is really preventive maintenance. I have been involved in

representing officials in lawsuits regarding public records. Florida's Sunshine Law is so broad, and there is such pride in this State from a legal perspective of public disclosure. It is important when you receive a request for everything the District has ever done, from a public perspective, that it is treated properly from a legal perspective to prevent any sort of litigation in the future, as Mr. Berube mentioned. I am not saying it will prevent you from being sued, but it will prevent a successful lawsuit on behalf of the plaintiff who would be suing the District.

B. Engineer

Mr. Boyd stated we received acknowledgement from Toho Water Authority that they did receive the inspection fee for the water line. Their file is now closed on that issue.

C. Developer

Mr. Tome stated I would ask the manager to have Ms. Tschinkel send the communication log to us on Fridays so that it is a recap of what happened during the week and we can follow up.

Ms. Burgess stated I think she was going to do that or she might just be sending the outstanding items in an email on a weekly basis. There is no problem with her sending the log at the end of each week.

Mr. Tome stated we distributed to the Board a proposal we received from Stone Age Pavers including a drawing indicating the areas where the pavers have settled from the pool edge. There are four squares on the drawing that represent planter beds with stones that have been an issue with kids throwing them and cracking or breaking tiles. The proposal includes two line items. One is to pick up 107 linear feet of pavers that are already in place (depicted by the straight lines in the drawing) and the second is to replace 120 square feet of the planter beds, for a total cost of \$1,389.

Ms. Kassel stated it appears that they are going to remove the plants and pave over the bed.

Mr. Berube stated that is correct.

Ms. Kassel stated that is disappointing. It appears that not all the pavers along the edge need to be removed, only a few.

Mr. Tome stated it is only in the areas where there is a depression. They will lift up the pavers, put sand underneath, compact it and put the paver back in place.

Ms. Kassel asked these are not to replace the ones that are broken?

Mr. Tome stated no, this is not to replace the tiles in the pool but the pavers around the pool deck. We need to repair the pavers before we replace the tiles. Otherwise, we will end up cracking the tiles when we repair the pavers. This work has to be done before we replace the tiles.

Ms. Kassel asked why are we removing the plants?

Mr. Berube stated right now, the stones at the base have become an attractive nuisance. The planter box with the plantains attracts bees in the dirt. It can be problematic if you are hanging around the edge of the pool. This is to make it a clean deck area. We will keep all the palms but we will remove these two plantains along the edge of the pool and the two smaller openings for plants that are filled with green groundcover. The idea is to have an area of pavers to achieve lower maintenance costs and it will eliminate the need for mulching in the beds. I hate to see the plants go, but having plants at the edge of the pool is not the best location.

Mr. Tome stated it is a matter of selecting the lesser of two evils. Stones get thrown and mulch gets into the pool. If damage is done to the pool grates, the cost for those repairs will be three or four times the cost to remove the planter beds.

Mr. Berube stated this will likely simplify the maintenance in the pool area, as well. The plants that are there do not provide any shade, and the little bit of groundcover does not really add anything. I do not think we are losing anything except for a little bit of green. The alternative is having the plant material there, which seems to be problematic.

Mr. Boyd stated this is a common solution to those problems.

Ms. Snyder asked have we used this company previously?

Mr. Tome stated yes, they have done much of the paver work in the community.

On MOTION by Ms. Snyder, seconded by Mr. Berube, with all in favor, approval was given to the proposal from Stone Age Pavers in the amount of \$1,389, as discussed.

Mr. Berube stated for several months, we have been discussing lock changes to the pool gates. I have some information for you to consider for the next meeting. Mr. Haskett received a proposal from Chapco for changing the gate on the main Swim Club gate as well as for the entrance gate at the Ashley Park pool. The proposal includes two gates, swipe cards, and various installation costs. It does not include the electrical work that will be required, which should be less than \$500. The proposal from Chapco is \$8,280, and it

will do exactly what we need it to do at a minimal cost. Stanley provided a proposal in the amount of \$19,980, and the scope of services is different. The Stanley proposal will give us swipe cards that we can print with the person's name and address information plus a photograph, as well as a printer. The cost for the cards and the printer is \$7,700, which includes 500 cards. The printer is good for several thousand cards. Taking out those amounts, their proposal is still about \$12,000. It is a fancier system, but Chapco will replace both gates that are here now, which do need to be replaced. The one at the Swim Club has had some damage to it. The Chapco proposal will replace those gates with new, heavy-duty gates. The Stanley proposal does not include gates. We need to decide what kind of card system we want to have, knowing that just the printer for the cards is \$4,000. The cards will be more expensive with Stanley and there will be more involved with the setup. We need to decide on what kind of card we want to pay for.

Ms. Kassel stated the cards we were discussing previously were programmable so that you can revoke someone's privileges. Can we do that with these cards, too?

Mr. Berube stated yes.

Ms. Kassel asked will these cards have an expiration date?

Mr. Berube stated there is a separate control box that will go in the unit, and we can control that. With both of these systems, we can put live internet access to view the cameras and see what is happening now. The ones we have now are limited and we have to search the DVR after the fact. If someone goes in there and we see him doing something he should not be doing, you can see it and call the sheriff from a remote location. It also registers his card, so we can deactivate it for the next time he tries to come through the gate. That is not the point, but it is also provided. I want the rest of the Board to consider if we want fancy cards with everyone's name, address and picture on it. There is a cost of doing that. I think the two new gates are a good investment. The new gates will have a crash bar for exiting. The current gate needs a key to get in and a key to get out. That may or may not meet certain Codes. We also need to consider what to do with the gate at the marina area. The Chapco proposal includes 500 cards, and we have about 520 addresses right now. We do not know what the response will be, but the printable cards are about \$7 each and the non-printable cards are about \$4. Both have bar codes to identify a card number to a certain resident. The difference with the printable cards is that we will print them onsite. Right now people might have a card but you do

not necessarily know if they are a resident or if the card is active. Every card will be registered to someone.

Ms. Kassel stated people can give their cards to other, just like they do with their keys, and you will never know the difference.

Mr. Berube stated they cannot duplicate the swipe card like you can with the keys. We did not think they could be duplicated, but they are and Mr. Belieff has confiscated a number of them. The cards will be exclusive to our system. The way you get around people giving out their cards is to give it a value. If you want access to the pool, then you pay \$25.

Mr. Evans stated I think it would be helpful to have a comparison chart showing the details of the two systems, the common elements and the differences.

Ms. Snyder stated I am afraid that our main problem is people distributing keys. Without a picture and other information, we will have the same problem that we have now.

Ms. Kassel asked do we have to scan the card to remove someone's access?

Mr. Berube stated we can deactivate their card at the control box as long as we know what number it is. We can also do that if someone reports a lost card. We just deactivate it and reissue them a new one. That is another reason why this industry recommends that you charge for every card you issue. We provide two keys to everyone right now. With the swipe cards, most companies recommend charging \$25 for the swipe card. If you do not charge for it, it does not have a value and it gets lost or given out. Charge a \$25 deposit for each one.

Ms. Kassel asked what about the situation where someone's card has been deactivated but they try to use it to get in and ask someone to let them in because their card is not working?

Mr. Berube stated that happens with the keys. There is nothing we can do about that. Most of our residents recognize each other and will not let unknown people in the gate, or at least they should not. We cannot legislate common sense. Chapco is significantly cheaper for what we initially wanted to do. We can spend a lot of money with printable cards, which I originally thought was a good idea until I realized the cost associated with them.

Mr. Evans stated once we have a comparison, then we can truly comprehend what is involved in order to make the decision as to whether or not the additional dollars are worth the long-term security and activity of the asset.

Mr. Berube stated I will forward that to Mr. Moyer's office to include in the agenda.

Ms. Snyder stated it concerns me a little that this is the same company who is doing the dog park repairs and billed us for \$450 for work that was not done.

Ms. Kassel stated we are not sure about that.

Mr. Berube stated I asked Mr. Haskett about that invoice, and he said it was more work than just at the dog park.

Ms. Snyder asked is there a third company you can look at?

Ms. Kassel stated he has tried.

Mr. Berube stated there are probably an endless number of companies that do this kind of work, but we are down to these two because they are the only ones that have been responsive. Regarding Chapco, they are not cheap but they do a lot of work in the community. They have a good relationship with Mr. Haskett and when they say something is going to be done, they get it done. The scope of work looked good, and I will prepare the comparison sheet.

Ms. Burgess stated something else for the Board to consider as you are thinking about these proposals, one of the things that Ms. Tschinkel does is facilitate everything related to access cards for two other communities who have similar facilities. We have a computer that is designed for that purpose. Processing the cards is an administrative function, and I do not know if you anticipate Mr. Belieff doing that work or someone at the development company office or the District office in Celebration. What we have done in other communities issuing all new cards is to set aside a couple Saturdays where Ms. Tschinkel can come out here and sign everyone up. She will take care of entering everything in the computer in the office. After that initial sign up, if anyone loses a card or a new resident comes in, they will need to come to the Celebration office. The other communities are also not very close to Celebration, but they understand that is where the District office is and that is where the administrative functions are handled. From staff's perspective, I would prefer that we use the administrative staff for this function rather than trying to find a place for Mr. Belieff to do that and otherwise taking him away from his field duties.

Mr. Berube stated I have thought about that, and I am concerned about inundating Mr. Belieff with this all at once. We will have an assistant field manager coming on board, so that will give us two people. I think it is better to provide this service on site so as not to inconvenience the residents. We do have an alternative with your offer, which is great.

SIXTH ORDER OF BUSINESS

Supervisor Requests

Ms. Snyder stated several people have asked me about mailboxes that seem to be falling off the wood support and need to be replaced. Is the CDD responsible for that?

Mr. Evans stated no.

Ms. Kassel stated I heard a question about that earlier about when replacing them, if we need to go through a certain company and other details the residents need to know.

Mr. Tome stated there are two companies who have the mailbox specifications, and it depends on what the problem is. The box itself is a standard black box. If it is the pole, there is more involved since it is a certain style.

Ms. Snyder stated a lot of it is the wood that it sits on that has rotted and needs to be replaced.

Mr. Tome stated it depends on the component involved. If it is a non-decorative component, that can be done by anyone. If it is the architectural pole that has a design element, we have two companies we can recommend. It is not the responsibility of the CDD or the HOA but of the home owner.

Mr. Berube stated most of the posts have two mailboxes and some have up to six or eight. Who owns it? All eight home owners?

Mr. Tome stated the Postmaster is the one who laid out the design for the mailboxes and they tell you how many will be on a pole and where it will be placed. Unfortunately, the Postmaster does not take ownership into consideration when they plan the placement of the mailboxes. It will be up to the neighbors to work those things out.

Mr. Berube asked who supplies the original post?

Mr. Tome stated it is up to the builder at the time he builds the home and he pays the mailbox company directly to have it installed.

Mr. Berube asked who installs the mailbox once the lot is sold?

Mr. Tome stated the builder.

Mr. Berube stated effectively, then, that transfers from the builder to the owner. If you have a post with eight mailboxes, everyone owns one-eighth.

Ms. Kassel stated it would be a good idea to have a small article in the next Harmony Notes.

Mr. Berube stated that would be something good to include in the information boxes that you include every so often.

Ms. Kassel stated there are a bunch of holes or depressions in the dog park where someone can twist an ankle and some other issues. I can call the District office but I cannot tell you exactly the locations of them. It would be better for me to go with someone and show them what I am talking about. Should that be Mr. Haskett or Mr. Belieff?

Ms. Burgess stated you should call our office so that Ms. Tschinkel can log that in. Her protocol is to email it to Mr. Haskett and she also has an email address for Mr. Belieff. If you want to call her or send an email, you can make a note for her to send it to Mr. Haskett and ask him to meet with you.

Mr. Evans stated I want to express my deep and sincere appreciation for all the hard work that Ms. Snyder has done. She was the first home owner on the Board and she hung in there. It is very complicated being on a CDD Board. It is not like an HOA. We have very strict guidelines, rules and Statutes that we have to adhere to. One thing that happens when you become a CDD Supervisor is that you take on an enormous amount of personal and financial risk. Many people do not realize that. You put up with a lot of abuse and very few pats on the back. Ms. Snyder has worked very diligently and very hard to learn and understand. She has been a tremendous contributor to all the good things that have happened at Harmony and within the District. It has been a true pleasure working with you.

SEVENTH ORDER OF BUSINESS

Audience Comments

A Resident stated I would like to know why we have three days of garbage collection.

Mr. Berube stated we do not. On Monday, you have regular trash collection. On Wednesday, they pickup plant material and yard waste. They end up going through quickly because no one knows about yard waste pickup. On Thursday is another trash collection which is also for tires, refrigerators and large items.

Mr. David Leeman stated it was my understanding that when you gave permission to install the trail and put the fence beside the dog park to separate that trail from the dog park, there was going to be no cost to the CDD. I watched them install the fence. The day after they completed the fence, the gate latches did not fit, so they hacksawed the end off the gate latches to make them fit. It seems to me whoever hacksawed the ends of the gate latches should replace the gate latches and there should not be any cost to the CDD.

Ms. Kassel stated as well as any adjustments created by that.

Mr. Leeman stated all of the adjustments needed for the gates happened after the new fence installed. The gates were working just fine before the fence was installed. Once the fence was put in, the gates did not fit. Instead of reversing the gates and doing it correctly, they hacked off the ends of the latches. I called that into the management company. Instead of replacing it or fixing it, they smoothed off the ends of the latches and sprayed it so that there are no hard edges. Those gate adjustments should be at no cost to the CDD.

Mr. Evans stated that is a very good observation.

EIGHTH ORDER OF BUSINESS Adjournment

The meeting adjourned at 7:05 p.m.

Gary L. Moyer, Secretary

Robert D. Evans, Chairman

Fourth Order of Business

4A



MONTHLY MAINTENANCE REPORT
November 2010

Harmony CDD
3500 Harmony Square Drive West
Harmony, FL 34772

To: Todd Haskett, Project Coordinator
From: Jason Schafer, Account Manager--*Luke Brothers Landscape Services*
Date: November 8, 2010

Irrigation Work:

- Irrigation inspections ongoing and on schedule
- All necessary repairs completed as discovered.
- One leak repaired on catbrier.

Annuals

- Dead annuals replaced

Mowing

- October schedules calls for mowing every other week. We are on schedule.

Detail

- Fall schedule calls for detailing every other week. We are on schedule,
- Main entrance and parks along catbrier completed.

Fertilizing

- 13-2-13 has been applied to all turf.

Pest Control

- Performed throughout property as needed.
- Chinch bugs have been treated.
- Heavily damaged areas in dog park and Ashley pool have been replaced with new sod.
- Ant mounds are treated as discovered.

Tree pruning to begin November 9th.

Submitted by: Jason Schafer, Account Manager--*Luke Brothers Landscape Services (407)557-4093*

4B

MAINTENANCE REPORT

CUSTOMER Harmony CDD Ponds DATE 10-25-10

BTC ACCOUNT NO. 582-01

BIOLOGIST / TECHNICIAN Larry

TREATMENT SERVICES

POND SITE INSPECTED	EMERG. VEG.	SUBMERG. VEG.	FLOATING VEG.	ALGAE	AQUASTAR	AQUATHOL K	COPPER SULFATE	CUTRINE	POND DYE	REWARD	SONAR	WEEDAR	OTHER	Hydrothol
27		x		x			/			/				/
32		x		x										
33		x		x										
7		x		x										
14		x		x										
19		x		x										

TARGETED VEGETATION 27, 32, 33, 7, 14, 19: Treated ponds for algae blooms, mats

of spikerush and scattered bladderwort.

ADDITIONAL NOTES / CONCERNS _____

4C

Buck Lake Boat Use
October 11-November 7

Name	Date	Time	M-W-TH	F-S-S	Total Passengers	20' Pontoon	16' Pontoon	18' Boat	Bass Boat	Sail Boat	Canoes	Kayaks	Solar
Conklin, Doug	10/16/2010	645-12		x	1			x					
Flowers, Tim	10/28/2010	7-11am			4	x							
Flowers, Tim	11/1/2010	7-11am	x		3		x						
Garwood, Don	10/15/2010	730-10		x	5						x	x	
Garwood, Don	10/21/2010	8-1am	x		4							x	
Garwood, Don	10/28/2010	8-10am			4							x	
Hendricks, Charles	10/30/2010	345-645pm			3			x					
Hiney, Michael	10/30/2010	11-1pm			2	x							
Llanos, Philip	10/30/2010	10-2pm			2		x						
Lora, Raul	10/24/2010	3-5pm		x	4		x						
Lora, Raul	10/25/2010	1030-4			4	x							
Santacruz, Alan	10/24/2010	1030-3pm		x	2	x							
Sorrough, Amber	10/22/2010	10-12pm		x	7	x							
Urertan, Michael	11/7/2010	7/12pm		x	1			x					
Vandeberg, Amanda	10/29/2010	11-1pm			7	x							
Vandeberg, Amanda	11/5/2010	10-12pm		x	9	x							
Vaughan, Jonathan	10/29/2010	4-7pm			4	x							
Waliga, Maggie	10/16/2010	9-2pm		x	7	x							
Waliga, Maggie	10/17/2010	10-2pm		x	2							x	
Walls, Ray	10/15/2010	4-7pm		x	4	x							
Walls, Ray	10/11/2010	7-1pm	x		2			x					

Comments:
Buck Lake is closed on Tues & Wed

81	10	3	4	-	-	1	4	-
----	----	---	---	---	---	---	---	---

22 Total Trips

Last Month	103	Passengers
	31	Trips

Fifth Order of Business

Comparison of Gate Card Readers

STANLEY

\$19,980.00

Includes: (2) Card readers for each Gate—(4) Readers Total; Printable Cards; Printer with Camera, Cleaner Kit and Ribbons to print 1000 cards; 500 Cards and Sleeves w/ clip holes; REQUIRES INTERNET ACCESS FOR ACCESS MANAGEMENT WHICH WILL ALLOW REAL-TIME CAMERA USAGE.

Also, additional costs for 110V power, Permits & Fees, and miscellaneous.

LUXURY COSTS INCLUDED:

2nd reader on each gate: \$176.30 each
Printer & Accessories : \$3,921.28
Extra for Printable Cards and Pouches: 3.66x500 : \$1,830.00

Deletion of Printable Cards/pouches
Reduces proposal to approximately

\$14,200.00

NOTE: Current Gates Remain with This proposal and may require Modifications to accept readers.

Spherube 11/6/10

CHAPCO

\$ 8280.00

Includes: (1) Card reader for each Gate; 500 non-print cards; TWO COMPLETE REPLACEMENT GATES; INTERNET ACCESS IS POSSIBLE BUT NOT REQ'D; A Laptop will be needed for programming if no Internet Access; Add'l costs for 110V power, permits/ fees and misc.

While less data is collected with this proposal, it DOES provide for 2 new gates which are needed. Also, this allows for "crash-bar" egress which should eliminate any code concerns.

Plus, the lower cost allows for additional securing of enclosure likely by raising fence height.

Sixth Order of Business

6A

**Harmony
Community Development District**

Financial Report

October 31, 2010

Prepared by



**Harmony
Community Development District**

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**Harmony
Community Development District**

Financial Statements

(Unaudited)

October 31, 2010

Community Development District

Balance Sheet
October 31, 2010

ACCOUNT DESCRIPTION	GENERAL FUND	2001 DEBT SERVICE FUND	2004 DEBT SERVICE FUND	2004 CAPITAL PROJECTS FUND	TOTAL
ASSETS					
Cash In Bank	\$ 140,926	\$ -	\$ -	\$ -	\$ 140,926
Cash On Hand/Petty Cash	500	-	-	-	500
Assessments Receivable	12,693	39,900	-	-	52,593
Interest/Dividend Receivables	1,258	-	-	-	1,258
Due From Other Funds	18,110	-	-	-	18,110
Investments:					
Certificates of Deposit - 450 days	125,000	-	-	-	125,000
Money Market Account	377,091	-	-	-	377,091
Construction Fund	-	-	-	84,735	84,735
Prepayment Account	-	2,329	3,229	-	5,558
Reserve Fund	-	1,430,739	861,350	-	2,292,089
Revenue Fund	-	605,711	564,475	-	1,170,186
TOTAL ASSETS	\$ 675,578	\$ 2,078,679	\$ 1,429,054	\$ 84,735	\$ 4,268,046
LIABILITIES					
Accounts Payable	\$ 21,069	\$ -	\$ -	\$ -	\$ 21,069
Accrued Expenses	80,335	-	-	-	80,335
Accrued Taxes Payable	92	-	-	-	92
Deposits	750	-	-	-	750
Deferred Revenue	12,693	39,900	-	-	52,593
Due To Other Funds	-	-	-	18,110	18,110
TOTAL LIABILITIES	114,939	39,900	-	18,110	172,949
FUND BALANCES					
Reserved for Debt Service	-	2,038,779	1,429,054	-	3,467,833
Reserved for Capital Projects	-	-	-	66,625	66,625
Unreserved/Undesignated	560,639	-	-	-	560,639
TOTAL FUND BALANCES	\$ 560,639	\$ 2,038,779	\$ 1,429,054	\$ 66,625	\$ 4,095,097
TOTAL LIABILITIES & FUND BALANCES	\$ 675,578	\$ 2,078,679	\$ 1,429,054	\$ 84,735	\$ 4,268,046

Community Development District

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending October 31, 2010

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
REVENUES				
Interest - Investments	\$ 1,500	\$ 125	\$ 451	\$ 326
Judgements and Fines	-	-	42	42
Special Assmnts- Tax Collector	622,750	-	-	-
Special Assmnts- CDD Collected	914,363	76,197	76,197	-
Special Assmnts- Discounts	(24,910)	-	-	-
TOTAL REVENUES	1,513,703	76,322	76,690	368
EXPENDITURES				
Administrative				
P/R-Board of Supervisors	9,600	800	600	200
FICA Taxes	734	61	46	15
ProfServ-Arbitrage Rebate	1,200	-	-	-
ProfServ-Dissemination Agent	500	-	-	-
ProfServ-Engineering	18,000	1,500	-	1,500
ProfServ-Legal Services	23,000	1,917	-	1,917
ProfServ-Mgmt Consulting Serv	54,091	4,508	4,508	-
ProfServ-Special Assessment	11,422	-	-	-
ProfServ-Trustee	11,000	-	781	(781)
Auditing Services	8,000	-	-	-
Communication - Telephone	175	15	102	(87)
Postage and Freight	1,200	100	70	30
Insurance - General Liability	19,850	19,850	-	19,850
Printing and Binding	5,000	417	380	37
Legal Advertising	1,000	83	24	59
Misc-Assessmnt Collection Cost	12,455	-	-	-
Misc-Contingency	1,000	83	-	83
Office Supplies	1,500	125	59	66
Annual District Filing Fee	175	175	175	-
Capital Outlay	750	63	-	63
Total Administrative	180,652	29,697	6,745	22,952
Field				
Payroll-Salaried	6,240	520	60	460
ProfServ-Field Management	45,213	3,768	3,768	-
Total Field	51,453	4,288	3,828	460

Prepared by:

Severn Trent Management Services

Community Development District

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending October 31, 2010

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
Landscape				
Utility - Refuse Removal	38,000	3,167	2,548	619
R&M-Grounds	33,894	2,825	2,500	325
R&M-Irrigation	38,355	3,196	2,875	321
R&M-Tree Trimming Services	15,000	1,250	-	1,250
R&M-Trees and Trimming	21,689	1,807	1,593	214
R&M-Turf Care	291,341	24,278	23,167	1,111
R&M-Shrub Care	113,765	9,480	8,962	518
Miscellaneous Services	10,000	833	-	833
Total Landscape	562,044	46,836	41,645	5,191
Utility				
Electricity - General	40,000	3,333	2,060	1,273
Electricity - Streetlighting	385,220	32,102	31,330	772
Utility - Water & Sewer	83,000	6,917	9,504	(2,587)
Total Utility	508,220	42,352	42,894	(542)
Operation & Maintenance				
Contracts-Lake and Wetland	21,360	1,780	1,530	250
Communication - Telephone	3,950	329	186	143
R&M-Common Area	7,000	583	-	583
R&M-Equipment	21,000	1,750	880	870
R&M-Pools	65,000	5,417	1,915	3,502
R&M-Roads & Alleyways	3,000	250	-	250
R&M-Sidewalks	10,000	833	-	833
R&M-Parks & Amenities	6,000	500	299	201
R&M-Hardscape Cleaning	10,000	833	-	833
Misc-Water Pressure Project	30,000	-	-	-
Misc-Contingency	34,025	2,835	-	2,835
Total Operation & Maintenance	211,335	15,110	4,810	10,300
TOTAL EXPENDITURES	1,513,703	138,283	99,922	38,361
Excess (deficiency) of revenues				
Over (under) expenditures	-	(61,961)	(23,232)	38,729
Net change in fund balance	\$ -	\$ (61,961)	\$ (23,232)	\$ 38,729
FUND BALANCE, BEGINNING (OCT 1, 2010)	583,871	583,871	583,871	
FUND BALANCE, ENDING	\$ 583,871	\$ 521,910	\$ 560,639	

Prepared by:

Severn Trent Management Services

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending October 31, 2010

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
REVENUES				
Interest - Investments	\$ 800	\$ 66	\$ 287	\$ 221
Special Assmnts- Tax Collector	1,038,106	-	-	-
Special Assmnts- CDD Collected	432,426	-	312,185	312,185
Special Assmnts- Discounts	(41,524)	-	-	-
TOTAL REVENUES	1,429,808	66	312,472	312,406
EXPENDITURES				
Administrative				
Misc-Assessmnt Collection Cost	20,762	-	-	-
Total Administrative	20,762	-	-	-
Debt Service				
Principal Debt Retirement	305,000	-	-	-
Interest Expense	1,123,388	-	-	-
Total Debt Service	1,428,388	-	-	-
TOTAL EXPENDITURES	1,449,150	-	-	-
Excess (deficiency) of revenues Over (under) expenditures	(19,342)	66	312,472	312,406
Net change in fund balance	\$ (19,342)	\$ 66	\$ 312,472	\$ 312,406
FUND BALANCE, BEGINNING (OCT 1, 2010)	1,726,307	1,726,307	1,726,307	
FUND BALANCE, ENDING	\$ 1,706,965	\$ 1,726,373	\$ 2,038,779	

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending October 31, 2010**

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
REVENUES				
Interest - Investments	\$ 800	\$ 66	\$ 466	\$ 400
Special Assmnts- CDD Collected	1,198,145	-	-	-
TOTAL REVENUES	1,198,945	66	466	400
EXPENDITURES				
Debt Service				
Principal Debt Retirement	225,000	-	-	-
Interest Expense	1,000,688	-	-	-
Total Debt Service	1,225,688	-	-	-
TOTAL EXPENDITURES	1,225,688	-	-	-
Excess (deficiency) of revenues Over (under) expenditures	(26,743)	66	466	400
Net change in fund balance	\$ (26,743)	\$ 66	\$ 466	\$ 400
FUND BALANCE, BEGINNING (OCT 1, 2010)	1,428,588	1,428,588	1,428,588	
FUND BALANCE, ENDING	\$ 1,401,845	\$ 1,428,654	\$ 1,429,054	

*Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending October 31, 2010*

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
REVENUES				
Interest - Investments	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
TOTAL EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, BEGINNING (OCT 1, 2010)	-	-	66,625	
FUND BALANCE, ENDING	\$ -	\$ -	\$ 66,625	

**Notes to the Financial Statements
October 31, 2010**

GENERAL FUND - BALANCE SHEET

ASSETS

CASH AND INVESTMENTS	See Cash and Investment Report on page 9 for details		
ASSESSMENTS RECEIVABLE, NET	Delinquent assessments from FY2006 will be added to assessment roll	\$	11,433
	Delinquent assessments from FY2010		<u>1,260</u>
		Total \$	<u>12,693</u>
DUE FROM OTHER FUNDS	Due from Capital Project Series 2004	\$	18,110
INTEREST/DIVIDENDS RECEIVABLE	Accrued interest from Certificates of Deposit	\$	1,258

LIABILITIES

ACCOUNTS PAYABLE			
	Kissimmee Utility Authority	\$	9,504
	Severn Trent Management Services		8,902
	Robert's Pool Service		1,180
	Various invoices paid in November		<u>1,482</u>
		Total \$	<u>21,069</u>
ACCRUED EXPENSES			
	Luke Brothers Inc. for October		41,145
	City of St. Cloud - Electricity General from 10/16 - 11/14/2010		31,330
	City of St. Cloud - Electricity Streetlight from 10/16 - 11/14/2010		3,300
	Bio-Tech Consulting - Contracts Lake and Wetland for September and October		3,060
	Woolpert Inc - September expenditures		<u>1,500</u>
		Total \$	<u>80,335</u>
DEPOSITS	Deposits for Pool Keys	\$	725
DEFERRED REVENUE	Delinquent assessments from FY2006 and FY2010	\$	12,693

GENERAL FUND - REVENUES AND EXPENDITURES

REVENUES

INTEREST- INVESTMENTS	Interest earned on operating and investment accounts
JUDGEMENT AND FINES	Court-ordered restitution from Derek Clark. To be paid in monthly payments until total restitution amount is collected \$600
SPECIAL ASSMNTS - CDD COLLECTED	Non-Ad Valorem assessments collected by the District on all the un-platted parcels.

EXPENDITURES

ADMINISTRATIVE

PROFSERV-TRUSTEE	Two months of annual fees for Series 2001
-------------------------	---

FIELD

PAYROLL-SALARIED	Salary and benefits for full-time field manager/dockmaster
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LANDSCAPE

UTILITY - REFUSE REMOVAL	Luke Bros monthly fee for trash removal and litter control within District
R&M-GROUNDS	Luke Bros monthly fee to maintain ground cover and plant annuals within District
R&M-IRRIGATION	Luke Bros monthly fee for irrigation, maintenance. Walker Tech. monthly fee for Maxi-com.
R&M-TREES AND TRIMMING	Luke Bros monthly fee for pruning and maintenance for trees under 10 feet
R&M-TURF CARE	Luke Bros monthly fee for mowing, edging and maintenance of turf within District
R&M-SHRUB CARE	Luke Bros monthly fee for pruning, mulching and maintaining shrubs within District

**Notes to the Financial Statements
October 31, 2010**

EXPENDITURES (continued)

UTILITY

ELECTRICITY - GENERAL	City of St. Cloud - services through October
ELECTRICITY - STREET LIGHTING	City of St. Cloud - services through October
UTILITY - WATER & SEWER	KUA - services through October

OPERATION & MAINTENANCE

CONTRACTS-LAKE AND WETLAND	Bio-Tech Consulting monthly fees of \$1,530
COMMUNICATION - TELEPHONE	AT&T paid through October 2010
R&M-EQUIPMENT	Advanced Marine Services
R&M-POOLS	Jan Pro \$735.39 through Oct. and Robert's Pool Service \$1,180 monthly service

DEBT SERVICE FUNDS (SERIES 2001 & 2004) - BALANCE SHEET

ASSETS

CASH AND INVESTMENTS	See Cash and Investment Report on page 9 for details
-----------------------------	--

ASSESSMENTS RECEIVABLES, NET	Delinquent assessments from FY2006 and FY 2010	\$	39,900
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LIABILITIES

DEFERRED REVENUE	Delinquent assessments from FY2009 and FY 2010	\$	39,900
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DEBT SERVICE FUNDS (SERIES 2001 & 2004) - REVENUES AND EXPENDITURES

REVENUES

INTEREST- INVESTMENTS	Interest earned on investments
SPECIAL ASSMNTS - CDD COLLECTED	Non-Ad Valorem assessments collected by the District on all the un-platted parcels.

**Harmony
Community Development District**

Supporting Schedules

Harmony

Community Development District

Cash and Investment Report October 31, 2010

General Fund

<u>Account Name</u>	<u>Bank Name</u>	<u>Investment Type</u>	<u>Maturity</u>	<u>Yield</u>	<u>Balance</u>
Checking Account- Operating	CenterState	Interest Bearing Account	n/a	0.25%	\$140,926
Cash On Hand		Petty Cash	n/a	0.00%	500
Money Market Account	CenterState	MMA	n/a	1.00%	276,605
Money Market Account	Florida Shores Bank	MMA	n/a	1.17%	100,486
Certificate of Deposit	CenterState	15 month CD	6/15/2011	1.75%	125,000
				Subtotal	\$643,517

Debt Service and Capital Projects Funds

<u>Account Name</u>	<u>Bank Name</u>	<u>Investment Type</u>	<u>Maturity</u>	<u>Yield</u>	<u>Balance</u>
Series 2001 Revenue Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$605,711
Series 2001 Prepayment Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	2,329
Series 2001 Reserve Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$1,430,739
Series 2004 Revenue Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$564,475
Series 2004 Prepayment Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$3,229
Series 2004 Reserve Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$501,192
Series 2004 Reserve Fund	US Bank	Commercest Bank CD	2/28/2011	0.38%	\$100,020
Series 2004 Reserve Fund	US Bank	Key Bank National Association CD	3/4/2011	0.32%	\$100,089
Series 2004 Reserve Fund	US Bank	Mission Bank CD	3/7/2011	0.31%	\$100,049
Series 2004 Reserve Fund	US Bank	GE Money Bank CD	8/5/2011	0.45%	\$60,000
				Subtotal	\$861,350
Series 2004 Construction Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$84,735
				Total	\$4,196,084

6B

Community Development District

Invoice Approval Report # 127

November 8, 2010

Payee	Invoice Number	A= Approval R= Ratification	Invoice Amount
<u>ADVANCED MARINE SERVICES</u>	49576	A	\$ 271.73
		Vendor Total	\$ 271.73
<u>CENTURY LINK</u>	102510-11308	R	\$ 44.36
		Vendor Total	\$ 44.36
<u>CITY OF ST CLOUD</u>	101210	R	\$ 33,389.66
		Vendor Total	\$ 33,389.66
<u>FEDEX</u>	7-271-67501	R	\$ 43.42
		Vendor Total	\$ 43.42
<u>HARMONY DEVELOPMENT CO, LLC</u>	102610	A	\$ 299.07
		Vendor Total	\$ 299.07
<u>HARVEY'S NURSERY</u>	6145	R	\$ 5,000.00
		Vendor Total	\$ 5,000.00
<u>HOME DEPOT CREDIT SERVICES</u>	24626 5112563	R R	\$ 134.59 \$ 177.86
		Vendor Total	\$ 312.45
<u>JP ORLANDO LLC</u>	1118	A	\$ 735.39
		Vendor Total	\$ 735.39
<u>KISSIMMEE UTILITY AUTHORITY</u>	102610	R	\$ 9,504.22
		Vendor Total	\$ 9,504.22
<u>NAPA AUTO PARTS</u>	556859 556860 557450	A A A	\$ 64.78 \$ 20.54 \$ 39.36
		Vendor Total	\$ 124.68
<u>PUBLIC RISK INSURANCE AGENCY</u>	16582	R	\$ 21,575.00
		Vendor Total	\$ 21,575.00
<u>ROBERTS POOL SERVICE & REPAIR</u>	101510	A	\$ 1,180.00
		Vendor Total	\$ 1,180.00

Community Development District

Invoice Approval Report # 127

November 8, 2010

Payee	Invoice Number	A= Approval R= Ratification	Invoice Amount
<u>SEVERN TRENT ENVIRONMENTAL SER</u>	2049894	A	\$ 8,901.97
		Vendor Total	<u>\$ 8,901.97</u>
<u>WALKER TECHNICAL SERVICES</u>	817	A	\$ 250.00
		Vendor Total	<u>\$ 250.00</u>
<u>WOOLPERT</u>	2010007031	A	\$ 829.00
		Vendor Total	<u>\$ 829.00</u>
		Total	\$ 82,460.95
		Total	\$ 82,460.95

**Harmony
Community Development District**

Check Register

October 1 - October 31, 2010

**Harmony
Community Development District**

**Check Register by Fund
For the Period from 10/1/2010 to 10/31/2010
(Sorted by Check No.)**

Fund No.	Check No.	Check Date	Payee	Invoice No.	Invoice Description	G/L Account Name	G/L Account #	Check Amount
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GENERAL FUND - 001

001	52041	10/01/10	ADVANCED MARINE SERVICES	49074	E DRIVE MOTOR	R&M-Equipment	546022-53910	\$2,616.47
001	52063	10/29/10	ADVANCED MARINE SERVICES	49121	TRANSOM FOR FISHING BOAT	R&M-Equipment	546022-53910	\$472.49
001	52063	10/29/10	ADVANCED MARINE SERVICES	49556	BOAT SUPPLIES	R&M-Equipment	546022-53910	\$483.91
001	52051	10/05/10	AT & T	0993377858X09262010	#00089857 8/19-9/18	Communication - Telephone	541003-53910	\$147.88
001	52042	10/01/10	BIO-TECH CONSULTING INC	10651	AQUATIC PLANT MAINT-JULY	Contracts-Lake and Wetland	534021-53910	\$1,530.00
001	52064	10/29/10	BIO-TECH CONSULTING INC	10861	AQUATIC PLANT MAINTENANCE-AUG	Contracts-Lake and Wetland	534021-53910	\$1,530.00
001	52052	10/05/10	CENTURY LINK	092510-11308	#4078911308 9/25-10/24	Communication - Telephone	541003-53910	\$44.43
001	52058	10/14/10	CENTURY LINK	100410-27636	#4078927636 10/4-11/3	Communication - Telephone	541003-53910	\$48.49
001	52058	10/14/10	CENTURY LINK	100710-83185	#407-498-3185 10/7-11/6	Communication - Telephone	541003-53910	\$48.98
001	52061	10/26/10	CHARLES S HARVEY	6145	POTTED TREES	POTTED TREES	549001-53902	\$5,000.00
001	52060	10/19/10	CITY OF ST CLOUD	101210	BILLING PERIOD-9/9-10/8	Electricity - Streetlighting	543013-53903	\$31,329.93
001	52060	10/19/10	CITY OF ST CLOUD	101210	BILLING PERIOD-9/9-10/8	Electricity - General	543006-53903	\$2,059.73
001	52059	10/14/10	DEPARTMENT OF COMMUNITY AFFAIR	23682	DISTRICT FILING FEES-FY 2010/11	Annual District Filing Fee	554007-51301	\$175.00
001	52043	10/01/10	GRAINGER	9328701728	VALVE REBUILD KITS	R&M-Pools	546074-53910	\$676.97
001	52043	10/01/10	GRAINGER	9333498922	VALVE REBUILD KIT	R&M-Pools	546074-53910	\$919.80
001	52062	10/26/10	HOME DEPOT CREDIT SERVICES	24626	SUPPLIES	R&M-Common Area	546016-53910	\$134.59
001	52062	10/26/10	HOME DEPOT CREDIT SERVICES	5112563	SUPPLIES	R&M-Common Area	546016-53910	\$177.86
001	52053	10/05/10	HYDROCOM TECHNOLOGIES INC	2231	CHECKED SATELLITE/REPLACED MIB BOARD	R&M-Irrigation	546041-53902	\$501.25
001	52044	10/01/10	JP ORLANDO LLC	283	JANITORIAL SVC-JULY	R&M-Pools	546074-53910	\$735.39
001	52044	10/01/10	JP ORLANDO LLC	705	JANITORIAL SVC-SEPT	R&M-Pools	546074-53910	\$735.39
001	52065	10/29/10	JP ORLANDO LLC	887	JANITORIAL SVC-OCT	R&M-Pools	546074-53910	\$735.39
001	52054	10/05/10	KISSIMMEE UTILITY AUTHORITY	092710	BILLING EPRIOD 8/17-9/19	Utility - Water & Sewer	543021-53903	\$8,924.87
001	52056	10/08/10	KISSIMMEE UTILITY AUTHORITY	093010-84430	#1525420-784430 8/17-9/19	Utility - Water & Sewer	543021-53903	\$2,914.74
001	52056	10/08/10	KISSIMMEE UTILITY AUTHORITY	093010-74950	#1525420-774950 8/17-9/19	Utility - Water & Sewer	543021-53903	\$113.44
001	52055	10/05/10	LUKE BROTHERS INC.	1006-97707	LAWN MAINT-JUNE	R&M-Turf Care	546130-53902	\$7,833.07
001	52055	10/05/10	LUKE BROTHERS INC.	1006-97707	LAWN MAINT-JUNE	R&M-Turf Care	546130-53902	\$9,943.13
001	52055	10/05/10	LUKE BROTHERS INC.	1006-97707	LAWN MAINT-JUNE	R&M-Turf Care	546130-53902	\$2,474.38
001	52055	10/05/10	LUKE BROTHERS INC.	1006-97707	LAWN MAINT-JUNE	R&M-Turf Care	546130-53902	\$2,916.18
001	52055	10/05/10	LUKE BROTHERS INC.	1006-97707	LAWN MAINT-JUNE	R&M-Grounds	546037-53902	\$1,699.50
001	52055	10/05/10	LUKE BROTHERS INC.	1006-97707	LAWN MAINT-JUNE	R&M-Shrub Care	546131-53902	\$8,961.56
001	52055	10/05/10	LUKE BROTHERS INC.	1006-97707	LAWN MAINT-JUNE	R&M-Trees and Trimming	546099-53902	\$1,592.93
001	52055	10/05/10	LUKE BROTHERS INC.	1006-97707	LAWN MAINT-JUNE	Utility - Refuse Removal	543020-53902	\$2,548.00
001	52055	10/05/10	LUKE BROTHERS INC.	1006-97707	LAWN MAINT-JUNE	R&M-Irrigation	546041-53902	\$2,375.00
001	52055	10/05/10	LUKE BROTHERS INC.	1006-97707	LAWN MAINT-JUNE	R&M-Grounds	546037-53902	\$800.00
001	52066	10/29/10	LUKE BROTHERS INC.	J012547	IRRIGATION -MAIN LINE & VALVE REPAIR	R&M-Irrigation	546041-53902	\$509.52
001	52066	10/29/10	LUKE BROTHERS INC.	J012546	IRRIGATION -MAIN LINE & VALVE REPAIR	R&M-Irrigation	546041-53902	\$246.61

**Harmony
Community Development District**

**Check Register by Fund
For the Period from 10/1/2010 to 10/31/2010
(Sorted by Check No.)**

Fund No.	Check No.	Check Date	Payee	Invoice No.	Invoice Description	G/L Account Name	G/L Account #	Check Amount
001	52066	10/29/10	LUKE BROTHERS INC.	1009-98421	LAWN MAINT-AUG	R&M-Turf Care	546130-53902	\$7,833.07
001	52066	10/29/10	LUKE BROTHERS INC.	1009-98421	LAWN MAINT-AUG	R&M-Turf Care	546130-53902	\$9,943.13
001	52066	10/29/10	LUKE BROTHERS INC.	1009-98421	LAWN MAINT-AUG	R&M-Turf Care	546130-53902	\$2,474.38
001	52066	10/29/10	LUKE BROTHERS INC.	1009-98421	LAWN MAINT-AUG	R&M-Turf Care	546130-53902	\$2,916.18
001	52066	10/29/10	LUKE BROTHERS INC.	1009-98421	LAWN MAINT-AUG	R&M-Grounds	546037-53902	\$1,699.50
001	52066	10/29/10	LUKE BROTHERS INC.	1009-98421	LAWN MAINT-AUG	R&M-Shrub Care	546131-53902	\$8,961.56
001	52066	10/29/10	LUKE BROTHERS INC.	1009-98421	LAWN MAINT-AUG	R&M-Trees and Trimming	546099-53902	\$1,592.93
001	52066	10/29/10	LUKE BROTHERS INC.	1009-98421	LAWN MAINT-AUG	Utility - Refuse Removal	543020-53902	\$2,548.00
001	52066	10/29/10	LUKE BROTHERS INC.	1009-98421	LAWN MAINT-AUG	R&M-Irrigation	546041-53902	\$2,375.00
001	52066	10/29/10	LUKE BROTHERS INC.	1009-98421	LAWN MAINT-AUG	R&M-Grounds	546037-53902	\$800.00
001	52066	10/29/10	LUKE BROTHERS INC.	J012584	IRRIGATION REPAIRS	R&M-Irrigation	546041-53902	\$719.30
001	52066	10/29/10	LUKE BROTHERS INC.	J012585	IRRIGATION REPAIRS	R&M-Irrigation	546041-53902	\$316.95
001	52066	10/29/10	LUKE BROTHERS INC.	J012619	IRRIGATION REPAIRS	R&M-Irrigation	546041-53902	\$245.02
001	52045	10/01/10	NAPA AUTO PARTS	551175	BATTEYR,CORE DEPOSIT	R&M-Equipment	546022-53910	\$733.96
001	52067	10/29/10	NAPA AUTO PARTS	533777	SUPPLIES	R&M-Equipment	546022-53910	\$43.27
001	52067	10/29/10	NAPA AUTO PARTS	533778	SUPPLIES	R&M-Equipment	546022-53910	\$5.99
001	52057	10/08/10	ORLANDO SENTINEL	928452001	LEGAL AD-MTG SCHEDULE FY 2011	Legal Advertising	548002-51301	\$74.00
001	52046	10/01/10	ROBERTS POOL SERVICE & REPAIR	081510	POOL MAINTENANCE-AUG	R&M-Pools	546074-53910	\$1,475.00
001	52068	10/29/10	ROBERTS POOL SERVICE & REPAIR	091510	POOL MAINTENANCE-SEPT	R&M-Pools	546074-53910	\$1,180.00
001	52047	10/01/10	SEVERN TRENT ENVIRONMENTAL SER	2048804	MGT FEES-AUG	ProfServ-Mgmt Consulting Serv	531027-51201	\$4,376.33
001	52047	10/01/10	SEVERN TRENT ENVIRONMENTAL SER	2048804	MGT FEES-AUG	ProfServ-Field Management	531016-53901	\$3,658.00
001	52047	10/01/10	SEVERN TRENT ENVIRONMENTAL SER	2048804	MGT FEES-AUG	Postage and Freight	541006-51301	\$13.72
001	52047	10/01/10	SEVERN TRENT ENVIRONMENTAL SER	2048804	MGT FEES-AUG	Printing and Binding	547001-51301	\$362.60
001	52047	10/01/10	SEVERN TRENT ENVIRONMENTAL SER	2048804	MGT FEES-AUG	Office Supplies	551002-51301	\$58.00
001	52047	10/01/10	SEVERN TRENT ENVIRONMENTAL SER	2048804	MGT FEES-AUG	Communication - Telephone	541003-51301	\$7.53
001	52047	10/01/10	SEVERN TRENT ENVIRONMENTAL SER	2048804	MGT FEES-AUG	Communication - Telephone	541003-51301	\$1.00
001	52047	10/01/10	SEVERN TRENT ENVIRONMENTAL SER	2048804	MGT FEES-AUG	Communication - Telephone	541003-51301	\$247.47
001	52069	10/29/10	SEVERN TRENT ENVIRONMENTAL SER	2049551	MGT FEES-SEPT	ProfServ-Mgmt Consulting Serv	531027-51201	\$4,376.33
001	52069	10/29/10	SEVERN TRENT ENVIRONMENTAL SER	2049551	MGT FEES-SEPT	ProfServ-Field Management	531016-53901	\$3,658.00
001	52069	10/29/10	SEVERN TRENT ENVIRONMENTAL SER	2049551	MGT FEES-SEPT	Postage and Freight	541006-51301	\$112.88
001	52069	10/29/10	SEVERN TRENT ENVIRONMENTAL SER	2049551	MGT FEES-SEPT	Printing and Binding	547001-51301	\$507.80
001	52069	10/29/10	SEVERN TRENT ENVIRONMENTAL SER	2049551	MGT FEES-SEPT	Office Supplies	551002-51301	\$60.00
001	52069	10/29/10	SEVERN TRENT ENVIRONMENTAL SER	2049551	MGT FEES-SEPT	Communication - Telephone	541003-51301	\$0.24
001	52069	10/29/10	SEVERN TRENT ENVIRONMENTAL SER	2049551	MGT FEES-SEPT	Communication - Telephone	541003-51301	\$1.20
001	52069	10/29/10	SEVERN TRENT ENVIRONMENTAL SER	2049551	MGT FEES-SEPT	Communication - Telephone	541003-51301	\$127.13
001	52070	10/29/10	SPIES POOL LLC	216061	DEGREASER	R&M-Pools	546074-53910	\$56.80
001	52070	10/29/10	SPIES POOL LLC	216059	DEGREASER	R&M-Pools	546074-53910	\$56.80
001	52070	10/29/10	SPIES POOL LLC	216113	POOL SUPPLIES	R&M-Pools	546074-53910	\$263.65

**Harmony
Community Development District**

**Check Register by Fund
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(Sorted by Check No.)**

Fund No.	Check No.	Check Date	Payee	Invoice No.	Invoice Description	G/L Account Name	G/L Account #	Check Amount
001	52070	10/29/10	SPIES POOL LLC	216114	POOL SUPPLIES	R&M-Pools	546074-53910	\$448.45
001	52070	10/29/10	SPIES POOL LLC	216242	BULK BLEACH	R&M-Pools	546074-53910	\$462.25
001	52070	10/29/10	SPIES POOL LLC	216243	BULK BLEACH	R&M-Pools	546074-53910	\$361.50
001	52048	10/01/10	WALKER TECHNICAL SERVICES	797	MONITORING MAXI-COM SYSTEM-SEPT	R&M-Irrigation	546041-53902	\$250.00
001	52071	10/29/10	WALKER TECHNICAL SERVICES	806	MAXI-COM SYSTEM MONITORING-OCT	Prepaid Items	155000	\$250.00
001	52049	10/01/10	WOOLPERT INC.	2010005664	ENG FEES-JULY	ProfServ-Engineering	531013-51501	\$2,762.50
001	52072	10/29/10	WOOLPERT INC.	2010006036	ENGINEERING FEES-AUG	ProfServ-Engineering	531013-51501	\$1,148.25
001	52050	10/01/10	YOUNG VAN ASSENDERP, P.A.	10312	LEGAL FEES-7/29-8/31	ProfServ-Legal Services	531023-51401	\$692.23
001	52073	10/29/10	YOUNG VAN ASSENDERP, P.A.	10474	LEGAL FEES-GEN COUNSEL SEPT	ProfServ-Legal Services	531023-51401	\$3,446.64
001	52074	10/29/10	STEVEN P. BERUBE	PAYROLL	October 29, 2010 Payroll Posting			\$184.70
001	52075	10/29/10	ROBERT D. EVANS	PAYROLL	October 29, 2010 Payroll Posting			\$184.70
001	52076	10/29/10	NANCY M. SNYDER	PAYROLL	October 29, 2010 Payroll Posting			\$184.70
Fund Total								\$178,215.52

Total Checks Paid	\$178,215.52
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Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

August 31, 2010

Board of Supervisors
Harmony Community Development District
210 N University Drive, Suite 702
Coral Springs, FL 33071

We are pleased to confirm our understanding of the services we are to provide Harmony Community Development District, Osceola County, Florida ("the District") for the fiscal year ended September 30, 2010. We will audit the financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of Harmony Community Development District as of and for the fiscal year ended September 30, 2010.

The document we submit to you will include the following supplementary information required by accounting standards generally accepted in the United States. As part of our engagement, we will apply certain limited procedures to this supplementary information, but the information will not be audited. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

1. Management's discussion and analysis
2. Budgetary comparison schedule for the general fund

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of additional information, if applicable, when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to express such opinions. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, those charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will prepare a draft of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. And, you will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate a qualified management-level individual with suitable skill, knowledge, or experience to be responsible and accountable for overseeing our services.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities and each major fund of the District and the respective changes in financial position in conformity with U.S. generally accepted accounting principles.

Management is responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and the timing and format related thereto.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than

absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws and regulations and the provisions of contracts and agreements or grants, if applicable. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Administration, Fees, and Other

We understand that your employees will prepare all confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Grau & Associates and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a cognizant or oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Grau & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other

governmental agencies. Notwithstanding the foregoing, the parties acknowledge that various documents reviewed or produced during the conduct of the audit may be public records under Florida law. The District agrees to notify Grau & Associates of any public record request it receives that involves audit documentation.

Our fee for these services will not exceed \$8,000 for the September 30, 2010 audit. The fee for each annual renewal will be agreed upon separately.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Invoices will be submitted in sufficient detail to demonstrate compliance with the terms of this agreement. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate.

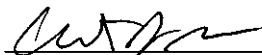
This agreement is automatically renewed each year thereafter subject to the mutual agreement by both parties to all terms and fees.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2007 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Harmony Community Development District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Grau & Associates



Antonio J. Grau

RESPONSE:

This letter correctly sets forth the understanding of Harmony Community Development District.

By: _____

Title: _____

Date: _____

A I C P A
PEER REVIEW PROGRAM

is proud to present this

Certificate of Recognition

to

GRAU & ASSOCIATES

For having a system of quality control for its accounting and auditing practice in effect for the year ended June 30, 2007 which has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and which was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.



A handwritten signature in black ink, appearing to read "G. William Graham".

*G. William Graham, Chair
AICPA Peer Review Board
2008*

6D

HARMONY COMMUNICATION LOG

Date	Description of complaint	Location	Action taken	Work Status	Name
7/8/2010	request for crape myrtle, not oak tree replacement tree	7106 Indian Grass	to be replaced in September	Completed TH	Kathy Murdoch
7/26/2010	hitting a bump hard can damage the stand-up mowers		emailed Todd, discussed with Luke Bros.	Complete TH	Pam LeMenager
7/26/2010	dead tree still not replaced	Catbrier & Buttonbush	Todd will discuss at board meeting in July Trees removed, replacement scheduled Oct	Completed TH	Karen Russell
7/28/2010	broken sprinkler head in small dog park		Luke Brothers repaired	Completed TH	Dave Lehman
7/28/2010	unhappy with work of landscapers	Five Oaks Drive, etc.	Discussed with Luke Bros.	Completed TH	George Schiro
7/30/2010	area of wetness in small dog park--broken pipe??	near fence on north side	Luke Brothers repaired	Completed TH	Dave/Kerul Kassel
8/5/2010	unhappy with landscapers and CDD		Discussed with Luke Bros.	Completed TH	George Schiro
8/16/2010	gate latches are unsafe	large dog park on Catbrier	Chapco corrected	Complete TH	Jim Warren
8/16/2010	large decorative rocks being thrown into pool	Ashley Park Pool	Checked area, did not see issue at that time	Completed TH	Alandro Bracia
8/16/2010	unhappy with landscapers and CDD		Discussed with Luke Bros.	Completed TH	George Schiro
8/20/2010	irrigation on every day, incorrect coverage	park at Schoolhouse & Beargrass	Luke Brothers repaired	Completed TH	Pam LeMenager
8/20/2010	gate installed incorrectly, hanging	small dog park	gates are fixed, working as of 8/16	Complete TH	Kathy Ball
8/20/2010	poor landscaping (dead shrubs, trees need trimming, etc)	park behind Buttonbush	Discussed with Luke Bros.	Completed TH	Kathy Ball
8/24/2010	noise complaint from weed whackers	Bluestem Rd. ball field	Adjusted start time within limits of schedule	Completed TH	Jane Christenson
8/26/2010	CDD trees are dead, sickly, requesting crape myrtles	7106 Indian Grass	to be replaced in September, Advised owner tree scheduled for Oct.	Pending TH	Kathy Murdock
8/26/2010	questions about high water usage		answered in email correspondence	Complete	Kerul Kassel
8/26/2010	possible leak between small & large dog parks	Primrose Willow	leaks repaired on Catbrier & dog parks	Complete TH	Kerul Kassel
8/26/2010	empty fields not being mown & maintained	6840 Butterfly Dr.	discussed with owner schedule of empty lot mowing	Completed TH	Linda Donnarumeno
8/30/2010	not able to get irrigation working--reclaimed system on?		Toho had shut off the water community wide, discussed at Sept. CDD meeting	Complete	Bob Bradford
9/2/2010	use of boat felt "disrespected" by Thomas--claimed Thomas purposely pushed his reservation back to the afternoon when Thomas knew it would rain and would have to be cancelled		no one is allowed on the lake when a storm is coming, reminded resident no alcohol allowed on the boat, resident is a habitual offender, on the verge of having boating privileges revoked	Complete	Alan Santa Cruz
9/2/2010	are new plantings CDD approved	Five Oaks & Schoolhouse	Email response, not part of new landscape proposal	Completed TH	Pam LeMenager
9/3/2010	tree branches hanging over bike path	Five Oaks Road	Luke Tree Service correcting month of Nov.	Pending	George
9/7/2010	dispute over boat rentals (seems they are not available when the resident wants to use them), Thomas made them pour out their drinks/alcohol in glass containers at the pool or leave		3rd time this year resident has been reminded no glass containers and no alcohol permitted in the pool, habitual offender	Complete	Andy Brinkmoeller
9/7/2010	defecation on pool deck	Ashley Park townhomes	cleaned	Complete	Nicole Burda
10/5/2010	mowing of baseball field in early morning		Adjusted start time within limits of schedule	Completed TH	Jane Christensen
10/14/2010	resident's car left oil stains in parking lot	pool parking lot	emailed Todd, Notified Melrose to cite owner of car with a violation notice requesting car be repaired or removed.	Completed TH	Shad Tome
10/14/2010	resident received fungal infection from pool	Ashley Park Pool	emailed Todd & Thomas, Discussed issue with resident. Pool issue was back in June of this year. Noted pool was cleaned per state requirements.	Completed TH	Judith Stuart
10/14/2010	compliment from resident about Thomas's helpfulness				Ray Walls
10/15/2010	memorial plaque fallen off its stand	small dog park	Todd looking into	Repair/Replace	Kerul Kassel
10/15/2010	hinge not changed from right to left side (Cypress)	large dog park	Todd looking into	Chapco Scheduled	Kerul Kassel
10/15/2010	inquiry as to when pool will be heated		swim pool only--beginning week of 10-18-10	Temp @ 85	Monica Stone
10/18/2010	complaint that Thomas is racially biased	boat dock	resident was told he cannot bring alcohol to the boat dock, altercation ensued, sheriff was dispatched	discussed at the October Board meeting, resident has since apologized	Alan Santa Cruz
10/20/2010	deep hole in large dog park	Primrose Willow	hornet nest, hole will be filled by Luke Bros.	Complete	Kerul Kassel
10/21/2010	trees are obscuring a street sign	Schoolhouse Rd/by school	Luke will trim 10/22/10	Complete	Deputy Rice
10/22/2010	does CDD maintain pillars at entrance to park	Beargrass Park	pillars will be repaired as needed by HCDD	Ongoing	Jeanne Palazuelos
10/25/2010	pool not heated		Todd looking into (SWIM CLUB ONLY)	Pool is HEATED 85	Monica Stone
10/26/2010	sod needs to be replaced	Ashley Park, other areas	will be re-sodded when chinch bugs gone	Prep for Sod 11/5	Michelle Figueroa/CAM
10/27/2010	sprinkler head not working	Cursewood by school	school's responsibility--will be rectified	Complete	Justin Kramer
10/27/2010	2 dead trees	3314 Pond Pine Rd.	now that it's owner occupied, will be replaced	Trees add to list	Justin Kramer
11/1/2010	dog park concerns		Kerul wants to meet with Todd	Scheduled	Kerul Kassel
11/1/2010	both gate latches forced open due to vandalism	large dog park	Todd making sure they are secure	Complete	Jim Warren
11/1/2010	irrigation head broken	7003 Five Oaks	repaired	Complete	Kennedy Smith