MINUTES OF MEETING
HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, December 22, 2011, at 6:00 p.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Robert D. Evans	Chairman
Mark LeMenager	Vice Chairman
Steve Berube	Supervisor
Kerul Kassel	Supervisor
Ray Walls	Supervisor

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Tim Qualls	Attorney: Young vanAssenderp, P.A.
Greg Golgowski	Harmony Development Company
Mike McMillan	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 6:00 p.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 November 17, 2011, Regular Meeting**

Mr. Evans reviewed the minutes of the November 17, 2011, regular meeting and requested any additions, correction, or deletions.

Ms. Kassel stated page 3 in the middle of the page should read "Do you recall when we had rye grass planted on the side of our house." Page 5, fourth line from the bottom should read "it is known that the red-ruffle azaleas." Page 39, third paragraph from the bottom should read "Mr. Berube stated I have no argument with those comments."

> On MOTION by Mr. Walls, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to minutes of the November 17, 2011, regular meeting, as amended.

THIRD ORDER OF BUSINESS **Audience Comments**

Agenda item seven was discussed due to the number of residents desiring to speak on that issue.

There being no additional audience comments, the next order of business followed.

FOURTH ORDER OF BUSINESS Subcontractor Reports

A. Landscaping – Luke Brothers

i. Monthly Highlight Report

Mr. McMillan 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. McMillan stated we held our Resident Appreciation Day at Lakeshore Park two Saturdays ago. Mr. Bill Fife and one of the residents were very helpful with that event. I was able to talk with some of the residents. All of our employees were there, and they are very happy to be part of the team and the community, and they are taking more pride in the work they are doing. The Board approved some landscape installations in the parks, notably Lakeshore Park. I do not know if they are showing stress from the installation or if deer are eating the roses.

Ms. Kassel stated I wonder why we planted thorny rose bushes around a place where children frequently play.

Mr. Berube stated my wife asked the same question.

Mr. McMillan stated the reason we chose that material is because we wanted the parents who sit on the steps to have some color there. We had grass there, and even though there was some laurel pedlum which added some color there, we added shillings and juniper to add color. We wanted something that was a little sturdier. While this variety was smaller, it was something that deterred children from going into that area.

Mr. Walls stated I do not mind the roses. I have younger children, and I will keep them away from that area, but deer love them, so the roses will not last out here.

Mr. Tome stated we have roses in other places in Harmony: at Town Square, in front of the Sales Gallery, at the entrance. They have done really well, and deer come through this area, also. I do not disagree that they are eating the ones in Lakeshore Park, but we have had a lot of success with them in other areas.

Mr. McMillan stated the plant variety was something we worked on with Mr. Haskett, and that was his first comment that deer love the blooms and will eat them. We tried it in some select areas and it is working, so we attempted to do it a little more, which was at Lakeshore Park. We do not know if the deer is eating them or if it is stress from the initial installation. They are not losing their leaves or folding over on each other, but they are not looking as good as they did the first couple days. The other parks are looking good.

The firebush will fill in quite nicely as you can see in some areas on Cat Brier. We installed those to add some color and enhance some of the sight lines. We applied a second application of fertilizer on 90% of the property, and it is looking significantly better from the color to the turf. Five Oaks down to Cat Lake was the last area that was fertilized, so that will come together after a little longer. We had some rain, but we did not have the fertilizer down before then like other areas of the property.

Mr. LeMenager stated this month we are being asked to approve invoices that go back quite a way. I noted that some of them go back to February 2011.

Mr. Tome stated there are two categories. On some, Mr. Haskett received the initial invoice and had a disagreement with the invoice, so he met with Mr. McMillan and his supervisor to go through them and decide which ones he was going to present for approval and which ones he was not. There were some revisions that were made in some cases as it relates to irrigation repairs and others. Some of these invoices took a while to get through the system until they got to the point of Mr. Haskett saying he agreed with them or he directed them to complete the work. The second category included a few invoices that were emailed and sent forward but fell into an abyss somewhere. Either our server did not send it out or something happened. Those had been approved to present for payment and he signed off on them. The timing on most of them had to do with disagreement on the amounts.

Mr. LeMenager stated my concern with that is, this Board does make decisions, and sometimes decisions at year end with respect to how much money we do or do not have left. We need to be kept abreast of issues like this. I think there were some things we did at the end of the last fiscal year where if we had known there were $15,000 of additional landscaping bills outstanding, perhaps the vote might have been different.

Mr. Tome stated your point is well taken, and I had that conversation with Mr. Haskett about the fact that if we have any invoices of any substantial amount that are being debated and will be outstanding for a period of time, then we need to include a report or something at the meeting, notifying the Board that there is a dollar amount outstanding that we are disputing.

Mr. LeMenager stated each one, in and of itself, was not large, but it is a long list that adds up to $15,000 of extra costs.

Mr. Berube stated the issue comes down to why these invoices are still outstanding. I know why they are outstanding for eight to ten months in some cases, because of the disputes over the bills. I think we all understand that. My concern with this is, when you book these, they will be paid from the last fiscal year based on the dates.

Mr. Moyer stated I am sure the fiscal year 2011 books are already closed.

Mr. Berube stated so we are already behind for fiscal year 2012.

Mr. Moyer stated we will need to do a budget amendment to take it out of an allocated fund balance and put it in that line item.

Mr. Evans asked how much was our carry-forward surplus?

Mr. Berube stated it looks like it was $42,000. Fortunately those invoices were not greater than our carry-forward surplus.

Mr. Tome stated but you are correct; the appropriate thing that we should have done as the ones managing the invoices is to put in an accrual for the last fiscal year, knowing these were going to come forward. Unfortunately, that did not happen.

Mr. Berube stated many of these invoices were adjusted by 50%, so clearly there were some disputes over the validity of the bills. The majority of these deal with on-ground irrigation issues: sprinkler heads, rotors and things of that nature. We knew there were problems with the irrigation last year, which is why we made a change. I think this reinforces the fact that there are a lot of issues.

Mr. Tome stated this is also one reason why the Board made the decision to move forward with the irrigation technician on your staff, and you should see a significant difference because of that.

Mr. Berube stated now we have direct accountability, and that is what it is all about.

ii. Landscape Enhancement Proposals

Mr. LeMenager asked are these landscape enhancement proposals something Mr. Haskett requested of you? Or are you doing it of your own accord?

Mr. McMillan stated last month, there was a lot of confusion about what proposals you received that I forwarded to Mr. Haskett. Three of them were omitted, for the park on Dahoon Holly, for the triangle alley park on Beargrass, and the park on Buttonbush.

Ms. Kassel stated the photographs are still wrong.

Mr. Berube stated this is an extension of what we approved last month, just to fill in and get the locations corrected.

Mr. McMillan stated this is not for all the parks. I think the mistake that happened last month worked out well so that we can present a couple parks each month. At the next Board meeting, I will submit two or three more parks to address the ones that are missing plant material for the Board to consider.

Ms. Kassel asked what did we spend last month?

Mr. Berube stated I recall $5,000.

Mr. LeMenager stated I have the same problem this month as I had last month. Where is it included in the budget? Let us make sure we keep track of it.

Mr. Walls stated last month we approved $268.50, $441.50, and $1,712.50.

Mr. LeMenager stated I just want to be sure we keep track of these.

Ms. Kassel stated these proposals are another $2,100.

Mr. Berube stated the whole package was about $5,000, and we approved about half of it last month.

Ms. Kassel stated there is money for this in the budget. How much do we have left after we approve these?

Mr. Berube stated after these, we will have $5,000 in that unallocated line item.

Mr. LeMenager stated we put this into a specific budget item.

Mr. Moyer stated in landscaping miscellaneous services.

Mr. Berube stated it was initially a $10,000 line item.

Ms. Kassel stated there are still quite a few areas that need refurbishing.

Mr. Berube asked what have we spent so far?

Mr. Moyer stated $6,700.

Mr. LeMenager stated once we approve these, then we have $2,000 left.

Mr. Berube asked where did that come from? There is a narrative for that line item.

Ms. Kassel stated if we have already spent $6,700, adding these proposals will make it $8,900.

Mr. LeMenager stated that leaves us with $1,000. That is why I am glad we do this so we can keep track.

Mr. Moyer stated the narrative indicates it is for straightening oaks and myrtle trees, installation of mulch, holly, birch, sod and Bahia grass.

Mr. Berube stated that includes the outstanding invoices we just discussed.

Mr. LeMenager stated those will not be included in there yet.

Mr. Berube stated there was a lot of tree straightening and Bahia grass and other things that are indicated.

Mr. LeMenager stated they will not be in these numbers yet.

Mr. Berube stated that is what I thought. We have already spent $6,750?

Ms. Kassel stated that is in this fiscal year. It seems like some of it should have been applied to last fiscal year, especially the work on Cat Brier.

Mr. Berube stated it was carried over last month, too.

Mr. LeMenager stated I just keep pointing out the various categories, and if we want to keep spending money out of those categories, we need to keep track.

Ms. Kassel stated we only have $1,100 left.

Mr. Berube stated we have less than that.

Mr. LeMenager stated if we approve these, then we will have $1,100 left.

Mr. Berube stated we have already spent $6,750, plus the $2,500 we approved last month, so we will be over budget if we approve these proposals.

Mr. Moyer stated that is correct; you will be over by $1,700.

Mr. Berube asked do we want to put it somewhere else? Some of these items should come from that line item.

Mr. Walls stated we can adjust the categories.

Ms. Kassel stated that is true.

Mr. LeMenager stated it is still very early in the fiscal year.

Ms. Kassel stated some of these things have been hanging out for years being unattended. I am prone to approve them.

Mr. Berube stated I am fine adjusting the categories, but I just want everyone to understand if we go over budget on this item. The proposals total $4,500, and probably half will go toward that line item. Do we want to move some lines around or do it later?

Ms. Kassel stated we can do that later.

On MOTION by Mr. Berube, seconded by Mr. Walls, with all in favor, unanimous approval was given to accept the landscape enhancement proposals from Luke Brothers for the Beargrass triangle park in the amount of $1,014.50, the Dahoon Holly Park in the amount of $594.50, and the Buttonbush Loop Park in the amount of $555.50.

iii. Miscellaneous

Mr. McMillan stated I discussed with Mr. Haskett the fact that we will be closed tomorrow through the holidays, returning January 3, 2012. If there are any emergencies, my cell phone number is available. If you find any issues with irrigation or anything, I am staying in town and I will stop by to check on things. We are only a phone call away.

B. Aquatic Plant Maintenance – Bio-Tech Consulting

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

Mr. Golgowski stated they have been out on their normal cycle of review and treatment.

Mr. Berube stated we spent significant money planting the ponds over the last couple years. One of my objectives in moving forward with that was to reduce treatments of the ponds. I want everyone to keep in mind that we have a contract renewal coming up with them later this year. My opinion is that we should go to quarterly treatments for the ponds rather than monthly, and that should be part of the contract renewal when we consider it.

Mr. Walls stated we asked Mr. Larry Medlin last month to produce a list of ponds. He is not at tonight's meeting, but I would still like him to provide that list of ponds and the issues they have.

Ms. Kassel stated there are some ponds that need monthly treatments and others that do not, so our contract is then reduced.

Mr. Berube stated we are trying to reduce chemical treatments and be more green, and I want everyone to keep this in mind.

Ms. Kassel stated I agree.

Mr. Berube stated their contract expires September 30, 2012, so we need to keep that in our forethoughts as to how we are going to manage it.

Mr. Golgowski stated sometimes it is a cost savings to do a little each month than to treat them just a couple times a year.

Ms. Kassel stated that is what we are saying. Some ponds do not need treatment every month. Perhaps we adjust the contract so that instead of checking and treating all the ponds, as our contract says now, we reduce the scope a bit so that the ponds that really need it are still getting monthly attention but the ponds that do not need it are not, and

therefore, we are not paying for that kind of work. They will understand where we are going with this, and I am sure they will submit a contract accordingly.

Mr. Berube stated one of the things to keep in mind is we will have new plantings along the shores. Mr. Medlin uses a herbicide to kill the unwanted plants. When you are in a boat spraying, it is very difficult to get just the unwanted plants and not take out some of the good plants. We will need to discuss it with Bio-Tech in the management of this work. I think we need to get more specific with treatments.

C. Dockmaster/Field Manager

i. Buck Lake Boat Use Report

Mr. Tome 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. LeMenager stated I saw the sailboat on the lake; it was very cool.

ii. Maintenance Technician

Mr. Tome stated there has been a decision made on who to hire for this position. Unfortunately, I understand that an offer letter has not yet made it to that individual yet, only because they are in Wisconsin on vacation. He needs to return in order to sign the letter. There might be efforts to reach him in Wisconsin; I do not know that specifically. The new prospect has to sign the offer letter before the background check can be done. Once we receive the results of the background check, then we can move forward. At this point, it will probably be several more weeks until he is hired because of the holidays, getting the offer letter signed, the background check, and then get them on staff.

Ms. Kassel asked has he been doing day labor now?

Mr. Tome stated we have not needed to use day laborers at all because Luke Brothers is still overseeing the irrigation. Mr. Haskett had disagreements with them at the end of November, which meant that they rolled into December. Mr. Haskett reported to me that he is 90% - 95% finished with them on the irrigation, so by the first of the year when they return from the holidays, it will be turned over and Mr. Druckenmiller will start performing those functions. However long it takes to get the maintenance technician hired, between Mr. Druckenmiller and Mr. Belieff, they should be able to do irrigation repair work and inspections, as well as trash, cleaning, and dockmaster activities. We are fortunate that it is winter instead of spring.

Mr. Berube stated what Mr. Tome is trying to say is that the irrigation system was so bad that he would not accept it from Luke Brothers. They went around and flagged

various areas and have been working on it virtually this entire month. You have probably seen the flags, and I still see them. I do not think it is all complete.

Mr. Tome stated Mr. Haskett would agree with you on that, which is why there are still flags out.

Mr. Berube stated it reinforces again that we made the right decision to take that task in-house because we have been paying them $2,375 each month to maintain this irrigation system. When it comes down to really doing an inspection, it is so bad that we would not accept the system.

Ms. Kassel asked what is the name of the new employee?

Mr. Moyer stated Mr. Paul Calabro.

Mr. Berube stated he will get into the Severn Trent bureaucracy of requirements, which includes a drug test, so it will still take time before he is hired.

FIFTH ORDER OF BUSINESS **Acceptance of the Audited Financial Statements for Fiscal Year Ending September 30, 2010**

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

Mr. LeMenager asked will this audit include the $49,000 in delinquent assessments from 2005? How can we accept an audit that we know is wrong?

Mr. Berube stated there is boilerplate language in here that says they are not responsible for anything.

Ms. Kassel asked do we have to formally accept this audit?

Mr. Moyer stated I normally read into the record that it is a clean audit and there are no findings. I will not do that tonight because of the lateness of the evening, but I will ask that the Board accept the audit. What I am going to request is that we get the auditor's notes or entries as it relates to receivables and payables.

Mr. Berube asked from 2006?

Mr. Moyer stated no, from fiscal year 2010. We can look at the line item for assessments receivable for $78,000, and in the normal course of review, that is what happened. I look at that number and figure they are delinquent assessments that are on the tax roll, but I think it would be informative to find out what makes up that $78,000. It

does not affect the audit, but it now becomes a management issue. I will ask the Board to accept the audit, and I will follow up and get the notes from the auditor.

Mr. Berube asked did they perform the audit in 2006 when this first was discovered?

Mr. LeMenager stated I believe they have always been our auditor, at least since I have been here.

Mr. Moyer stated yes, they did.

Mr. Berube asked did Mr. Moyer indicate that they picked up on the fact that the November 2005 assessments were delinquent, and then it disappeared from the audit?

Mr. Moyer stated from my perspective, it disappeared, but it is probably rolled over into another category. That is the research I want to do. It may still be included in this audited number, but by looking at it, I cannot tell you if it is in there.

Mr. Berube stated things would look a lot better if they had been carrying it, but then again, I guess it is not up to the auditors to tell us; it is up to us to look. I would feel better if they knew about this and continued to carry it forward.

Mr. LeMenager stated it is a significant amount.

Mr. Walls stated they should have work papers that show what items are included in that total.

Mr. Moyer stated that is correct, and that is what I want to look at.

> On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to the audited financial statements for fiscal year 2010, as presented, and to authorize staff to file with the appropriate State agencies.

SIXTH ORDER OF BUSINESS **District Manager's Report**

A. Financial Statements

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

Mr. Moyer stated through November 30, 2011, we received 2.67%, or $16,637, in non-ad valorem assessments. As of today, we have received 45% of our assessments, which is to be expected. In December and January, we will receive the bulk of our assessments.

B. Invoice Approval #140 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. LeMenager stated I love to see this $5,000 invoice from U.S. Bank and providing us with 0.15% interest. I do not recall the exact verbiage on the invoice, but it did talk about management of the account, and yet all we get is 0.15%.

Mr. Berube stated what got me on that same invoice was their miscellaneous fees of $445.

Mr. LeMenager stated $379.75 for incidental expenses. Please let our friends at U.S. Bank know that we think they are nickel and diming us.

Mr. Moyer stated we had to fight to get that 0.15%. If you look at the previous financial statements, it was 0%, and they justified that because they were concerned about liquidity and all CDDs going broke. They had all kinds of excuses, but 0.15% is a victory, believe it or not.

Mr. LeMenager asked why did we need to rent a T boom?

Mr. Berube stated it might have been for painting the pavilion.

Mr. Tome stated I think it was for the Christmas banners that were in Town Square.

Mr. LeMenager stated that would not be a CDD expense.

Mr. Tome stated it is part of the light pole banners that are there for Christmas.

Mr. Berube asked we own the banners?

Mr. Tome stated yes, and everything on the pole. I am pretty sure that is what it was for.

Mr. Walls stated I am fine with it.

Mr. LeMenager stated for invoices like this that are so unusual, I would appreciate a quick note as to what it is for.

Ms. Kassel stated I do not recall approving any bills for the banners.

Mr. Tome stated they have been around for at least five years.

Ms. Kassel stated I remember those, but I do not remember paying for the non-Christmas banners.

On MOTION by Mr. Walls, seconded by Ms. Kassel, with all in favor, unanimous approval was given to the invoices as presented.

Mr. Berube stated we have a third employee being hired, which was funded through various line items in this year's budget. Has the budget been recalculated yet?

Mr. Moyer stated I will look at it again, but I thought we did.

C. Public Comments/Communication Log

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

D. Website Statistics

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

E. Consideration of Engagement Letter with Grau & Associates to Perform the Arbitrage Rebate Calculations for the Series 2001 Capital Improvement Revenue Bonds

Mr. Moyer reviewed the engagement letter from Grau & Associates to perform the arbitrage rebate calculations for the Series 2001 capital improvement revenue bonds.

> On MOTION by Mr. Walls, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to the engagement letter from Grau & Associates to perform the arbitrage rebate calculations for the Series 2001 capital improvement revenue bonds, in the amount of $600 per year.

SEVENTH ORDER OF BUSINESS **Discussion of November 2005 CDD Assessments**

Mr. Moyer stated in the way of an introduction, in 2005, the District received the tax roll from the property appraiser, which we then used to put our non-ad valorem assessments on the tax roll. That is all pursuant to Florida Law that we are permitted to do that. At that time, when we received the roll, it did not include certain properties that had been platted but not yet put onto the tax roll by the property appraiser. In 2005, after we certified our assessment roll to the tax collector, we found that there were several of these lots that had not been picked up on that roll. So the District, through the management office, billed those assessments directly to the property owners rather than through the tax collector. Some owners paid that bill, and some people did not. Everyone who owned property in a certain neighborhood in 2005 received a letter to that regard. To the credit of the auditors, they identified that as an assessment receivable on our financial statements. In 2006, our staff added that to the listing that the property appraiser and tax collector gives to us. However, through whatever series of mistakes happened, those

assessments were not put on the 2006 tax bill. Those amounts sat outstanding from 2006 through 2011. A very well-intentioned young lady in the management office thought she was doing the right thing and put those on the 2012 tax roll. We have several residents in the audience tonight who are here because your assessments increased probably 100% because it includes two years rather than one year. Unfortunately, that well-intentioned young lady did not bother to write you a letter to tell you what was going on and why that occurred. We were contacted by some members of this Board, based on feedback that you residents provided to the Board members, asking the same questions that the residents asked. That is the summary. I think the conclusion that we will reach tonight, subject to approval of the Board, is staff's recommendation that those 2005 assessments be taken off your 2011 tax bill, which is for fiscal year 2012. That is a fairly easy process to do. The tax collector has worked with us in the past on doing that, and I do not anticipate any problem in removing those 2005 assessments. In looking at the matter in more detail, the situation is that for many years in this community, the developer paid the majority of the assessments on the properties that are benefited by the District. For a couple years, the way that worked is, to the degree that we did not have enough money to pay our obligations with the assessments received from the people who bought property, the developer simply wrote a check for the difference. I have looked at the financial statements from 2005 and 2006. At that time, the developer paid 79% of the non-ad valorem assessments in this community. The interest earned on that 79% exceeds the amount of money that we are talking about in the aggregate. If the developer is of a mind to say this situation happened six years ago and not make a claim, which they cannot do anyway since these amounts would simply roll over to the next year and we would credit the interest earnings to the next year's assessment, the developer would still be paying the vast majority of that amount. Basically we are talking about developer money, but there are sufficient funds and have always been sufficient funds to pay the principal and interest on our bonds, *vis-à-vis* these assessments, in part through the good graces of the developer and in part through the interest earnings that are earned on money that the developer provided to the District. I think what we have is a "tempest in a teapot" that can be resolved pretty quickly just by looking at the audited numbers that identify the amounts of money that were earned, segregating those monies into what residents paid

and what the developer paid. When you complete that exercise, there are sufficient monies that the developer paid to cover the delinquent assessments in 2005.

Mr. Walls stated I follow some of that. What I am trying to figure out is, you said the developer paid money to the District. Are you saying they paid more than they should have?

Mr. Moyer stated no, I am not saying they paid more than they should have. They paid what was necessary to pay the principal and interest on the bonds that came due November 1 and May 1. The monies that were collected and put into the revenue account of the bonds earned interest. Rounding it up to 80%, that money came from the developer. If you fairly allocate the interest earnings on the monies that came from the developer, that comes to about $40,000 in that fiscal year, which was used to pay the principal and interest on the bonds. If that had not been the case and everyone paid their assessment, that $40,000 would have been credited the next fiscal year against what the assessment would have been.

Mr. Walls asked once the money was placed in the CDD account, the interest was not allocated to the CDD but credited to the developer?

Mr. Moyer stated it is definitely credited to the CDD. You can all take the position that who cares about the developer, it is CDD money.

Mr. Walls stated that is what I am trying to determine. Once the money is deposited in the account, it is CDD funds.

Mr. Moyer stated that is correct.

Mr. Walls stated to allocate interest to one party or the other is confusing to me. It goes into a collective pot. I understand you can break out how much you collected from which entity.

Mr. Moyer stated my suggestion would be, in order to move this matter along since it has been outstanding for six years, is to recognize that the monies that came from the developer in terms of interest can be used to pay these outstanding assessments, even though it is District money. You are using District money to offset the assessment liability for a handful of people who did not pay in 2005.

Mr. Walls stated I am heading in the same direction you are describing. I am not suggesting taking money from one place to another. My recommendation coming into tonight's meeting was going to be to leave those as a liability on the books. I cannot in

good conscience go back and tell these residents that they need to pay a bill that they had no idea was outstanding. That is the direction I am heading. How we do that is for us to decide, but those are my thoughts. How did we get to the point where this sat around for five years? We pay Severn Trent an amount every year to handle the assessments. For five years, these sat there with no action at all. The one invoice went out in November 2005. There was no recorded lien for these assessments. Help me figure out how we got there and when this turned up. The auditors found it, but I did not recall seeing anything from them as a recommendation in the audits.

Mr. Berube stated it has never shown up anywhere.

Mr. Moyer stated that is correct, except it showed up in the 2006 audit as assessment receivable. What I suspect that I need to research further is that assessment receivable in 2007 does not appear anymore. I reviewed the 2007 audit, and it is not there. That is what I need to ask the auditors, but obviously the auditors flagged that, and it came to the attention of our accounting department last year. Rather than putting it on the roll last year, they went ahead and missed that, flagged it in their records and put it on the roll this year.

Mr. Walls stated I am questioning the accounting system as a whole. You have these outstanding assessments that should have been on the books. It is not an insignificant sum. To me, there is a certain amount that you charge every year, and you should have that total somewhere, versus how much you collect. I am not following how it got lost for five years.

Mr. Moyer stated part of the reason it got lost is because there was never a need for the money.

Mr. Walls stated it should not matter.

Mr. Moyer stated you are correct.

Mr. LeMenager stated we have been receiving balance sheets month after month, so I want to know where this is included on the balance sheet.

Mr. Moyer stated you are not going to find it.

Mr. Berube stated we pay for an audit every year, and it does not show up.

Mr. LeMenager stated we just hired this same firm again to audit our records, but they keep telling us every year what a wonderful job the accounting department does. They have done a wonderful job for five years except they lost $60,000 for five years.

Mr. Berube stated the language in the audit says that they are not responsible for anything except adding up the columns that Severn Trent gives them and making sure they add up.

Mr. LeMenager stated I appreciate that, but Mr. Walls is absolutely right. This is a fundamental breakdown of accounting controls. You do not lose $60,000, not year after year after year.

Mr. Berube stated then bring it back up after five years, never saying anything to the people who have to handle it, and just adding it to a tax roll unannounced. The way I see it, Severn Trent made five mistakes. As far as I am concerned, Severn Trent ought to be paying this bill. This District is due this money, and Mr. Qualls sent us a memorandum that said we do not have the ability to write this amount off. Do we have to collect it?

Mr. Qualls stated I think the District does not technically have to go through a foreclosure process legally, but as a policy matter, I think it is important to treat all the citizens the same way, and therefore, to collect the assessments that are due. I would like to make a few points. The first thing to keep in mind is that these non-ad valorem assessments were levied and imposed in a lawful manner. The breakdown appears to be in the collection. What appears to have happened as I understand it is, the District has two options to go through and collect non-ad valorem assessments against the property. The assessments are against the property and not against a specific property owner. One way to collect assessments, which is the current policy, is on all the platted lots in the District, the District levies non-ad valorem assessments against those platted lots, and the District Chairman or his designee certifies a non-ad valorem assessment roll and sends it to the tax collector for collection. The other option, which is also lawful, is to levy a non-ad valorem assessment roll for unplatted lots. This District levies a non-ad valorem assessment for all unplatted lots and sends that to the District Manager for collection. I want to make this clear so we all understand the groundwork. These non-ad valorem assessments are lawful in the way they were levied and the way they were imposed. Legally, my law firm's determination is, because these 2005 non-ad valorem assessments were not certified to the tax collector for collection in 2005, they cannot now be certified to the tax collector for collection in 2011. This District will work with the tax collector, because only the tax collector can correct the combined notice that you received in 2011 that showed the 2005 assessments to get those collected. If funds have been paid, the tax

collector will get those refunded. Now the Board has to determine, since those have to be refunded, what action has to be taken to collect these assessments.

Mr. Evans stated I want to try to clarify something. First, to try to foreclose on anyone, the District has to prove that those assessments were never paid, and we cannot do that. The District cannot prove those assessments were not paid because they were paid. It does not know how they got paid, but you cannot prove they were not paid. I want to go back to Mr. Moyer's point, that for the contribution, 80% of the assessments that were paid at that time were paid by the developer. Assuming that everyone paid and that money earned interest, whatever that amount was, it would have been credited going forward to the following year, which would have reduced the debt service, for which the developer would have received 80% of that benefit.

Mr. Moyer stated that is correct.

Mr. Evans stated I think that was the point Mr. Moyer was trying to make. In and of itself, the developer's portion alone has satisfied those assessments that would have been collected in 2005. My point is, I do not think the District has any standing to go back and try to foreclose on anyone because these assessments were paid. We could go to the next level and determine who paid them, but the benefit that the developer received is in excess of the amount of those outstanding assessments. We have a clerical error, and we are trying to find someone to blame. That does not benefit anyone. My recommendation for a solution is to direct the tax collector to reissue the tax bills for 2011 and delete the 2005 amounts, and anyone who paid that amount should receive a refund. We have all been on this Board for several years, and no one picked this up.

Mr. Berube asked how could we?

Mr. Evans stated this issue originates when the developer records a plat, and it turns a parcel into a series of platted lots. This originates with the property appraiser, who creates a folio number and identification. From that, it goes to Mr. Moyer's office, that parcel was platted in February 2005. The property appraiser did not create those legal descriptions and provide them to Severn Trent to apply the assessments to; they just missed it. That is where the first hiccup came from. Once it was discovered that they had not, Severn Trent acted in the proper way to collect these. The only avenue that was available, because they were not certified to the tax collector, was sending individual

bills. I know that a number of those bills were paid, and a number did not. It happened. We can try to find someone to blame, but I think we just need to find a solution.

Mr. Qualls stated if the assessments were paid, then there is no reason to collect them.

Mr. Evans stated there was no call on the debt service reserve fund. There has been no act to go against the debt service reserve fund, which is available for shortfalls. The developer is responsible for any shortfall to begin with. Had there been a shortfall, the developer would have received a bill during that year. Regardless, the developer, from his earned interest, satisfied those debts, or he paid it in the bulk payment that he made against the rest of the properties he owns. Either way, the developer ended up satisfying the debt on those outstanding lots in 2005, and no one here now should be receiving a bill for it.

Mr. Qualls stated I will want to see strict proof of that payment, but if that is the case, then you are absolutely correct. One thing I will clarify is the property appraiser is the one who is supposed to sends the information to the District with the parcel information, but there is the issue where it is an office within the County that performs that function, which is why we advised you not to pay a certain bill from the County. We worked to get all that resolved, and we are seeing the reason why it needs to be resolved. Fundamentally, these should not have been on the 2011 combined tax bill, and I think we are all in agreement on that. Second, if these non-ad valorem assessments—these liens against the property—have been satisfied, then there is no reason to collect them.

Ms. Kassel stated but they have not been satisfied. There are 19 that have not been satisfied, even though bond payments have been paid. Is that correct?

Mr. Moyer stated this is how it was paid, for lack of a better description. If the interest earnings on the account were not used to pay principal and interest in 2005, that amount would have been credited against the 2006 assessment, in which the developer paid 80% of the 2006 assessments. All I am saying is, if there is a claim, it would be the developer coming to the District and saying they overpaid the 2006 assessments because they should have received the credit for the interest earnings on the 2006 assessment.

Mr. LeMenager asked are you talking about just the bond portion?

Mr. Moyer stated that is correct.

Mr. LeMenager asked what about the operations and maintenance portion?

Mr. Moyer stated there is a small amount for operations and maintenance that the developer overpaid of about $159,000.

Mr. LeMenager stated I do not see how you can possibly sit there and say that we have had audited books year after year and the developer overpaid $159,000.

Mr. Moyer asked how do you think you came up with your fund balance?

Mr. Berube stated the problem is with the fund balance, where this comes in. We would have $50,000 more in fund balance if all these people paid.

Mr. Moyer stated it would not be that much, only the O&M portion.

Mr. Berube stated I understand your logic that if there is a shortage, the developer has to pay the difference. We do not have shortages; we have a surplus every year. now, whatever these 19 properties owe, if they paid their $50,000, that goes into fund balance and we would have $50,000 more in fund balance. Debt service would have still been paid.

Mr. Moyer stated that is correct.

Mr. Berube stated if you want to credit that to the developer, I do not know. The way I look at it is, however you describe it, we are still out 19 lots times the dollar amount per lot, for a total of $50,000, that would otherwise be in fund balance right now.

Mr. LeMenager stated I would like to further point out that of these 19 that have not paid, 10 of them are two owners. One is Distinctive Homes, so let us go after him and get his money. Five are owned by Mr. Michael Quinn and his associates.

Mr. Berube stated they are not the owners any longer.

Mr. Evans stated a lot of these properties have changed ownership.

A Resident stated I own a home that was owned by Birchwood Acres in 2005, and my client purchased his house last year and is being assessed the amount of an additional $3,100.

Ms. Kassel stated no one on the Board is trying to imply that people who are not the original owners from 2005 should pay anything now. We have not voted on this yet, but we will have those removed. What we are wondering is, how this could have happened in the first place, how we can make sure that it does not happen in the future, what we do about the people who may still own those lots and have not paid. What Mr. Moyer is saying may be true in a sense, but what Mr. Berube is saying is true for the Board members who are residents who are saying this is money that we should have in our fund

to pay bills as they come up. If you are a new owner and are not the original property owner, then you do not have anything to worry about.

A Resident stated I am sure you will be fair. What I cannot understand is, a CDD is like a note at the bank.

Mr. Berube stated yes, they are.

The Resident stated if you owe $100,000, then you pay $100,000, and it is prorated based on however many years it is setup. I do not understand how you can have a surplus. What else is that surplus being used for other than to pay the debt?

Mr. Moyer stated that is exactly what it is used for.

The Resident stated then if you have $50,000 or $60,000 in surplus, someone is paying too much or instead of paying it off over 20 years, you paid it off over 15 years.

Mr. LeMenager stated we are talking about two different things. The debt service portion is about two-thirds of the assessment, and the other one-third is for operations. For operations, for which we have a plan for that $750,000 in reserves for operations going forward.

Mr. Evans stated I think his question is about the interest, and interest rates fluctuate from year to year.

Mr. LeMenager stated it was much higher in 2005 than it is now.

A Resident stated I was in the tax collector's office the other day to pay my property taxes. This assessment is for an empty lot, 7130 Indiangrass. You can look at the bills I have from over the years, and they say everything has been paid, even 2006 has been paid.

Mr. Walls stated the assessments we are discussing never made it to the property appraiser to put on the tax bills.

Mr. Berube stated that is the problem.

The Resident stated I do not understand the whole thing, except that I am paying an extra $10,000 in taxes this year.

Ms. Kassel stated you are not going to have to pay the additional amount.

The Resident stated that is all I care about. I appreciate your time in addressing this.

Mr. Berube asked is it safe to say that Severn Trent made virtually all of the mistakes related to this issue?

Ms. Kassel stated the tax collector apparently made the first mistake.

Mr. Qualls stated that is not correct; the tax collector had nothing to do with this. The tax collector takes what is certified and sends out the tax bills.

Mr. Moyer stated Osceola County made the first mistake. The assessment department at Osceola County is the one who did not pick up and put these assessments on the 2006 tax bills. Severn Trent is at fault in terms of not pursuing that in 2006.

Ms. Kassel stated and then they missed it all these years.

Mr. Berube stated they were supposed to be added in 2007, but as Ms. Karen Ellis writes, it was inadvertently left off the final assessment roll and never included in the 2006 tax bill. "Confirmation that the assessment totals sent did or did not match was not received, although this is now part of the certification process. It was not until the auditor's review that this was discovered that these assessments were never levied on the owners' tax bills. Unfortunately, this oversight was not corrected until this tax year." by her own chronological writings, wherever it began, Severn Trent just continued to do "business as usual" and missed these assessments, until this year when a well-meaning young lady added them to the tax bills. This had to have been sitting on someone's desk. Someone had to have known year after year after year, and to me, that falls to Severn Trent. I think Severn Trent ought to pay these, and I am willing to bet they have errors and omissions insurance coverage. They should file a claim and pay these fees due, plus interest. I think they should pay for an auditor to be sure this does not happen again, as well as all the legal bills for Mr. Qualls to review this and make sure it is right. That is my opinion. You cannot believe how mad this made me because these residents had to worry about this for a month. What aggravates me is that we did not know. It was put on this year's roll and no one said a word. I do not know if Mr. Moyer knew or not, but it does not really matter.

Mr. Moyer stated no, I did not have any information.

Mr. Berube stated this goes back to the other things that frustrate me about Severn Trent. They cannot do anything right, from hiring employees to fixing assessments that are on tax bills. It just goes on and on and on. I am done.

Mr. LeMenager stated perhaps the message to Severn Trent is, do they want our business. There are plenty of other companies out there. I hope someone from Severn Trent reads these minutes.

Mr. Moyer stated all of your comments are appropriate. I will say that your expectations are way out of line. This is not rocket science, and these are not rocket scientists. They are clerks.

Mr. Walls stated this is basic accounting. If you send out a bill, then you should follow up on it.

Mr. Moyer stated I am not arguing that.

Mr. Walls stated this is not rocket science, and this is not a lynching.

Mr. Evans stated it seems like a lynching. Everyone makes mistakes, and the mistake is, once you catch it if you do not do anything about it. The mistake was made and they caught it.

Mr. Walls stated we are paying them to provide a service for this District. They failed to do that service that we paid for. Our attitude should not be "it is ok, guys, you gave all these people a hard time but we do not care, so let us brush it under the rug." That is ridiculous.

Mr. Moyer stated you cannot brush it under the rug the way they handled it. No one is trying to cover this up.

Mr. Walls stated I am not saying you did, but the error that Severn Trent made brought this all about. That is the bottom line, and we want to know that is not going to happen again or if it has happened in the past and we do not know about it.

Mr. Moyer stated there are now procedures in place that were not in place in 2005 and 2006 that Ms. Ellis referenced that Mr. Berube just read. In 2006, there was no way for us to go back and crosscheck that what we provided to the property appraiser was, in fact, added to the property appraiser's roll that was certified to the tax collector.

Mr. Qualls stated the Statute says that by June 1, when the District is using the Uniform Method of collection, the property appraiser—in Osceola County, it is the section of County government that is charged with doing what the property appraiser is supposed to do—shall provide a roll to each local government using the Uniform Method, which means using the tax collector to collect the assessments as opposed to the District Manager. What the property appraiser is supposed to send is the legal description within the boundaries, and the names and addresses of the owners of such property. Are you saying that information was not provided to the District?

Mr. Moyer stated that was not provided to the District because the plat that was recorded in February 2005 was never placed on the tax rolls by the property appraiser or whoever places property on the tax rolls by the time they certified the tax rolls to us in June 2005. Then it comes back to Severn Trent as to what to do. There are 39 lots that did not make the tax roll but yet they need to pay assessments, so Severn Trent was directed to send them a separate bill, just like they send to the developer, which they did.

Mr. Qualls stated I am asking questions so we can get to the bottom of this. If, in fact, the property appraiser did something or left something off, I think it is a different scenario than what I understand it to be currently. You are saying that when the property appraiser sent over the information, they failed to include these properties, when the legal boundary was sent to the property appraiser from the District. The property appraiser failed to include these specific pieces of property including the names, addresses and legal descriptions.

Mr. Berube stated no.

Mr. Moyer stated yes.

Mr. Berube asked in 2005?

Mr. Moyer stated yes.

Mr. Berube stated the property appraiser did not know because these properties were sold after the roll was certified.

Mr. Moyer stated no, the plat was recorded in February 2005 and they did not include these properties on the roll in June 2005.

Mr. LeMenager stated to be fair to everyone, 2004 and 2005 were a little crazy, and we are talking about County government. We are talking about clerks at County government who were probably stressed with all that was happening. We remember what happened in 2005, but I am not sure that is the main issue. I think I understand it. Because of what was happening in 2005, it was missed. To me, then, we have to decide how we are going to fix the situation. Should we be asking these 19 people to pay this in their 2011 tax bill? My answer to 17 would be no, and my answer to the other two who actually still own the property would be yes. However, given the attorney's comments about treating everyone the same, I am not sure we can do that. Two people still own the lot, so they should still pay. That would leave 17 lots that have not paid. There are really two owners who own 10 of the 17 lots. I appreciate one resident here tonight owns four

of them, but I suggest that you have a claim against your title insurance. You thought you were buying something free and clear, and clearly it was not free and clear.

Mr. Evan stated there was no recorded lien.

A Resident stated nothing was filed against the property by Severn Trent. So how would the title company know?

Mr. LeMenager stated then we come back to Mr. Berube's argument, which is Severn Trent's errors and omissions insurance should pay for it.

Mr. Evans stated when the bills are sent out, the checks are sent to the District and are deposited. The trustee is looking at the debt service fund and the capital fund when those payments are due.

Mr. Moyer stated that is correct.

Mr. Evans stated they are going to transfer the funds from that account to pay the debt service.

Mr. Moyer stated that is correct.

Mr. Evans stated all they are looking at is the balance, and there are adequate funds in that account.

Mr. Moyer stated the trustee does not know who paid and they do not care who paid.

Mr. Evans stated that is correct. So there are two different activities going on here. We do not have the same person watching the same event. When the debt service bill comes in to be paid, the trustee looks to see if there are adequate funds in the account and then they will transfer it to pay the debt service. All those payments were made. If there were not adequate funds, the debt service would not have been paid. That is for the entire bill, regardless of whether it was from the property owners or from the developer. That goes to Mr. Qualls's question of knowing that it was paid. That is how those assessments were paid. There is one individual who is looking at some outstanding invoices that are coming in. The trustee is a different person who is looking to see if there are adequate funds to pay debt service. Therein lies the disconnect, because those assessments were paid. Then all of a sudden, someone says it did not get paid. The difference is, it was not collected by the individual who is watching the outstanding invoices to be deposited.

Mr. Walls stated you are talking about two different things. There is a debt obligation, which is paid from the CDD account. Then we have these 19 assessments that were not paid. They are two different things.

Ms. Kerul stated one "paid" is for the bond issue but another "paid" is for the assessments.

Mr. Berube stated if we had run a deficit, we would have caught this five years ago. Fortunately, we have not run a deficit. The fact that we do not run a deficit hid this because we have not run out of money.

Mr. Evans stated First Union Bank is the trustee who pays the debt. When it comes time for a debt service payment, they look at the account and transfer the funds to satisfy the debt. That is their job. At Severn Trent, there is an individual who looks at the general fund for the operations and maintenance expenses. They also receive the assessment collections from the tax collector, and they deposit the assessments into the appropriate accounts. The person looking at the debt looks at nothing other than that, but person in the accounting department is looking for 19 checks to be received that did not come in.

Mr. Walls stated I have my own business, and I send invoices to the people I do work for. I also have expenses that I have to pay. I used the funds from my clients to pay my expenses. I track them separately, and I should. I know that I invoiced one customer a certain amount of money, and I know how much I owe to my vendors. They are two separate things that should be tracked completely separately. There is no excuse for letting go of one and saying he does not have to pay for the work I did because I have already covered my expenses.

Mr. Evans stated no one is trying to cover up anything.

Mr. Walls stated I am not saying we are trying to cover up anything.

Mr. Evans stated we have identified a problem that occurred six years ago by a couple of individuals at a clerical level, and it happened. What we are looking at now, everyone in the audience wants to know the recourse to them. They could care less how it happened. They are looking at what happens to them. What we as the Board are looking at is how it occurred. Mr. Moyer is telling us that there are safeguards in place now and have been for a number of years to avoid this situation from happening again. We just did not know that it happened prior to these safeguards.

Mr. Moyer stated let me take that a step further. Severn Trent thought that when they certified the roll in 2006, which included the 19 lots that did not pay in 2005, that it was included in the tax collection process. Once it is in that process, we do not foreclose anyone. The District is then out of the process. We do not have any control over that

process. So it is not hard for me to believe that someone would say we have done our job by certifying the roll, and now it is on autopilot with the tax collector to run this down and do tax certificate sales and collect the money for that. Some negative comments were made about the auditors, but the auditors, in fact, did do their job and did pick that up.

Mr. Walls stated if you send an invoice under any type of scenario—CDD, business or whatever—you should make sure those things were billed and have some check in place to confirm they were billed and then received or not received.

Ms. Kassel stated I think we want to know what checks are now in place that will prevent this from happening again.

Mr. Moyer stated the property appraiser/Osceola County special assessment department will send us the roll after it has been merged with our assessments so that our staff can make sure that all of our assessments are on every folio number. That did not happen in 2006.

Mr. LeMenager stated very pragmatically, the best control is the fact that there are four publicly elected officials on the Board who all tend to bore into these kinds of issues in a great level of detail. No one here now was on the Board in 2005, so it is in the past. What I am hearing is that in 2005, most of the assessments were paid by the developer and he controlled everything and everything was fine so let us not worry about it. I am of two minds on that particular side of the argument. It seems like we have two issues. One is the past is the past, and what do we do with the 19 people who have been billed now. My position is clear. I think the two people who were on the roll then and still own the property need to pay the delinquent amount, and the other 17 should not be paying it because I do not think they have any legal obligation to pay it, especially since it sounds like a lien has never been filed.

Mr. Qualls stated the Board can make the appropriate policy as you choose, but let me make sure you understand the framework. The lien in 2005 was a lawful lien against the property.

Mr. LeMenager stated but it was not recorded.

Mr. Qualls stated it does not matter. These liens do not have to be recorded. Nothing that the Board can do today can take that away. You cannot decide to remove the lien. Let me be clear that this is a non-ad valorem assessment lien against the property, which is equal in dignity to a tax lien, which means it is a first-priority lien.

Mr. Berube stated you are saying "lien." Do you mean "obligation?"

Mr. Qualls stated no, it is a lien. It is a lien because of the process that the District went through to levy and impose the lien. We cannot use the tax collector through the Uniform Method to collect these because the District is collecting these through the District Manager. The policy decision that I think should be wrestled with is if you want to collect these. They are liens, they are valid, and they are lawful, so keep that in mind. It is the collection of the lien, not the lien, that you can make a policy determination.

A Resident stated I did not own this property in 2005, but I own it now. Can you come against me to collect that lien?

Mr. Berube stated yes.

Mr. LeMenager stated if it is a valid lien, yes.

The Resident asked even if it was never recorded and I have no knowledge of it?

Mr. Qualls stated yes. Chapters 190 and 197, Florida Statutes, require that a disclosure be made to people who purchase property saying that there is a District. The disclosure describes the assessments against the property and that they are first liens, and all those types of things. I understand where you are coming from, because in this instance, from what I understand, a bill was sent by the District one time in 2005. I have not seen that bill, but that is what I understand.

The Resident asked how could it have been sent if it was not on the tax roll?

Mr. Qualls stated there was an owner of the property at that time.

The Resident stated you just said that it was not on the tax roll and it was not recorded.

Mr. Qualls stated this is confusing, but there are two different rolls that we are talking about. One is the non-ad valorem assessment roll that is sent to the tax collector, and the other is the non-ad valorem assessment roll that is sent to the District to collect. The policy of this District is, when it is a platted lot, we use the Uniform Method through the tax collector to collect. When it is not platted, we will collect them directly.

The Resident stated you said it was not platted until after it was sent to the tax collector, after the fact.

Mr. Evans stated it was platted in February 2005. The property appraiser received that information, but by June 2005, they should have included these parcels on the roll when

they sent it to the District and the owners of those lots, based on the records at that time. They did not do that even though they did have time.

A Resident asked how many lots are within that platted area? They left out 19 of them when they sent it to the property appraiser?

Mr. Moyer stated no, the property appraiser left them all out.

Ms. Kassel stated the manager sent those lots to be platted.

A Resident asked do you have proof that it was sent?

Mr. Moyer stated yes.

Ms. Carole Greenwald stated you are looking at someone who foolishly paid the entire amount. I would like to know when I will receive my money back.

Mr. LeMenager stated that was not foolish; I think anyone with a mortgage has paid their tax bill already.

Ms. Greenwald stated I own two properties in Harmony, a home and two lots. After I recovered from the shock of the assessment on the Indiangrass lot, I had a conversation with Ms. Patrice DeNike and commented that I should have never purchased that lot because I will never get my money back. With that conversation, I admit at that point that I was an uninformed purchaser. Ms. DeNike was nice enough to ask how much I was assessed. With that, I talked with Ms. Karen Ellis at Severn Trent, who said to me that they made a mistake. She said she was sure that Harmony was not going to want the bad publicity that will arise if we do not correct this. I responded that I am not dumb and that I want my money back.

Mr. Evans stated as well you should.

Ms. Greenwald stated I hear what you are saying. I am asking you to make a decision. Do we get credited or get our refund? My next question is to Mr. Moyer who mentioned there was a woman at Severn Trent who went ahead and assessed these. I am not asking for names, but I wonder if it was Ms. Ellis. She sounded very intelligent over the phone, but I cannot imagine anyone at Severn Trent discovering this and all by themselves adding it to a tax bill. I cannot imagine that whoever discovered it would not have gone to someone within Severn Trent and informed them of what they just found. I cannot imagine that person said to just proceed to correct it. I think that is absolutely the most unprofessional way of trying to recoup and cover your mistake, rather than letting the Board members know there is a problem and discuss how to handle it, not wait until the

Board asks the question, I think Mr. Moyer is responsible. Whether it is your errors and omissions insurance or anything else, it is no different than the Sandusky situation: are you the head coach or not?

Mr. Moyer stated the Board can do whatever the Board wants to do. No one came to me—no one—and asked to put this on the tax roll. I have been in this business for 40 years. I would never have permitted that without any notification. I may have permitted it, but not without first writing to all the residents letting you know what happened and why we were doing it.

Ms. Greenwald stated I think the Board members deserve the letter.

Mr. Moyer stated the reality is—and the Board has heard me talk about Severn Trent before—Severn Trent is a factory. It is a big company. There are people who simply do what they think they have to do. It is not a small business. The person who put this on the tax roll is, in fact, Ms. Ellis. She made that decision to put it on the tax roll without discussing it with anyone. Ms. Ellis is the person who puts these assessments on the tax roll; that is her department.

Mr. Evans stated I talk with Ms. Ellis constantly, and she never said a word to me, either, not a single word.

Mr. Walls stated I appreciate this resident's comments. Has Mr. Qualls found any information on the statute of limitations on this issue?

Mr. Qualls stated I am researching that, and I have not found a definitive answer as to what the statute of limitations is. The specific legal question is, what is the statute of limitations for non-ad valorem assessments that are not being collected through the Uniform Method pursuant to Chapter 197, Florida Statutes, and what is the timeframe for foreclosing against real property to enforce that. I do not know. It seems to be an unsettled issue or at least a confusing area of the law. But it is an appropriate defense.

Mr. Walls stated I think everyone is in agreement that we need to take these off the tax bills, and that may already be happening.

Mr. Qualls stated I would say that needs to be done legally. I called The Honorable Patsy Heffner on the way to this meeting. I explained the situation to her. There is a process that only the tax collector can do. This kind of thing happens, so it is not uncommon and there is a process for fixing the 2011 combined real estate tax notice to

make sure these are taken off. There is also a process for refunding assessments that were paid in error.

Mr. Walls stated we need to go through that process. I do not think there is any way that we can say with a straight face that any of these assessments have been "paid" individually. I do not see how you can take them off the books without taking money in. These should have been on the books for the last five or six years. We continue to carry them as liabilities on the books. I cannot in good conscience ask anyone here to pay any of these bills. I just cannot do it. We continue to carry them as liabilities while we perform more research until the time comes when we can no longer bill these properties, if there is a statute of limitations. We should continue to carry these and write them off if we can when the time is up and then move on. I would like to see some goodwill from Severn Trent. I know there are a lot of explanations and reasonings behind this, but they were the source of this issue. From everything I have seen, that is the conclusion I have come to.

Mr. Evans stated I would entertain a motion to authorize the District Manager and District Counsel to contact the tax collector's office to amend those tax bills that were sent out, to remove the 2005 assessments that were included on these tax bills on all those bills in error.

Ms. Kassel stated I think it should only be for the property owners who were not property owners at that time. I do not see why you cannot exclude the people who are current owners now who owned the property at that time.

Mr. Berube stated it is because of the way they were put onto this year's tax roll. It cannot be included on this year's tax roll. According to what I read from Mr. Qualls, these bills cannot just be added to this year's roll.

Mr. Qualls stated that is the distinction. Because these were lawfully levied and imposed, they are valid existing liens. The question is, how do we collect and enforce against those liens. Because these were not certified to the tax collector in 2005, the law does not allow you to suddenly use the Uniform Method and use the tax collector to collect these assessments in 2011. The motion should be phrased to correct that and make sure the combined tax notice is clear. Anyone who paid pursuant to the combined notice will go through that correction and refunding process. All of that will do nothing to change the nature and priority of the valid and existing tax liens.

Mr. Walls stated that is why I suggest we continue to carry them as liabilities. I do not think there is any way we can get rid of them without them being paid.

Mr. Berube stated Statutorily, we have to enforce the collection from what I read, unless there is a statute of limitations that has run out, in which case we cannot.

Mr. Qualls stated even if there is a statute of limitations, that is an affirmative defense. In other words, if there is a five-year statute of limitations for enforcing a contract that was improperly entered into. Unless someone affirmatively raises that statute of limitations and if no one brings it up, then the statute of limitations does not apply. While the statute of limitations is important, it does not necessarily mean that it goes away because the statute of limitations has run.

Mr. Berube asked does the statute of limitations apply from the time you realize there is a problem?

Mr. Qualls stated not necessarily. The motion you should consider is for the District Manager and District Counsel to work with the tax collector to make sure the 2005 non-ad valorem assessments are removed from the 2011 combined notice, and to follow the process to make sure that any payments made because of the 2011 combined noticed are taken care of, i.e., are refunded to those people who paid because the bill was not proper.

> On MOTION by Mr. Berube, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to authorize the District Manager and District Counsel to work with the tax collector to remove the 2005 non-ad valorem assessments from the 2011 combined real estate tax bill, and to follow the process for any payments made on the 2011 real estate tax bill, to refund those property owners who paid because the bill was not proper.

Mr. Evans stated now we have to discuss the District's ability to collect these assessments. Does the District have any right to go after a new owner of that property because they had no constructive notice? Even though it is an existing lien, what happens to him if he buys the property after the fact? The developer also bought back properties since 2005, and they received some of these tax bills, too. If a new owner has no constructive notice and he goes to a closing, if it is represented to him by the seller or series of previous sellers, on what basis can he be held liable for it?

Mr. Qualls stated the lien exists. If someone buys a piece of property and there was a lien on the property, whether a tax lien or an assessment lien, and they did not know

about it, I feel bad for them from an equitable standpoint, but legally, it does not change the fact that the lien is against the property.

Mr. Evans stated I understand that from a legal standpoint. I am trying to balance this.

A Resident stated the bill was not sent until 2011.

Mr. LeMenager stated no, the bill was originally sent in 2005.

Mr. Evans stated the bill was sent to the owner of the property at the time. We know they were sent because a lot of people who received those bills actually paid them in 2005. The developer received five of them.

Mr. Berube stated 17 of 36 owners paid that assessment.

Mr. Tome asked if a lot has been transferred that has this lien on it and there is an estoppel letter that is requested, does that estoppel need to note that this is an outstanding lien that needs to be paid?

Mr. LeMenager stated that is a very good question.

Mr. Qualls stated that is a good question, but I do not think that is for me to answer. That is between the purchaser and the previous owner.

Mr. LeMenager stated I understand exactly what you are saying, and I think that speaks directly to Mr. Berube's point as to who might be responsible for this. If Severn Trent sent 17 estoppel letters that failed to note this outstanding assessment, then I am in complete agreement with Mr. Berube that Severn Trent needs to pay for these.

Mr. Evans stated to this resident's question, when he purchased the property, he requested an estoppel so that he or subsequent owners had reason to believe that there were no outstanding assessments.

Mr. Qualls stated I understand completely that it is unfair that someone who has never received a bill and who had no knowledge that this assessment was due is responsible for it. But the law says that the lien is against the property. It does not matter who the owner is; that is irrelevant. The lien is against the property. When the bill was sent and how it was collected is a separate issue from the lien being lawful. You might have action against any number of people.

Mr. Walls stated when that estoppel letter is sent, they are acting as an agent of the District.

Mr. Moyer stated that is correct, to the degree that the estoppel letter had the wrong principal balance shown that assumed the 2005 assessment was paid, Severn Trent should be responsible.

Mr. Berube asked does it matter if it was on the tax roll or if it was CDD collected?

Mr. Qualls stated it has nothing to do with the tax law. You only get into property tax collection law through Chapter 197, Florida Statutes, when you use the Uniform Method. That is when the tax collector sells tax certificates, and non-ad valorem assessments are collected in the manner in which ad valorem taxes are collected. The advantage is using Section 197.2623, Florida Statutes, to collect them for using the Uniform Method. Now you have this process by which you use the combined real estate tax bill to send out the non-ad valorem assessments, and you do not go through the foreclosure process because tax certificates are sold. But because the District did not impose them in that manner, we cannot get under the auspices of Chapter 197, Florida Statutes. Now we are dealing with Chapter 190, Florida Statutes, in collecting non-ad valorem assessment in not using the tax collector's office. The only way to enforce it if people do not pay is through foreclosure.

Mr. Berube stated that is not peculiar to CDDs. This is general real estate law.

Mr. Moyer stated that is correct Chapters 170 and 173, Florida Statutes.

Mr. Qualls stated it is peculiar to governments that have the ability to levy and impose non-ad valorem special assessments.

Mr. Evans stated the next question that the residents want to know is if the District intends to take any legal action, including foreclosure or any other legal action afforded to it, against the owners of those properties who have acquired those properties who were not noticed. In other words, they are not the original owners who received a notice for the debt, which goes to Ms. Kassel's point.

Mr. Qualls stated I want to be clear. The Board received our memorandum. Our advice is the District should use every possible avenue to collect and enforce against these non-ad valorem special assessments. There is not a technical legal requirement that the district has to do that. There is no law in Chapter 190, Florida Statutes, that says when a non-ad valorem assessment is not paid that the District shall foreclose against that property.

Mr. Evans stated that is what I want to know.

Mr. Qualls stated the rest is a policy decision.

Mr. Evans stated we are reducing this down. We have already authorized for the tax bills to be fixed. Now we are looking at 19 outstanding properties. We can break those down into two categories: two properties who are still the original owners, and 17 properties who are secondary owners. Does the Board want to waive or elect not to pursue recovery from the secondary owners of those 17 lots for the 2005 assessments?

Mr. LeMenager stated I think the attorney is telling us we can decide that.

Ms. Kassel stated I think we want to pursue it but do it through Severn Trent.

Mr. Evans stated I am talking about pursuing it against those owners.

Mr. Qualls stated it would be against the property. The action would be against the property because the lien is against the property. Keep in mind the basis for our advice: the District manages infrastructure. It pays for the management of that infrastructure through assessments against the property receiving the special and peculiar benefit for that infrastructure management. Be wary of a pandora's box and be cautious of the grounds by which you are deciding not to collect this and how you are going to do that in the future. I am not certain that a decision ought to be made today until you know precisely how it happened and that steps are in place to make sure it does not happen again. I am cautioning you that if you were to say, for example, that these people did not receive notice so you are not going to collect. How many owners will come to you next year and say they never received notice. I am not saying that necessarily will happen, but I am saying that I view it as a danger moving forward if this is not handled in the best way.

Mr. Evans stated I want to clarify what Ms. Kassel asked. If the Board elects not to pursue those collections against those who did not pay, would the Board have to be consistent for all 19 owners or can we take separate action against the two who are still the original property owners?

Mr. Qualls stated I will advise consistency. It is not the owner; it is the property.

Mr. Evans stated now the Board needs to decide if we want to pursue collective action against the owners of all 19 properties or none of them. Then we can decide our next step.

Mr. Walls stated none of them.

Mr. LeMenager stated we definitely want to collect money for all 19 properties. Who pays for it is a different issue. My name is on this list. I paid my money in 2005. If the Board decides that these 19 people do not have to pay, then I am thinking that I want to sue the District. Why did I have to pay?

Mr. Moyer stated the Board can direct me to draft a letter to these property owners. In theory what needs to happen with the two original property owners, we will take it off the non-ad valorem section of the 2011 tax bill. The District should write the 17 or 19 people saying that they owe an assessment. I would include in that letter that if they received an estoppel letter as part of their closing indicating that you did not owe an assessment, then please provide that estoppel letter to us.

Mr. LeMenager stated I like that.

Mr. Walls stated I do not know where I would go to find that right now.

Mr. Moyer stated the debate should be between the property owner and Severn Trent if they did not receive an estoppel letter. They are the people who should go against Severn Trent, not the Board. I think the Board can certainly assist in helping these residents by saying if you show us an estoppel letter, then we will, to the best of our ability, try to get the person who issued the estoppel letter to honor that estoppel letter and pay the assessment.

Mr. Walls asked was Severn Trent acting as this body's agent when they sent those estoppel letters?

Mr. Moyer stated yes.

Mr. LeMenager stated Severn Trent probably still has those estoppel letters.

Mr. Walls stated I do not know that.

Ms. DeNike stated when there is a closing, the title company asks for estoppel letters from the HOA. I do not know if they do it for the District.

Mr. Moyer stated that is what Mr. Qualls is saying. We recorded something in the public record that says you need to contact us because we levy assessments. If a title agent does not do that, it is then their obligation.

Ms. DeNike stated I may be wrong; they may also request them from the District.

Mr. Moyer stated it is not uncommon. We receive a lot of inquiries.

Ms. Greenwald stated I settled on July 27, 2011, with Stuart Title. I was advised by them that they contacted Severn Trent, and Severn Trent made no mention of this 2005 assessment.

Mr. Moyer stated to the degree the 19 of you provide that information to us, then I think that gives grounds to this Board to tell Severn Trent, as the Board's agent, since they represented that there was no assessment, then they are responsible for the assessment. I do not have any problem with that.

Mr. Evans asked does that fall within the guidelines?

Mr. Qualls stated yes. My guideline is that the District should collect and enforce these non-ad valorem assessment liens to the extent that the law allows these to be collected. I am not opining on whether or not they can be. I can list three defenses that these residents have, but I think that is a better direction for the Board to go in, rather than getting into who you are going to collect from and enforce, and who you are not.

Mr. Walls stated what I do not like about that scenario is that we are placing the burden on the residents to find old documents that maybe they have and maybe they do not. Maybe they never received one in the first place.

Mr. Qualls stated I understand that, but the way the law reads, unfortunately, the burden is on the property owner.

Mr. Walls asked what happens if we do not pursue collection? What is the penalty? Could someone sue us for billing them?

Mr. Qualls stated you are asking an attorney what could potentially happen. Someone could say that they paid theirs, this is unfair, and you can get sued in the other direction.

Mr. LeMenager stated I fall in that category. I paid mine.

Mr. Berube stated 17 of those original owners paid, and if they hear about this, they could easily request their money back.

Ms. DeNike stated I represent the owner of lot 5 that was owned by Birchwood Acres, but the Schreks purchased it in September 2010, but Birchwood Acres held onto this lot for a couple years. I think someone who was with Birchwood Acres planned to build a home there, so that was not paid. Birchwood Acres is still around.

Mr. Tome stated that is not what happened. There are certain lots that we purchased back, and it is clear on the spreadsheet that we were provided. Anything that is owned by

Birchwood Acres at the time those assessments were levied were paid in 2005. Some lots were repurchased and sold again, but we were not the owner at the time.

Ms. DeNike stated I tracked it back and Birchwood Acres owned it.

Mr. LeMenager stated not according to our spreadsheet; Mr. Michael O'Quinn and his associates owned it in 2005.

Mr. Moyer stated it is not appropriate to deal with a specific case tonight. We need to address what we are going to do globally.

Mr. Walls stated my suggestion for this month is that we do nothing. Then we turn it over to Severn Trent and provide a plan to us. There is no reason to try to figure out some grand scheme tonight. Severn Trent knows what happened. They can go back and look to see if they sent out estoppel letters or not. Let us know what happened next month, and then we will figure it out.

Mr. Evans asked can you obtain copies of the estoppel letters?

Mr. Moyer stated yes.

Mr. Qualls asked can counsel also be a part of that process?

Mr. Evans stated the motion that was passed was to modify the tax bills. We need to do more research before any other action is taken.

Mr. Walls stated what I mean by doing nothing this month, that means we are not going to send out bills to anyone right now and we will figure this out. Hopefully a bill never goes out to these properties.

Mr. Moyer stated you could send one to the two properties.

Mr. Walls stated we are talking about owners and properties.

Mr. LeMenager stated bills should go out for all 19 properties.

Ms. Kassel asked do you have copies of the estoppel letters for owners who bought their property after these were in arrears?

Mr. Moyer stated yes.

Ms. Kassel asked so why do we need to make the residents provide them?

Mr. LeMenager stated if I am listening carefully to the attorney, it is because the home owner is responsible to pay the bill. All we are trying to do is help them out by giving them some information.

Mr. Moyer stated I like the idea of giving us a month to research this because it may not come to that. The persons who depended upon the estoppel are the individuals. The

District does not depend on the estoppels. Their claim is against the company that issued the estoppel.

Ms. Kassel stated which is Severn Trent.

Mr. Berube stated I think Mr. Moyer's letter will explain what happened and provide pretty accurate guidance on how to fix it, as well as clarifying the responsible people, which is Severn Trent.

Mr. Moyer stated if some of these properties transferred without asking for the estoppel letter, then the cause of action is against the title company.

Mr. LeMenager stated that is correct.

Mr. Evans stated let us take that one step further. Who takes the action against the title company?

Mr. Moyer stated the home owner.

Mr. Evans stated then we would have to pursue a home owner who does not have an estoppel letter, who is going to have to go after his title company.

Mr. Moyer stated unless we just do it on a blanket basis, as Mr. Walls said, through the good graces of Severn Trent stepping to the plate to resolve this.

Mr. Walls stated that is what I am hoping happens, that these properties never get a letter that says they owe the assessment and to make a claim against another company.

Mr. Moyer stated I can tell you that Severn Trent is a very honorable company and they have done that in the past. I know how angry you are against Severn Trent, but if you try to go against someone other than Severn Trent, they will not do this. I have been that route with other companies that manage special Districts.

Mr. Walls stated my ire is not with Mr. Moyer.

Mr. Moyer stated I understand that.

Mr. Walls stated my ire is with the process.

Mr. Berube stated this amounts to $49,197.

Mr. Moyer stated $34,000 is for debt, and the balance is operations and maintenance.

Mr. Qualls stated now that I have heard the Board's discussion regarding the 2011 combined tax notice that was wrong and what to do about these properties that have not paid, I would like to offer another suggestion to make sure something like this does not happen again from the District's standpoint. It sounds like Severn Trent has put some checks and balances in place. If it is not too late to include within the January 26, 2012,

workshop, I would like to have some specific procedures for how the District goes about and collects non-ad valorem assessments on the roll that is collected by the manager and not collected by the tax collector. I think that would be good information to have. Our recommendation is, just like you certify a non-ad valorem assessment roll to the tax collector to go back and review, you should also certify a roll to the manager for these other assessments. I think that will help the Board address making sure this does not happen again.

Mr. Evans stated I do not think we need that.

Ms. Kassel stated it would be the management company certifying it to itself.

Mr. Qualls stated not necessarily. On the Uniform Method, the District Chairman or his designee certifies the roll to the tax collector. This Board could create some checks and balances.

Mr. Moyer stated to a degree, I think you have already taken care of that. What Mr. Qualls has said tonight is that you cannot put a District-levied assessment on the tax roll that is levied by the District. If that is the case, then in the following year, if there is a delinquency on the assessments that we send out, they will not be included on the tax roll. They will come to the Board and say these are delinquent lots and we have to foreclose on those lots.

Mr. LeMenager stated I do not have any concerns that we will encounter problems like this in the future. We are talking about 2005 and 2006, which predates virtually everyone sitting at this table. I am quite comfortable with what we have in place now. I cannot imagine for a single second that this group of people would ever approve doing what happened in 2005, in terms of sending those bills out separately. I cannot see that happening.

Mr. Qualls stated that is still the District's policy. You use two different methods of collection. You use the Uniform Method on platted lots. That process is Statutory. You certify that non-ad valorem assessment roll to the tax collector. What I am talking about is a procedure for those other non-ad valorem assessments that are not platted.

Mr. LeMenager stated these were platted lots in 2005. The problem was getting the plat right, so that argument does not work.

Mr. Walls asked why would we not want to have policies in place to govern this? I think that is what Mr. Qualls is getting at, that we do not have formal policies right now that govern how we deal with unplatted lots.

Mr. Qualls stated I do not think there are written policies. I think they are insipient policies, which are policies that happen over time. You do not have any rules of procedure for this. For example, you do not have any rules of procedure for how you handle discounts for non-ad valorem assessments that are not collected through the tax collector. The discounts that are collected through the tax collector are Statutory; if you pay by x date, you get a 4% discount, and so forth. This District has been extending that discount to the non-ad valorem assessments that are not collected through the Uniform Method. It might be helpful to isolate on that process and procedure through formal, written rules that you can refer to on how the District collects those non-ad valorem assessments that are not collected through the Uniform Method.

Mr. LeMenager stated I think the danger is that we run out and spend $49,000 on legal bills to create a system that we do not need. What we have now, works. I am not uncomfortable with it. I get concerned when we talk about running up large bills, but especially legal bills to create more rules that will have quite a few drafts. The attorney does a wonderful job, but I am not sure we need to spend money to create another layer of rules to address something that happened six years ago. We have not had a problem since then, and I cannot imagine will happen again with the people currently sitting on this Board.

Mr. Moyer stated with all due respect to Mr. Qualls, and I am not arguing with him, but there are Statutory rules, Chapter 173, Florida Statutes, that tell you how you, as an entity that levies special assessments and do not follow Chapter 197, Florida Statutes, how you foreclose on properties that are delinquent. The reason we do that, frankly, is when we sell bonds, at least back in 2004 during that period of time, bondholders wanted the District to levy the assessments for unplatted property. If the developer did not pay, it is faster to obtain the property through Chapter 173, Florida Statutes, than it is to ride along on Chapter 197, Florida Statutes, which may take years to get the property under the tax certificate process. Chapter 173, Florida Statutes, allows you to obtain it quickly, and that is what bondholders wanted. If there is a default by a developer, since they

sometimes run into those problems, the bondholders want their money, and the way they get it is to foreclose, which is quicker under Chapter 173, Florida Statutes.

Mr. Berube asked how many entities are we billing directly, not through the tax collector? Just one?

Mr. Quall stated the policy is for unplatted property.

Mr. Moyer stated it was only supposed to be for the developer. In this case in 2005, because of the recording of the plat, or rather the non recording of the plat, we picked up 36 properties that needed to be billed directly. Today it is just one.

Mr. Tome asked to that point, if a plat is recorded in July or August and the date is June 1, how will the District collect those assessments? Will it happen off roll to those individuals that the lots were sold to?

Mr. Moyer stated if we know the plat is not on the tax roll, we need to work with the developer to collect that at the time you sell the lot.

Mr. Berube asked is all the land now platted?

Mr. Tome stated no, the land does not get platted until you develop the parcel. Then it has a tax identification number. Other than that, it is just one big open piece of agricultural land.

Mr. Walls stated I do not think we are talking about significant policies where we would have volumes of them. If we do have this situation again, it would be nice to have a guide of how to handle it.

Mr. Evans stated Mr. Moyer is saying that is driven by Statute, anyway.

Mr. Qualls stated I think we are talking about different things. I am not suggesting that the District adopt policies about how to do foreclosure. The Statutes address that. I am talking about the procedure for how the District takes the non-ad valorem assessments that are not going to be collected through the tax collector.

Mr. Evans asked is that addressed when bonds are issued?

Mr. Qualls stated no, not to my knowledge.

Mr. Evans stated I have seen a document somewhere that addresses how direct billing will take place.

Mr. Qualls stated it would just be a process to say those non-ad valorem assessments that are not going to be collected through the Uniform Method will be handled in such-and-such manner. For example, the District will put all those assessments on a roll, the

District will certify that roll to the District Manager for collection, the District Manager collects them, the District Manager offers a 4% discount for payments received by x date. I am just talking about the process for collection.

Mr. Evans stated that is already in place. I have seen it.

Mr. Qualls stated I have not seen it. If that is the case, I would like to see it.

Mr. Moyer stated 45 days prior to November 1 and 45 days prior to May 1.

Mr. Evans stated that is when the debt service invoices are sent, and the operations and maintenance invoices are billed monthly.

Mr. Moyer stated that is correct.

Mr. Evans stated that is one of the reasons the District has money to operate with at the beginning of the fiscal year, because the developer is billed monthly for operations and maintenance.

Mr. Qualls stated we can perhaps continue this conversation at a later time. When you talk about a monthly operations and maintenance invoice, my question is when did the non-ad valorem assessment bill get sent to those property owners who are supposed to pay outside the Uniform Method.

Mr. LeMenager stated the only one is the developer.

Mr. Qualls stated you cannot collect unless it is on a roll.

Mr. LeMenager stated the only body outside the tax collector is the developer.

Mr. Qualls stated no, it is the landowner; it is the land.

Mr. LeMenager stated I appreciate that, but it is still the developer.

Mr. Moyer stated the only person who owns unplatted land is the developer. All the rest is platted.

Mr. Evans stated all the lots that are platted that are still owned by the developer are on the tax roll and are collected accordingly, in the same fashion as everyone else. They are not segregated out.

Mr. Qualls asked when did that change?

Mr. Evans stated it never changed.

Mr. Qualls asked was that the case in 2005?

Mr. Evans stated yes.

Mr. Qualls asked a non-ad valorem assessment bill was sent to the developer in 2005?

Mr. Evans stated the developer received a direct bill for five lots, and they were paid.

Ms. Kassel stated this problem arose because lots had just gone through the platting process and were sold before they were put on the tax roll to the tax collector, and then they got lost.

Mr. Moyer stated they were not lost in 2005. They got lost when Severn Trent certified the tax roll in 2006 with those lots on it. Those lots were on the roll that we certified in 2006, but they were not picked up by the property appraiser/special assessment department at the County, and they were never billed on the tax roll.

Mr. Walls asked are you talking about the 2005 tax roll because these were not platted properties at that time?

Mr. Moyer stated that is correct.

Ms. Kassel stated they were not on the roll from the property appraiser.

Mr. Qualls asked were these certified to the tax collector in 2005?

Mr. Moyer stated no.

Ms. Kassel stated the same thing could feasibly happen in the future as lots are platted and sold before we send the roll to the property appraiser for recording.

Mr. Moyer stated that is correct. The only thing I have heard tonight that will stop that is, as Mr. Qualls said, in the next year, you cannot take what you did—in this case, in 2005—and roll it over and put it on the tax bill in 2006. If we had the knowledge in 2006 that we have tonight, the District would have sent out a hand written bill to the property owners for their assessment. If they do not pay, then we start foreclosure.

Mr. Walls stated that is what Mr. Qualls is talking about, and he is saying we do not have formal policies that govern that process.

Mr. LeMenager stated I am certain the estoppel letters are wrong.

Mr. Moyer stated I think you are right. The assumption that Severn Trent made is that it was on the tax roll, and if the taxes were paid, then the estoppel did not include that delinquent amount.

Mr. Evans stated there are multiple people involved in different things and in their minds, things looked fine. That was the issue.

Ms. Greenwald stated I recall a term in real estate called “latches.”

Mr. Qualls stated I am not a real estate attorney, but I do have a Black’s Law Dictionary.

Ms. Greenwald stated my understanding is that one must do something in a very timely manner. Liens were mentioned. I purchased a HUD foreclosed home. I wonder if a subcontractor from way back did not get paid, could they now all of a sudden come forward with a mechanic's lien? That is a situation where I would think latches would come in.

Mr. Qualls stated I think you are correct. Where there is an unreasonable delay in notifying someone that a bill was due, you cannot come back 10 years later and try to collect.

Ms. Greenwald asked what about five years later?

Mr. Qualls stated I think that is what the Board was wrestling with. My only point is that the lien is against the property, whether or not you have been notified.

Ms. Greenwald stated I am not debating what you are saying. I am just saying that the factor that needs to be considered is the timely fashion, or the lack thereof. Will the CDD refund my money, or will the County?

Mr. Berube stated the County.

Mr. LeMenager stated you did not make your payment to the District.

Mr. Qualls stated the tax collector is not part of the County, but there is a process by which the tax collector refunds payments that were made in error. I have been instructed to proceed with that process.

Ms. Greenwald asked do I have to apply for it, or will it be handled on my behalf?

Mr. Qualls stated I have already contacted the tax collector, and she is very willing to help out in any way that she can.

Mr. Moyer stated we will send the tax collector the 19 folio numbers that need to be corrected and ask her to reverse those.

Mr. LeMenager asked can we also send a letter to these owners? This is going to totally confuse their escrow calculation for anyone who has a mortgage. That calculation will be done in a month or so, and it will be a complete, total mess. You probably want to send them a letter pretty quickly and have them contact their mortgage company and explain what happened so that the escrow is not messed up.

Mr. Berube stated but when this gets corrected, they will get a new tax bill.

Mr. LeMenager stated that is correct.

Mr. Berube stated the first tax bill already went to the bank. The corrected tax bill will also go to the bank, so the bank will recalculate their escrow based on the first bill, and then recalculate it based on the second bill.

Mr. LeMenager stated I understand what you are saying, but we all know that escrow does not work in our favor.

Ms. Kassel stated it will take a couple months for those home owners to get that resolved, and they will be paying at the higher amount.

A Resident stated the County will not take partial payments on the tax roll.

Mr. Qualls stated that law has been revised, and now the tax collector can receive partial payments. That is a separate matter.

A Resident stated I went to pay my taxes and I asked them about deleting that part of the tax bill. They said no, that I would be receiving a revised tax bill. They give you a 30-day extension, because I take advantage of all the discounts.

Ms. Greenwald asked would it be possible to receive a copy of whatever the property appraiser or the tax collector is being advised? I would simply like to have some ability to do some follow up if I do not receive a refund in a timely fashion.

Mr. Moyer stated yes.

Ms. Greenwald stated I understand it is the tax collector is the one handling it.

Mr. Berube asked can we include in next month's agenda?

Mr. Walls stated I think we send a letter to each of the property owners to let them know what happened and what we are doing.

Ms. Kassel asked can you include a copy of that letter in the agenda for next month?

Mr. Moyer stated yes. There is no problem with copying our letter to the tax collector to these residents.

Ms. Greenwald stated I would appreciate that.

Mr. Moyer stated we will do that.

Ms. Kassel stated we appreciate everyone's attendance tonight.

EIGHTH ORDER OF BUSINESS **Staff Reports**

A. Attorney

Mr. Qualls stated the Florida Innovation Contract has been executed. The people at Classic Marcite will get with Mr. Haskett, and they will begin the work after the holiday

season. The Luke Brothers contract was revised and amended. It was signed and has an effective date of December 1, 2011.

B. Engineer

There being nothing to report, the next item followed.

C. Developer

i. Consideration of Harmony Outdoor Classroom

Mr. Golgowski stated this request has been withdrawn.

ii. Approval of CCU Proposal

Mr. Golgowski stated this is a proposal to repair the communications for the irrigation control system.

Mr. LeMenager asked have we discussed this previously?

Mr. Golgowski stated not this part of it. Last month, the computer went down and we replaced it with one we had in-house. Two computers are not talking to each other. We are not sure if it is a modem problem or what it is. Mr. Aaron Smith has been advising us on this, and he is proposing to connect them wirelessly. Right now, we have individual phone wires, which means we have a phone bill each month for each of the lines. He is proposing to replace that with a wireless communication system. If it works out, it should allow us to eliminate those two phone lines, saving $45 to $50 monthly for each phone line.

Mr. LeMenager stated it will pay for itself after a short while.

Mr. Walls asked are we confident that the wireless solution will work?

Mr. Golgowski stated Mr. Smith is pretty confident.

Mr. Berube asked why would it not work?

Mr. Golgowski stated if there is something at the other end of the line on the controller by the pool, which is also an old unit. The device at that end has a wireless component already and a phone line built into it. We have not used the wireless option since it was installed. We will be replacing the phone line with the wireless, and we hope the wireless component is still functional.

Ms. Kassel stated it says in the note that the CCU is known to be faulty, and the modem may need to be replaced in order to complete installation. Is that what you are explaining?

Mr. Golgowski stated yes. The CCU is the central control unit, which is at the other end of that line in an upstairs office. It is just a computer.

Ms. Kassel asked is the unit you mentioned different than this proposal?

Mr. Golgowski stated yes, the CCU is at the pool and the CCU modem may be in need of replacement because we are not sure if the wireless attachment is working.

Mr. Walls asked why would we need a modem to install a wireless receiver?

Ms. Kassel stated because the modem is what connects it to the phone lines. The modem has to be operative in order for it to wirelessly communicate with the other units.

Mr. Berube stated wireless or not, we may need a new modem. I tend to agree with Mr. Walls. If we go wireless, you do not need a modem; you need a router. I think the terminology might be incorrect.

Mr. Walls stated without a diagram, I do not understand it.

Mr. Berube stated my concern is, the point of doing this work with or without the $525 for the modem is intended to relieve us of two phone lines. I am in favor of approving this, but only if he installs it and it works and we can eliminate the phone lines. I do not want to have this installed for $800 and have him say we still need the phone lines.

Ms. Kassel stated I think what he is saying is if it does not work, we have to replace the modem, and then it will work.

Mr. Golgowski stated I think the wireless will work. The question is whether or not the component in the CCU at the pool is defective. It sounds like he will not know that until this is put into place.

Mr. Tome stated so it will be either $800 or $1,300.

Mr. Berube stated we have three phone lines. Why are we talking about eliminating only two?

Mr. Golgowski stated the third one is for the weather station and is out of reach for this particular configuration.

Mr. Berube stated I like getting rid of the phone lines.

Mr. LeMenager asked should he start over and provide us with a better proposal?

Mr. Berube stated I get it and I like eliminating the phone lines. Maxicom continues to be an expensive way to save water that is not very expensive. Last month we had a large bill for the weather station and this month is another one for $450 for the computer last month. Now we are looking at spending more money for this CCU component. The only saving grace in this proposal is that we can eliminate some phone lines. Whether we pay $800 or $1,325 is rather immaterial.

Mr. Evans asked how quickly can we recoup our money?

Mr. Berube stated the phone lines are $100 each month, so either eight months or 13 months, assuming this works.

Mr. LeMenager stated if it works, it is a good idea.

Mr. Golgowski stated it is a direct line and a pretty short distance.

> On MOTION by Ms. Kassel, seconded by Mr. Berube, with all in favor, unanimous approval was given to the proposal from Insight Irrigation for providing wireless communication between the CCU and Maxicom, in an amount not to exceed $1,325, as discussed.

iii. BrightHouse

Mr. Tome stated Mr. Haskett has been in contact with BrightHouse, who has changed the bandwidth that goes to the Swim Club and Ashley. There will be a savings of $30 per location per month going forward.

NINTH ORDER OF BUSINESS Supervisor Requests

Mr. LeMenager stated I do not know how the rest of the Board members feel, but what was put up for shade structures in Lakeshore Park is not what I thought we were getting. I referred back to the notes of our July 2011 meeting, and at the time, my question was why did we need to spend so much money and why did we need to install two instead of one. Mr. Berube's comment was that we needed to cover everything. The bottom line is, it does not cover everything. The swings are not covered. I am thinking where is the responsibility for this. We spent a fair amount of money, but yet we did not get what the three people who voted in favor of it were voting for. Ms. Kassel and I voted no, but where is the follow up in terms of it not being quite what we expected. The other thing that surprised us was the extremely bright yellow color, when all the models we saw had a nice blue or green.

Mr. Berube stated I got the original proposal. When it went up yellow, I acknowledged that it is rather bright. I think what it does is draws attention to that feature that we have there, which is the playground. I had the same comment when it first went up.

Mr. LeMenager stated I live near there, and I see it every day. I might get used to it.

Mr. Berube stated it is pretty bright.

Ms. Kassel stated it might fade a bit.

Mr. Berube stated when I saw them going up and saw two separate structures and I noted that the swings were not going to be covered, I said there was something wrong. So I went back and pulled the proposal. Sure enough, the proposals—not ours—show individual shades over multiple places. When I read the proposal, it does say two structures, and it notes the sizes. We got what we approved. I agree with Mr. LeMenager as to our expectation. I did not go out there with a tape measure when we approved it. I expected the swing sets to be covered, as well.

Mr. LeMenager stated perhaps this is a comment for the bid process, and Mr. Haskett procured the proposals. I am sure that those who voted in favor of it expected the swings to be covered.

Mr. Berube stated I did. To be fair, what we read and the pictures we saw are relatively accurate for what we ended up with. Shame on us for not asking a few more specific questions. This comes back to what I briefly raised last month, that we do not have direct accountability for the person making the decisions. We cannot yell at Mr. Haskett because he does not work for us. If it was our employee, there would be more accountability with him. We received what we approved.

Mr. Tome asked have you discussed this with Mr. Haskett? I was not aware of the discussion of it.

Mr. Berube stated no, I just thought it was me being picky. Obviously, Mr. LeMenager had the same thought process as well. Mr. Haskett is a busy enough person that he does not need me knocking on his door.

Mr. LeMenager stated to me it was all about the approval process.

Mr. Tome stated I have not been down there lately. Were the swings ever moved in the last 45 days?

Mr. LeMenager stated no.

Mr. Tome stated the reason I ask is because Mr. Haskett talked with me about a desire and a reason to move them but never went into the detail why. I never asked the question, but there may be something going on in his mind about moving the swings in such a way, and now it sounds like that was the reason why.

Mr. Berube stated I suspect that he expected something different, as well. When you look at the way the structures are, if they had placed them a little differently, they could

have brought them closer to the center and generally had more or less coverage on the swing set.

Mr. Tome stated my assumption is based on Mr. Haskett saying that. He may not be finished with this matter either.

Mr. LeMenager stated hindsight is always 20/20, and I did not think of this idea as a counter argument at the time. I thought of it later after the project was approved. I would much rather see us planting some trees in that area. I thought about it and asked myself what kind of trees could we have planted for $23,000. I was specifically thinking of similar kinds of parks where my nephew lives in Tarpon Springs. They have a lot of the same type of equipment that we do, but they are all under these wonderfully mature trees so there is not a need for a cover. To the extent we want to think about doing this again in the future, for $5,000, we can put in a serious tree.

Mr. Berube stated there is another play area by the dog park that I imagine someone will ask about getting some shade.

Mr. LeMenager stated we should consider sycamore trees.

Mr. Evans stated I want to wish everyone a Merry Christmas and a Happy New Year.

TENTH ORDER OF BUSINESS **Adjournment**

The next meeting will be Thursday, January 26, 2012, at 9:00 a.m.

The meeting adjourned at 8:45 p.m.

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Gary L. Moyer, Secretary Robert D. Evans, Chairman