

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

The regular meeting of the Board of Supervisors of the Heritage Harbor Community Development District was held on Wednesday, October 19, 2011 at 6:00 p.m. at the Heritage Harbor Clubhouse, 19502 Heritage Harbor Parkway, Lutz, Florida.

Present and constituting a quorum were:

David Penzer	Chairman
Shelley Grandon	Vice Chairman
Rich Gordon	Assistant Secretary
Jeff LaPace	Assistant Secretary (via telephone)

Also present were:

John Ricciardi	Manager
Greg Tamborello	Director of Operations
Jim Poertner	Field Superintendent
John Panno	Pro Shop Manager
Nic Kalojiannis	Olympian Restaurant
Lynn Jackson	Severn Trent Services

*The following is a summary of the discussions and actions taken at the October 19, 2011 Board of Supervisors meeting.*

**FIRST ORDER OF BUSINESS**

**Roll Call**

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

**SECOND ORDER OF BUSINESS**

**Approval of the Minutes of the September 14, 2011 Meeting**

Mr. Ricciardi stated each Board member received a copy of the minutes of the September 14, 2011 meeting and requested any additions, corrections or deletions.

On MOTION by Mr. Gordon seconded by Ms. Grandon with all in favor the minutes of the September 14, 2011 meeting were approved.
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**THIRD ORDER OF BUSINESS**

**Staff Reports**

**A. Golf Course**

- Mr. Poertner reported the seed will arrive tomorrow and it will be spread in approximately 10 days.
- Due to the current weather conditions, fertilizing the greens will be deferred in order to save costs.
- Two old mowers were sold for \$1,500 and \$2,000.
- The weeds are under control and the greens should come back 100% by spring because the overseeding slows it down. However, the overseeding hides all the blemishes.
- The new equipment arrived and is running great. The last piece of equipment should arrive in one or two weeks.
- Mr. Panno reported rain and aerification of the greens impacted the number of rounds for the month of September.
- We ended up with approximately 39,000 rounds for this fiscal year, which was down by 3,500 rounds from last year. Play was affected by the cold weather in December and the rain in August.
- Mr. Panno and Mr. Kalojiannis booked 13 tournaments for this year which will bring in approximately \$26,000 in revenue. However, there will be a smaller number of players due to the economy.
- Mr. Gordon inquired about the golf course cash flow. Mr. Ricciardi indicated the bond payment was made and he will walk the Board through the financials. Basically the District is well below budget and believes the fiscal year 2012 budget is more realistic. The year ended with approximately \$66,000 after paying the debt service. He will request Ms. Lusk review the cash flow and send a report to the Board.

**B. Director of Operations**

- Mr. Tamborello reported the trees are being trimmed. Only two complaints were received and responded to.
- The small reclaimed water meter was installed at Cypress Green. The larger one for Lutz Lake Fern Road has not been installed and Ms. Stewart is waiting for notice on the installation.

- Mr. Gordon inquired about the weeds in the lot located near the gazebo on Harbor Lake Drive. Mr. Tamborello indicated the weeds are currently being treated and the area will be planted with Bahia grass in the fall.
- Eight bottle brush trees will be removed from the common area on Seamist Lane and replaced with viburnum.
- Mr. Penzer discussed some recent issues with the HOA. The Board previously agreed for Mr. Kalojiannis and Mr. Panno to work directly with Ms. Kathy Wise, which has not worked out well. Ms. Wise indicated she was receiving too many phone calls regarding certain issues.
- One of the issues was in regard to Mr. Panno replacing the garage door without first notifying the HOA.
- The other incident occurred on a Saturday night at an event held in the restaurant. Ms. Wise reported the new A/C unit temperature was lowered to 68 degrees, ice formed and water ran down into the computer room, knocking out the POS system. Mr. Kalojiannis contacted the Greenacres' emergency number and received no response back, so it was not fixed.
- The next morning Mr. Panno was unable to process any credit card orders and there were no phone lines due to the water damage. He had no service for his customers and business was lost. He did not know protocol was to contact the HOA, so he called his vendors for assistance.
- Mr. Penzer commented if there is an emergency situation and it is impeding business, he will back up staff to get the issue fixed and inform the HOA afterwards. At the last HOA meeting, a suggestion was made to schedule a protocol meeting, which has not been scheduled.
- It was the consensus of the Board to leave it for the HOA Board to discuss at their next meeting on Thursday.
- Mr. Panno was informed if a similar issue should arise; he is to get the situation fixed.
- It was Mr. Penzer's opinion Mr. Panno did the right thing and apologized to him for the way he was treated by Ms. Wise.

- Mr. Ricciardi noted in regard to the garage door, Mr. Panno also made the correct decision because it was a safety issue. He received an e-mail from Ms. Wise recognizing the door had to be replaced and it will come out of the reserves in the usual fashion.
- Mr. LaPace recommended an emergency preparedness policy be put into place. In regard to the credit card machines, he noted there are phone numbers which can be called through a cell phone for credit card approval. You can also do a manual credit card swipe, providing them with a receipt and then run the card when the system is back up. There are also maintenance plans put into place for the A/C units.

**FOURTH ORDER OF BUSINESS**                      **Attorney's Report**

There being no report, the next item followed.

**FIFTH ORDER OF BUSINESS**                      **Engineer's Report**

There being no report, the next item followed.

*The record will reflect Mr. Poertner, Mr. Panno and Mr. Kalojiannis excused themselves from the meeting.*

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

- Mr. Ricciardi reported at the last meeting the Board authorized Mr. Tamborello to obtain a loan to pay the insurance premium, which comes out of the enterprise fund. The District's accountant informed Mr. Ricciardi funds are available for the Board to borrow from the District's money market general fund with no interest fees and a savings on any other associated costs.
- The golf course equipment lease was finalized with PNC Equipment Finance.
- A termination letter was sent to Aegis with a 30-day notice.
- The firm of Berger, Toombs, Elam, Gaines & Frank was asked if they would prepare the arbitrage calculation at no cost or at a discount since they were awarded the audit engagement. They agreed to prepare the arbitrage calculation for a fee of \$300 instead of the original \$600.

*The record will reflect Mr. Tamborello excused himself from the meeting.*

- The GASB 54 policy has been communicated to the accountant, Ms. Lusk.
- In regard to the installation of the electronic front gate, Mr. Ricciardi sent a letter to the Hillsborough County School Board Transportation Department and had numerous discussions with the representatives from the School Board. They had no issues with the

process, indicating the bus drivers would access the green button at the kiosk and not utilize the clickers offered at no cost.

- Letters regarding the electronic gates were also sent to the residents and Mr. Ricciardi's office received only a couple of phone calls from homeowners, mainly pertaining to its operation and the clickers.
- Several residents either had very old or dead batteries in their clickers, so they could not gain access this way. Florida Parking Control provided 50 free new clickers, so the residents were able to replace them at no cost.
- Some of the front entrance signage was ordered; however, the other signage for the front entrance was not ordered because the cost was \$576 and he wanted to obtain Board approval.

On MOTION by Mr. Penzer seconded by Mr. Gordon with all in favor the Board authorized purchasing the front entrance signage in an amount not-to-exceed \$577.

- Mr. Ricciardi and Ms. Jackson monitored the electronic gate process for several hours on the first day, indicating a resident broke the exit arm the first night, probably because they were not used to seeing an exit arm and approached it too fast. More lighting was recommended, so additional reflective tape and landscape lighting was installed, which helps somewhat.
- He wants to see if Mr. Gary Morin will accept an offer of \$10 per hour to re-attach the gate arm if it is knocked down when Mr. Tamborello is not available.
- It was noted the mail carrier's truck had a problem entering because the driver's seat is on the right hand side. Envera was able to slow down the timer on the arm so the mail carrier had enough time to get out, press the green button and hop back into the truck.
- Ms. Jackson commented Envera replaced one of the tag cameras because it did not work properly. They have been doing everything possible to ensure everything is working correctly.
- She recommended canceling the phone service in the gatehouse since it is no longer needed and will speak to Ms. Wise about it. A suggestion was also made to possibly tint the windows or close up the gatehouse because equipment is housed there.

- Mr. Penzer thanked Ms. Jackson for the time she contributed to the Envera gate installation.
- Mr. Ricciardi reminded the Board most of the cameras were not new, which was part of the deal to save money, and down the line they may have to be replaced.
- In regard to the cameras for the east gate, Envera proposed a slightly different quote for the same amount of money than the original quote provided, which includes two mega pixel cameras, as well as two tag cameras. Their original quote only included two mega pixel cameras. The cost of installation is \$12,795.62, which will come out of the construction account. There will also be an expenditure of approximately \$1,200 to \$1,400 for a boring under the road for the IP, as well as electricity. The total cost will be approximately \$15,000.
- These cameras will not be monitored; their purpose is to basically record vehicles entering and exiting the east gate. Ms. Stewart approved the new location for the cameras which will be in the center median since the District now owns Tract F.
- There is a \$267 per month charge for 36 months for service and maintenance. All parts and labor will be covered for the 36 months, as well as any requested video pulls.
- After some discussion, Mr. Penzer commented in his opinion the Board owes it to the community to make it as secure as lawfully possible.
- The cost for this service seemed somewhat high to Mr. LaPace and Mr. Gordon. Mr. Ricciardi will contact Envera to see if there is any room for negotiations in order to lower the cost.

On MOTION by Mr. Penzer seconded by Mr. Gordon with all in favor the Board approved purchasing the cameras at the east gate, subject to Envera lowering the monthly cost to an amount not-to-exceed \$190 per month.

- The restaurant's gross revenue in the amount of \$33,358 for the month of September was e-mailed to the Board. To-date the gross amount is \$23,707 above last year.
- Mr. Crawford sent Mr. Ricciardi an e-mail regarding the bus accident this morning at the entrance to Heritage Harbor. He is requesting this matter be brought up before the Board in order to approach the County about installation of a traffic light.

- Mr. Penzer suggested the Board send a letter to our County Commissioner and Mr. Hagen, stating our concerns. He also wants to send an e-mail blast to the residents encouraging them to do the same.
- Ms. Jackson was on the premises at the time of the bus accident and explained to the Board what she knew. She noted some of the children on the bus were injured.
- It was the consensus of the Board to request Mr. Ricciardi draft a letter to the County Commissioner.
- On October 31<sup>st</sup> of last year, the CDD gave Mr. Poertner and Mr. Panno their bonus and it is in the budget this year as well to provide Mr. Poertner with \$5,500 and Mr. Panno \$5,000.
- Mr. Penzer noted the Board should check with the accountant each year to see if it is doable. Mr. Ricciardi will check with the accountant and if she feels it is okay from a cash flow point of view to proceed, we will.
- Mr. LaPace thinks a bonus plan needs to be developed since Mr. Tamborello is no longer in the loop. He does not believe a bonus should be given just because it is in the budget; it should be paid to the employee on a merit basis.
- Mr. Ricciardi would like to meet with Mr. Poertner and Mr. Panno on a quarterly basis to look at the three month actuals versus the budget and at the next meeting report back to the Board in terms of the numbers.
- The bonus for Mr. Poertner and Mr. Panno will be processed at the end of the month, pending a discussion with Accounting.
- In regard to general liability insurance, Brown & Brown contacted Mr. Ricciardi about increasing the liability insurance beyond the current limits. Presently, the general liabilities are \$1,000,000 per occurrence and \$2,000,000 aggregate. They are proposing additional insurance which will increase the liability to \$2,000,000 per occurrence and \$2,000,000 aggregate. This is something the HOA would like to do with the CDD since they do not have sovereign immunity.
- It increases the premium for the CDD for this extra umbrella insurance. If the CDD went with the \$2,000,000 option, instead of the \$2,210 premium, the cost would be \$2,762 and the third option increasing it to \$5,000,000 would be \$4,419, which he believes would be

the preferred option of the HOA. The catch is the HOA cannot obtain this insurance without us.

- After some Board discussion, it was suggested the CDD obtain the attorney's opinion on the aggregate amount of insurance which is required.

On MOTION by Mr. Penzer seconded by Ms. Grandon with all in favor the Board accepted the \$5,000,000 umbrella policy with Brown & Brown, subject to attorney consultation and the opportunity for the Board to discuss the general liability issue at a later date.

**SEVENTH ORDER OF BUSINESS**                      **Supervisor Requests**

- Mr. LaPace commented he would like to use some of the land in the back by the maintenance shed as a potential outdoor storage area for residents to store RV's and boats. He believes it would be an added value for the residents of Heritage Harbor and may be a way to generate some additional income for the CDD.
- Ms. Grandon expressed some concern about the lack of lighting and possible liability for resident's property if it gets vandalized or stolen.
- Mr. Penzer commented if it is approved he would like to see a fence and lighting installed. He is unsure if the CDD could charge the residents a fee and since it is public land, it may need to be opened up to non-residents as well.
- Mr. Ricciardi will broach the subject with the attorney to see if it is possible, ask him how many hours it will take to research the issue and provide an answer to the Board.
- Mr. LaPace recommended waterproofing the computer room immediately. Ms. Grandon will follow-up with the HOA.

**EIGHTH ORDER OF BUSINESS**                      **Audience Comments**

There not being any, the next item followed.

**NINTH ORDER OF BUSINESS**                      **Approval of Financial Statements**

- Mr. Ricciardi reported in the general fund the District is virtually 100% collected with the exception of \$44.
- Total expenditures are 80% of what was budgeted and the District was under budget this year. There are some landscaping charges which perhaps started a little late which should



have hit this year, but did not. However, from a general fund point of view the year ended in a very positive position.

- The general fund balance is \$1,890,000 as of this November. In May we will make a principal payment of \$205,000, which will decrease it to \$1,685,000. The bond will be paid off in 2019.

*The record will reflect Mr. LaPace excused himself from the meeting.*

- In regard to the enterprise fund, we are providing the independent financials for each entity and then providing a consolidated version. Page 8 indicates golf course revenues were under budget by \$91,000, pro shop revenues under by \$93,000 and the cost of goods sold were under budget by \$94,000.
- It was noted the variance amounts provided in these financials were incorrect, however, Mr. Ricciardi provided the Board with a corrected version via e-mail.
- Mr. Poertner basically under spent his budget by \$63,510.
- Page 10 indicates the year-to-date actual operating income overall for the golf course operation and pro shop totaled \$201,384 and the variance is \$41,891.
- Mr. Ricciardi thinks this year's budget was somewhat overstated and believes the fiscal year 2012 budget is a more conservative and realistic budget.
- Page 11 shows the restaurant took in \$78,000 and basically lost \$10,505, which is still less than what we previously lost. In the past there were times when the CDD was losing \$10,000 per month in the restaurant.
- Mr. Gordon noticed the merchant bank fees increased and suggested contacting the National Golf Foundation for another price quote.
- The consolidated enterprise fund financials begin on page 13 and page 16 indicates the total operating income is \$66,519 after debt service.

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- It was noted when running a business you need to factor in depreciation, which is not actually a cash expense. Mr. Gordon provided a brief explanation of depreciation to the Board.

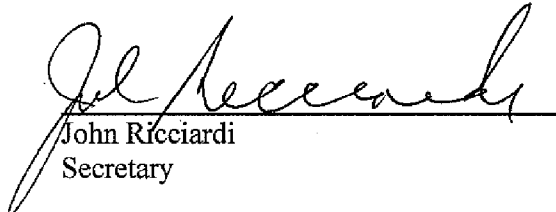
On MOTION by Mr. Penzer seconded by Ms. Grandon with all in favor the financial statements for the period ending September 30, 2011 were approved.

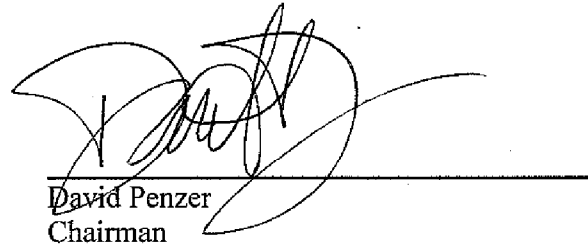
**TENTH ORDER OF BUSINESS**

**Adjournment**

There being no further business,

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

  
John Ricciardi  
Secretary

  
David Penzer  
Chairman