

**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, April 18, 2012 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
Russ Rossi	Assistant Secretary
Rich Gordon	Assistant Secretary
Jeff LaPace	Assistant Secretary

Also present were:

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

*The following is a summary of the discussions and actions taken at the April 18, 2012 Board of Supervisors meeting.*

**FIRST ORDER OF BUSINESS**

**Roll Call**

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

**SECOND ORDER OF BUSINESS**

**Approval of the Minutes of the March 21, 2012 Meeting**

Mr. Ricciardi stated each Board member received a copy of the minutes of the March 21, 2012 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 March 21, 2012 meeting were approved.
--

**THIRD ORDER OF BUSINESS**

**Staff Reports**

**A. Golf Course**

- Mr. Poertner reported the fertilizer was applied last week.

- The overseeding is almost gone from the greens.
- The golf course is approximately one month ahead of their normal time schedule due to the warm weather.
- Mr. Ricciardi noted Resolution 2012-2, which is a Resolution of the Board of Supervisors of the Heritage Harbor CDD Declaring Certain Tangible Personal Property Surplus Equipment and Authorizing the District Manager to Sell or Dispose of Said Equipment in Accordance with Section 274.06, Florida Statutes, was included in the agenda packages.
- According to Mr. Poertner, there was equipment he believed reached its useful life and wanted to sell. Exhibit A, attached to the resolution lists three 1998 tractors, including photos.

*The record will reflect Mr. LaPace joined the meeting.*

- Initially, Mr. Poertner wanted to replace all the tractors at the same time. However, he has reconsidered and only wants to declare one tractor as surplus, which is the 1998 Kubota M4700 tractor with loader attachment.
- He estimates the tractor will sell for approximately \$8,500 as is and the cost to purchase a new one is about \$23,000. He will contact John Deere to see if he can obtain financing to purchase it this fiscal year.
- Exhibit A of Resolution 2012-2 will be changed to remove the other two pieces of equipment and the resolution will be deferred to the May meeting for adoption by the Board.
- Mr. Panno reported over 5,000 rounds were played in March, averaging more than 160 players per day. In comparison to March of last year, we did over 400 more rounds and over \$9,000 in total revenue. Six months into our fiscal year we are over 1,000 more rounds and over \$22,000 in total revenue from last year.
- The \$1 a hole special will begin in May throughout the summer. The ad will be placed in the Tampa Tribune during May through the summer.
- Mr. Panno is concerned rising gas prices will impact golf play, especially with his groups. A few of his leagues informed him if the gas prices reached \$4 per gallon their players would be cutting back.

- Mr. Panno will be losing two employees; one on Wednesday mornings and the other on Sunday mornings. He will need to hire someone at minimum wage for 16 to 20 hours per week. Mr. Poertner said he will find the money in his budget to cover it.

Discussion of Fiscal Year 2013 Enterprise Fund Budget

- Mr. Ricciardi noted under Golf Course the green fees revenue line item was reduced from \$1,185,790 to \$1,180,000.
- The total revenue for the golf course budget is down slightly from \$1,248,200 to \$1,234,673.
- Prior to the May meeting the April actuals will be reviewed and adjusted again by Mr. Ricciardi and Mr. Panno.
- Revenue – Employees was reduced to \$1,000.
- Under Pro Shop, Shoe Sales is at zero; Mr. Panno is no longer selling golf shoes.
- The total for Cost of Goods was reduced slightly.
- Operating Expenses decreased from \$711,311 to \$670,668.
- The Board discussed displaying golf apparel in the trophy case in the pro shop to see if it will help increase sales.
- In regard to Expenditures, the line item for Payroll – Hourly under Pro Shop increased to \$118,000; however, it will need to be adjusted since Mr. Panno will be hiring a new employee.
- Restaurant operations are costing less than projected. The actual through March is \$43,790 and we are projecting \$37,232, so the total year-end projection is \$81,022 versus the budget of \$93,632.
- Mr. Ricciardi, Mr. Poertner and Mr. Panno will meet each month until the budget is adopted to review the numbers. At the May meeting a draft enterprise fund budget will be approved, but there are no assessments associated with it.

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

**B. Director of Operations**

- Mr. Tamborello noted last week the new LED lights were installed at the fountains for a cost of \$3,400. The installation of nine lights near the trees will be completed this week.
- Two additional bids were received for the monument signage. Site Essentials total bid was \$6,474.83 and the example which was included looked very good. It will be black granite and etched, except for the Bluewater sign which has to be HDU. Cornerstone's bid was for HDU and cast aluminum at a total cost of \$23,588.89.
- Mr. Tamborello recommended the Board accept the Site Essentials bid because the granite will not require maintenance.

On MOTION by Mr. Penzer seconded by Mr. Gordon with all in favor the proposal submitted by Site Essentials for the monument signage in an amount not-to-exceed \$6,474.83, which will be taken from Assigned Reserves – Gate/Entry Features, was approved.

- Mr. Tamborello commented the Board approved moving forward in refurbishing some of the plantings at the front entry. However, it was not included in the landscaper's original proposal and they submitted a new proposal for an additional \$6,000. Mr. Ricciardi provided him with the names of two other landscapers from which he will request bids.
- He recommended redoing all the plantings along the Boulevard because the bushes are 11 years old and dying off. He would like to see some color in there.
- New plantings will be installed at Bridgewater next week.

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

There being no report, the next item followed.

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

There being no report, the next item followed.

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

Follow-up Items

- Mr. Ricciardi reported Ms. Jackson will coordinate a time to meet with Envera and Mr. Tamborello in regard to a technique for reattaching the gate arm.
- Mr. Ricciardi will ask Envera if they can program the recording to go on as soon as the loop is hit. Currently there is a three to four second delay before the recording comes on.

- In regard to the free golf certificate presented to Mr. Panno, Mr. Ricciardi followed-up by checking with the Better Business Bureau and calling the company's phone number. According to Verizon, there is no business at that location. It is assumed it is bogus.
- Mr. Morin explained when he is servicing the resident gate and has it in the "up" position each time a car goes through the visitor gate and the gate goes down, so does the resident gate.
- At the last meeting Mr. Gordon inquired if the easement for the irrigation near the gazebo could be released since we are now hooked up with reclaimed water and it is not being used. Mr. Tamborello indicated it is still needed since there is no other service. A new meter was installed, so we do not use the residents.
- Mr. Gordon also inquired if the \$150,000 reserve and the \$20,434 CD should be listed as Non Current Assets. Mr. Ricciardi stated the auditors indicated the current assets are those which can be liquidated for use within the current year and both the CD and the debt service reserve account can be liquidated under this guideline. It is the reason why they are listed as current assets.
- The restaurant's gross revenue for the month of March was \$52,168, which last year at the same time was \$46,739. The beverage cart grossed \$11,274.
- An e-mail was received from Ms. Lana Calton who was concerned about the appearance of the front entrances. Mr. Tamborello responded to her and she was happy to hear the Board is taking action.
- Mr. Ricciardi received an e-mail from Ms. Wise in regard to the replacement of the phone system in the Clubhouse. They were unaware the Pro Shop required special equipment which activates the intercom. It was determined the cost of \$428 will be taken out of the CDD reserves.
- The ice machine in the restaurant broke and Mr. Kalojiannis paid for the repair at a cost of approximately \$300. The repairman indicated the compressor would need to be replaced soon, which would be a larger expense.
- It was determined neither the original lease between the HOA and the CDD nor the lease between the restaurant and the CDD includes the ice machine on the equipment list. The current lease with the restaurant states it requires the restaurant to provide ice to the SRK Camp, but does not clarify who owns the machine.

- Mr. Penzer commented it was Mr. Kalojiannis' belief the cost should be split since the camp and the tennis courts were using the ice. After reviewing the leases no mention of an ice machine was found other than he is required to provide ice to the SRK camp.
- After discussions with Ms. Wise and Ms. Grandon, it was determined although the HOA owns the ice machine; they have no interest in maintaining it.
- According to Mr. Penzer's understanding, Mr. Kalojiannis agreed to lease or purchase a new ice machine and supply ice to SRK Camp, but he will not be obliged to provide ice to the tennis courts.
- The consensus of the Board was they were in agreement with this plan.

**A. Preliminary Fiscal Year 2013 Budget Discussion**

- Mr. Ricciardi explained he reviewed the budget, looked at actuals and projections and discussed with Mr. Tamborello the expenditures for some of the field work. The budget shows a decrease in expenditures and if the Board adopted this budget unchanged, there would be a reduction in assessments by approximately 4%.
  - On the Revenue side, Interest – Investments was increased from \$354 to \$1,800.
  - Under Expenditures, Administrative costs increased slightly, driven primarily from general liability insurance because last year we did not budget enough for this line item. We projected \$7,500 for insurance; however, it was actually \$10,694 because we agreed to pay for part of the HOA's insurance. We are increasing it to \$12,305 because we do not know what the insurance quotes will be until after hurricane season.
  - Legal Advertising increased from \$2,400 to \$5,500 due to the legal notices for the public hearing which last year included a map and probably will again this year.
  - Auditing Services increased from \$6,025 to \$8,275, which is the annual audit cost this year.
  - Management Consulting Services for the past three years remained at \$54,000 and was increased 2% to \$55,000.
  - Under Field, Payroll – Salaries increased slightly to \$15,954.
  - FICA Taxes increased slightly to \$2,916.
  - Life and Health Insurance increased from \$11,277 to \$14,000.

- Contracts – Guard Services decreased from \$191,305 to \$136,024 because of the automated gates; however, it provides some money if additional roving security hours are required.
- There is \$25,000 budgeted in Miscellaneous Contingency and this year we spent zero.
- R&M – Gate increased to \$5,000 from \$3,249.
- Exhibit A of the budget indicates the District will have a Fund Balance of \$435,974 at fiscal year end September 30, 2013. After the pre-paid items and deposits, first quarter operating capital and any reserves built-up are subtracted, the Total Unassigned Cash remaining is \$128,257.
- On page 10 is the table for Comparison of Assessment Rates for FY 2013 versus FY 2012. The far left column shows the increase in the General Fund, which is 5.9%, no increase in the Debt Service, so the total decrease is 4.2%. If you want to have flat assessments at the May meeting you can either adjust the Contingency or Guard Services line item to bring the amount up.
- Mr. Ricciardi reminded the Board they can always lower the assessments, however, you cannot increase the assessments after the May meeting.

**B. Acceptance of the Financial Audit Report for the Year Ended September 30, 2011**

- Mr. Ricciardi noted page 4 of the audit report indicates “*The District’s total assets exceeded total liabilities by \$8,614,659. Unrestricted net assets for Governmental Activities was \$378,315 and for Business-type activities were \$157,431*”.
- On Page 37 under Internal Control Over Financial Reporting, the last sentence in the bottom paragraph states “*We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above*”.
- On Page 38 under Compliance and Other Matters, the last sentence of the first paragraph states “*The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards*”.
- In the Management Letter on Pages 39 and 40 the auditor addresses each one of the state statutes and in all cases the CDD complied with all of the Florida statutes as required.
- On Page 40 the statement “*Heritage Harbor Community Development District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes*”

seems like a negative; however, it is actually a positive because the statute relates to financial emergency. The District has not met any of the conditions, which means we are not in a state of financial emergency.

On MOTION by Ms. Grandon seconded by Mr. Rossi with all in favor the financial audit report for the year ended September 30, 2011 performed by Berger, Toombs, Elam, Gaines and Frank was accepted.

**C. Consideration of Resolution 2012-1, Confirming the District's Use of the Hillsborough County Supervisor of Elections to Continue Conducting the District's Election of Supervisors in Conjunction with the General Election**

- Mr. Ricciardi commented this is a resolution confirming our agreement with the Hillsborough County Supervisor of Elections to conduct the election and verify the terms which are up for election in November.
- The Supervisors' terms expiring in November 2012 are Mr. LaPace, Ms. Grandon and Mr. Gordon. The qualifying period, if done by petition is noon on May 7, 2012, and if it is done by paying the \$25 fee it is noon on June 4, 2012 through noon on June 8, 2012.
- Mr. Ricciardi suggested anyone who is interested in running for election should contact the Hillsborough County Supervisor of Elections.

On MOTION by Mr. Gordon seconded by Ms. Grandon with all in favor Resolution 2012-1, confirming the District's use of the Hillsborough County Supervisor of Elections to continue conducting the District's election of Supervisors in conjunction with the general election was adopted.

**SEVENTH ORDER OF BUSINESS                      Supervisor Requests**

There not being any, the next item followed.

**EIGHTH ORDER OF BUSINESS                      Audience Comments**

There not being any, the next item followed.

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

- Mr. Ricciardi reported the revenue received from tax collections through March was 94.17%. Last year at this time the District was 93.04% collected.
- On the expenditure side, the District is under budget by \$11,377.



On MOTION by Ms. Grandon seconded by Mr. Gordon with all in favor the financial statements for the period ending March 31, 2012 were approved.

- Mr. Rossi stated he wanted to give credit to Severn Trent and thank Mr. Ricciardi for all he does to keep the Board honest. Mr. Ricciardi thanked him, saying he appreciated it very much. He will pass it on to the accountant and the secretary.

**TENTH ORDER OF BUSINESS**

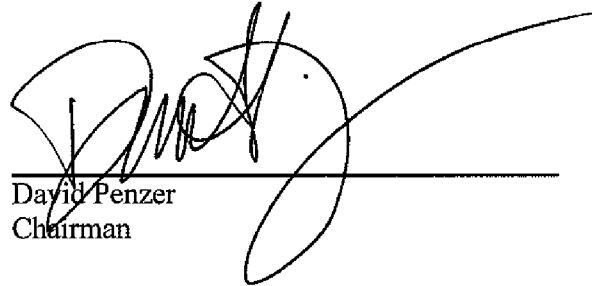
**Adjournment**

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