

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

The regular meeting of the Board of Supervisors of the Heritage Harbor Community Development District was held on Tuesday, April 16, 2013 at 6:00 p.m. at the Heritage Harbor Clubhouse, 19502 Heritage Harbor Parkway, Lutz, Florida.

Present and constituting a quorum were:

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

Also present were:

John Ricciardi	Manager
Greg Tamborello	Director of Operations
Jim Poertner	Golf Course Superintendent
John Panno	Pro Shop Manager
Kevin Hiller	Luke Brothers
Claudio Ortiz	Luke Brothers
Residents	

*The following is a summary of the discussions and actions taken at the April 16, 2013 Board of Supervisors meeting.*

**FIRST ORDER OF BUSINESS**

**Roll Call**

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

**SECOND ORDER OF BUSINESS**

**Approval of the Minutes of the March 19, 2013 Meeting**

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

On MOTION by Ms. Grandon seconded by Mr. Russ Rossi with all in favor the minutes of the March 19, 2013 meeting were approved.
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**FOURTH ORDER OF BUSINESS**

**Staff Reports**

**B. Director of Operations**

**i. Landscape Concerns**

- Mr. Tamborello introduced Luke Brothers' representatives Mr. Kevin Hiller, District Manager, and Mr. Claudio Ortiz, the District's main contact.
- Mr. Ricciardi had requested Mr. Tamborello ask Luke Brothers to put together a plan to spruce up the community. Approximately \$35,000 was budgeted to do that work and they started with the east gate, cleaning out the dead plants. They submitted a proposal to improve the island and install more plantings around the monument and on the east side of Cypress Greens to keep the same uniformity.
- Mr. Penzer explained they were unhappy with their other landscaping company and Luke Brothers was highly recommended. The Board was promised a lot and he indicated he was not satisfied with the landscape improvements performed to-date.
- Ms. Grandon stated she is on both the HOA and CDD Boards and received many complaints about the high grass, the weeds that are everywhere and the fact there is no "pop" of color. She is also not pleased with the appearance of the east gate and the front entrance.
- Mr. Penzer indicated that the Board was under the impression that a Supervisor was supposed to be onsite four days per week. Mr. Hiller noted that Sergio, who is the Supervisor for this crew, is out there every day.
- Mr. Hiller explained that in regard to the dead plants, he admitted it was something he needed to rectify internally. When he came through the community a couple of days ago and saw the condition of the plants, he asked the crew to immediately replace them. He noted that if the Board is not happy with the plants selected, they will come up with something different.

*The record will reflect that Mr. Gordon joined the meeting.*

- A lengthy discussion ensued in regard to the installation of new plantings at the east gate, front gate and the monuments.
- Enhancements provided by Luke Brothers were shown to the Board members. They will also provide Mr. Tamborello with a list of plant choices to select from no later than Thursday.

- Mr. Penzer negotiated lowering the price of the \$21,000 Luke Brothers quoted for these landscape improvements to \$15,000 with Luke Brothers acknowledging they absolutely could work with that.
- It was the consensus of the Board that Ms. Grandon will work with Mr. Tamborello and Luke Brothers on the landscape project.
- Mr. Russ Rossi asked how this type of situation can be avoided in the future and how do we improve the response time from Luke Brothers moving forward. Mr. Hiller responded that he will become personally involved in the project until everything has been done. He apologized and said he will sit down with his on site crew to ensure they know what the expectations are.
- The Board asked that a representative of Luke Brothers attend meetings for the next few months to provide updates on the project. Mr. Hiller noted he lived five minutes from Heritage Harbor and will attend the May 15<sup>th</sup> meeting, which will be held on the third Wednesday of the month.
- A resident asked if Luke Brothers was doing soil tests prior to making their plant recommendations, whether the plants were in the right zone and if they were Florida friendly. Mr. Hiller responded there are many Florida friendly plants and some that are not and the plants used are absolutely in the right zones.

On MOTION by Mr. Penzer seconded by Mr. Gordon with all in favor the Board approved a not-to-exceed amount of \$15,000 for the landscape improvements for the east and main gates, the monuments, the island on the east gate and the Boulevard islands.

*The record will reflect Mr. Hiller and Mr. Ortiz excused themselves from the meeting.*

**A. Golf Course**

- Mr. Poertner reported that the fertilizer was delivered and was put down today. He is delaying doing the greens until after the Steinbrenner golf tournament.
- Mr. Russ Rossi commented some friends of his played the golf course this weekend and raved about the course, the greens, the price and everything.
- The doors to the bathrooms on Hole 4 need to be replaced and according to the insurance policy they need to be locked after hours.

- The well pump was repaired; however, during the repair it was discovered there was an issue with the controller in the electrical box. The cost will be an additional \$300 for a total of \$3,000.
- Mr. Ricciardi noted a check in the amount of \$1,000 was received and deposited for the sale of two greens mowers, which were considered surplus.
- Mr. Poertner commented rain is needed because irrigation on the golf course is only supposed to be used when there is no rain. He noted we are fortunate because we do not have to pay for the water and only need to pay for the electricity and the costs have recently decreased.
- Mr. Panno reported that in the month of March there were a total of 12 days where the cold weather affected play. Average play per day was around 137 golfers; however the number rose closer to 160 when unaffected by the weather. A total of 4,256 rounds were played in March.
- Most of the winter groups are gone now and he will be starting the \$1 a hole special on Mondays and Tuesdays beginning next week, which is one week early. An ad will be placed in the Tampa Tribune throughout the summer along with the Golf Channel to advertise and promote it. E-mail blasts will also be sent out.
- Mr. Panno distributed a pamphlet for a special summer golf membership offered through Paradise Golf for golf courses in the area, providing lower rates.
- He also provided a copy of a newspaper article indicating that the Dunes Golf Club in Hernando County was suspending play for the summer due to low revenue.
- Mr. Ricciardi stated he has been working on the budget with Mr. Poertner and Mr. Panno. He had a conversation with the District accountant regarding cash flow, the bond payment and so forth. The money for the bond payment has been deposited and available for the May payment. The District is running ahead of budget and Mr. Poertner and Mr. Panno are doing a good job in generating the revenue. If things continue the way they are, the District will be in good shape by the end of the fiscal year.

Discussion of Draft Fiscal Year 2014 Enterprise Budget

- Mr. Ricciardi reported that the revenues are pretty accurate and are slightly increased from last year.

- Total Operating Revenues from last year were \$1,267,505 and increased to \$1,269,063.
- Total Operating Expenses for the golf course increased from \$675,668 to \$684,083 this year.
- Total Operating Expenses for the pro shop were \$352,531 and increased to \$361,974.
- It was noted that the District's operating expenses are increasing, which is due to insurance costs because employer related benefit costs are going up.
- Total Restaurant Operating Expenses are basically the same. The restaurant has done a great job in controlling their costs, which has helped the District.
- In regard to the Consolidated Enterprise Fund, the Operating Income last year was \$16,915 and \$45,025 is projected in revenue if things continue the way they are.
- After paying the bond and interest, the projected operating income for fiscal year 2014 is \$2,095, which is due to the increase in expenses.
- Mr. Panno indicated the warranty on the carts expires next month and he plans to get a new cart lease in December. These carts run on energy units and the three manufacturers are Yamaha, Easy Built and Club Car. The golf course has been with Club Car for a number of years and when there are problems; they fix them. Club Car offered 25,000 energy units versus the other manufacturers offering 16,000 to 20,000.
- It was noted that an additional \$294 per month can be taken off the golf course lease, which is approximately \$36,000 per year, if we do not elect to get a new beverage cart.
- The Board suggested Mr. Panno ask Club Car if they can renew the lease early and possibly decrease the lease cost.
- Mr. Ricciardi noted at the May meeting we will look at the actuals for April. The fiscal year 2014 budget will be approved in May and adopted in August.

**B. Director of Operations (Continued)**

- Mr. Tamborello reported that some landscaping is turning brown due to a breakdown of an irrigation timer.
- In regard to the reclaimed water service for the soccer field and the north end of Heritage Harbor Parkway, Mr. Ricciardi received an e-mail from Ms. Stewart. She spoke with Mr. Jim Duncan at the County and they determined the service for the reclaimed water is not available at this time because this fits in the residential category and they do not have the

capacity. They are working to get a less expensive reclaimed water meter assembly for the golf course.

- As a result, if we wanted to irrigate those areas we would need to tie into the well pump that was just repaired. However, it was previously recommended to Mr. Poertner to install a smaller size pump, which is only 3 hp and may not be of adequate size to provide irrigation to the Heritage Harbor Parkway area. Mr. Poertner noted that due to some electrical work that needs to be done, the pump and motor have not yet been used.
- Mr. Poertner will follow-up and get back with Mr. Ricciardi and Mr. Penzer regarding the cost of installing a larger pump.

## **SEVENTH ORDER OF BUSINESS                      Manager's Report**

### **A.     Preliminary Fiscal Year 2014 Budget Discussion**

- Administrative
  - Total Administrative costs for fiscal year 2013 is \$157,061 and for fiscal year 2014 it is \$156,351, which is a slight reduction due to reducing Communication – Telephone from \$960 to \$250.
- Field
  - Payroll – Salary increased slightly due to the changes in salary for the Director of Operations and any adjustments that need to be made for minimum wage.
  - Life and Health Insurance was increased with the anticipation of a 15% increase in insurance costs.
  - Contracts – Guard Services decreased based on the actual contracted rates. It provides some wiggle room for additional patrols or hours, which can only be approved by the Board on an as needed basis.
  - Contracts – Landscape for fiscal year 2013 is \$168,000 and for fiscal year 2014 it is \$126,912. In discussing this with Mr. Tamborello, it was decided to break out the basic contract from R&M – Irrigation and R&M – Other Landscape for any improvements. Further down the column, it indicates \$30,500 for R&M – Other Landscape and \$10,000 for R&M – Irrigation. This will provide a better understanding of what is being spent in those areas.
  - Mr. Gordon asked whether the landscaping was going to be replaced further down the Boulevard towards the back section of the community. Mr. Tamborello responded he

asked the landscapers to do that. He would like to see most of the area planted with the perennial peanuts and then strategically placed with other colorful plantings.

- Mr. Robert Rossi asked since Luke Brothers' contract is up in July and if the Board is not pleased with the plants they present, what are the options. He asked Mr. Ricciardi who does Cheval's landscaping. Mr. Ricciardi responded Greenview and it was noted that the last time the District went out for bids, their quote was \$40,000 higher.
- Mr. Ricciardi commented that Greenview has been the landscaper at Cheval for nine years, Meadow Pointe for seven years and Arbor Greene for at least seven years, if not longer.
- A discussion ensued regarding all the issues with Luke Brothers as landscape contractors.
- Mr. Ricciardi explained that all his communities who employ Greenview have a performance based contract. OLM is their landscape consultant, which does monthly inspections and if the contractor does not score at a certain level, they lose 25% of their monthly payment. The cost is approximately \$600 plus per month, depending on the size of the property.
- It was the consensus of the Board for Mr. Ricciardi to obtain quotes from OLM for consultant services.
- Miscellaneous – Contingency was reduced slightly in order to keep the assessments flat.
- Exhibit "A", Allocation of Fund Balances, gives an idea of the District's assets and fund balances, minus any committed funds for deposit, minus the first quarter operating capital of \$177,663, minus the reserves, which leaves a projected amount of unassigned cash of \$270,220.
- Mr. Ricciardi stated if there are no other changes to be made, he wanted to know if the Board was comfortable going into the May meeting approving this as the high water mark.
- The consensus of the Board was they were comfortable approving this as the high water mark.

**FIFTH ORDER OF BUSINESS**

**Attorney's Report**

- Mr. Ricciardi stated that Mr. Robin is working with him in response to a letter received from the County regarding the front gate. Every year they request a new insurance certificate naming Hillsborough County as an additional insured. This year, however, they wanted us to name, not only the County as an additional insured, but its employees as well. They also wanted a 30-day notice of cancellation clause provided.
- This information was sent to the District's insurer who asked why would they want their employees as additional insured, what kind of responsibility do the County employees have on CDD property and many other questions.
- Mr. Robin knows Ms. Nancy Takemori, the Assistant County Attorney who sent the letter and Mr. Ricciardi has him involved. Just before he came to the meeting, Mr. Ricciardi received an e-mail from Ms. Takemori indicating the requirement for the employees will be removed.
- Mr. Ricciardi is trying to meet the deadline and will continue to work on this issue.

**SIXTH ORDER OF BUSINESS**

**Engineer's Report**

- Mr. Ricciardi indicated there is a storm water structure that needs repair on the main pond at the front entrance, which Ms. Stewart mentioned some time ago and they will need to obtain a quote. He will bring it to the next meeting.

**SEVENTH ORDER OF BUSINESS**

**Manager's Report (Continued)**

- Mr. Ricciardi received a check from Brown & Brown Insurance for \$163.35. They also returned a check we sent them for \$179.67, so it is a net return of \$343.02. The insurer does an audit of the general liability and realized the District should have been credited the amount and not charged.
- The District's tangible tax return was filed on March 27, 2013 and sent to the County.
- A letter was received from the County indicating that the commercial solid waste agreements are coming up. Mr. Ricciardi provided the letter to Mr. Poertner.
- When residents or other individuals knock down a gate arm, we send them a letter requesting a check for \$25 to repair the gate arm. A letter was sent to Mr. Steven Courtney, who is a resident, for a gate knock down with a photo showing their vehicle. Mr. Ricciardi then received a very irate phone call from his wife, claiming they were out



of the country and it could not have been their vehicle. He explained they had video tape of their car and license plate and she hung up on him.

- Both Mr. Ricciardi and Ms. Jackson reviewed the video tape to ensure there was no mistake, and it was definitely their car. In fact, someone got out of the vehicle in an attempt to put the gate arm back on. He wrote her a follow-up letter indicating it was their vehicle and would like payment of \$25.
- The Board was provided with an electronic version of the restaurant gross revenues. The gross revenue for March totaled \$47,763, which is \$10,390 behind last year for the first few months.
- In regard to the BP oil spill, Mr. Ricciardi received a phone call from Mr. Joe Ludovici, who is an attorney working with people who receive money back from BP for loss of revenue. They had a conference call with the expert in their area, and unfortunately because the District is a government entity, we cannot participate.
- Mr. Ricciardi received an e-mail from Mr. Nic Kalojiannis regarding the restaurant lease because in July they will need to notify us whether they plan to exercise their last three-year option. The District has a nine-year lease with them with three-year options, so they are coming up on their sixth-year in January and have the option to renew for another three years.
- Mr. Kalojiannis sent Mr. Ricciardi an e-mail asking if the Board would consider at the end of their next three-year option to renew for another four years with a three-year option; in other words an additional seven years beyond the three years, for a total of 10 years at the same rate. The other terms would remain the same.
- Mr. Penzer stated it was Mr. Ricciardi's recommendation to have a member of the Board and Mr. Ricciardi meet with Mr. Kalojiannis to get a better understanding of what his thought process is regarding the restaurant lease proposal and to report back to the Board at the next meeting. Mr. Penzer commented he would be grateful if Mr. Russ Rossi would meet with Mr. Kalojiannis and Mr. Ricciardi.
- Mr. Tamborello explained he just found out there was a sink hole besides a home at 19207 Seamist Lane, which happened 18 to 24 months ago. The house next door at 19205 has been abandoned for approximately one year due to a foreclosure and has structural damage, which may have been caused by the sink hole.

- Ms. Grandon will check with Ms. Wise to see if she has any information on the abandoned house.

**EIGHTH ORDER OF BUSINESS**

**Supervisor Requests**

- Ms. Grandon noted that while they are revamping the Clubhouse, she believes the pro shop could be painted and cleaned up very inexpensively. It was the consensus of the Board to proceed and she will work with Mr. Panno.

**THIRD ORDER OF BUSINESS**

**Approval of the Financial Statements**

- In regard to the revenue side, Mr. Ricciardi reported that the District is 93.06% collected through March, compared to 93.04% from last year.
- As for expenditures, the District is running \$34,624 under budget through March.

On MOTION by Mr. Penzer seconded by Ms. Grandon with all in favor the financial statements for the period ending March 31, 2013 were approved.

**NINTH ORDER OF BUSINESS**

**Audience Comments**

- Mr. Morin asked whether the District bought the beverage cart and Mr. Penzer responded yes. He also asked who directly benefits from the revenue. Mr. Penzer stated the District benefits because the restaurant pays rent, based on the contract and we provide the cart.
- He also asked what percentage the District receives from their monthly average. Mr. Ricciardi responded the rent is \$6,500 per month and 5% of any gross over \$500,000. They pay for the operation of the golf cart.
- Mr. Morin does not think the contract extension with the restaurant at the same rate is a good choice and believes the District should get more money. Mr. Gordon stated this is something Mr. Rossi and Mr. Ricciardi will discuss in the negotiations with Mr. Kalojiannis.
- Mr. Ricciardi indicated that last month the beverage cart generated \$10,000. In February the beverage cart brought in \$8,640 and in March \$10,342. They average approximately \$9,000 per month.

**TENTH ORDER OF BUSINESS**

**Adjournment**

There being no further business,

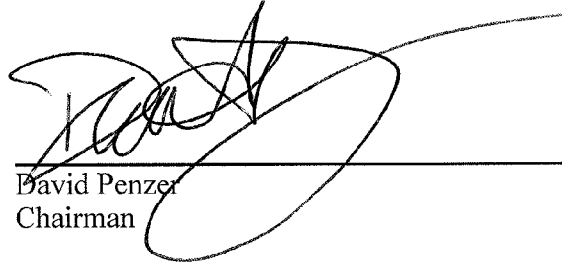
April 16, 2013

Heritage Harbor C.D.D.

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



John Ricciardi  
Secretary



David Penzer  
Chairman