

**MINUTES OF MEETING
BAYSIDE IMPROVEMENT AND BAY CREEK
COMMUNITY DEVELOPMENT DISTRICTS**

A Joint Workshop of the Boards of Supervisors of the Bayside Improvement Community Development District and Bay Creek Community Development District was held on **Friday, July 19, 2013 at 9:00 a.m.**, at the **Pelican Landing Community Center, 24501 Walden Center Drive, Bonita Springs, Florida 34134.**

For Bayside Improvement CDD:

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| Walter McCarthy | Chair |
| Marvin Hancock | Vice Chair |
| James Patterson | Assistant Secretary |
| John Crew | Assistant Secretary |
| Bernie Cramer | Assistant Secretary |

For Bay Creek CDD:

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| Frederick McAuley | Chair |
| Nelson Glueck | Vice Chair |
| James Janek (<i>via telephone</i>) | Assistant Secretary |
| Robert Pritt | Assistant Secretary |
| Mary McVay | Assistant Secretary |

Also present were:

| | |
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| Chuck Adams | District Manager |
| Cleo Crismond | Assistant Regional Manager |
| Carl Barraco, Jr. | District Engineer |
| Mrs. McCarthy | Resident |

FIRST ORDER OF BUSINESS

Call to Order

Mr. Adams called the workshop to order at 9:05 a.m.

SECOND ORDER OF BUSINESS

Pledge of Allegiance

All present recited the Pledge of Allegiance.

THIRD ORDER OF BUSINESS

Roll Call

Mr. McCarthy asked the Supervisors to state their names. For Bay Creek Community Development District, Supervisors Pritt, McVay, Glueck and McAuley were present, in person. Supervisor Janek was attending via telephone. For Bayside Improvement Community Development District, Supervisors McCarthy, Hancock, Cramer, Patterson and Crew were present, in person.

Mr. McCarthy noted, for the record, that no members of the public were present.

FOURTH ORDER OF BUSINESS**Continued Discussion: Fiscal Year
2013/2014 Joint Proposed Budgets**

Mr. Adams presented and reviewed the Fiscal Year 2013/2014 joint proposed budgets. He noted that, in the “Revenue” section, under “Miscellaneous income”, a \$10,000 line item is budgeted for Fiscal Year 2014, which is anticipated to come from the adjacent community of Pelican Sound. Mr. Adams explained that the Pelican Sound association expressed a desire to have the Districts provide street sweeping operations for their primary road system. This is an opportunity for the Districts to earn about \$10,000 in additional income. Pelican Sound is within three miles of the District. Services will be provided on a periodic basis, with the exception of when the oak trees shed, as there are many oak trees on the property and debris tends to enter the roadside drainage system and build up. Mr. Adams felt this to be a good opportunity and requested consideration by the Boards.

Mr. Adams reported little change in professional fees. One increase is related to rising insurance costs, based on the current year actual, and a projected 3% increase. Under “Legal notices and communications”, Mr. Adams advised that the increase is related to a more routine newsletter program, which is a mailbox stuffer program, through the U.S. Postal Service.

Mr. Adams indicated that, under “Water management services”, a “lake health” line item of \$25,000 was added, at the request of Mr. Pritt, at the last meeting. In the category of “Street lighting”, there are slight reductions, primarily for electricity. He explained that electricity fluctuates with fuel costs; thus, if fuel costs rise, electricity will rise.

With regard to “Landscape services”, “Mr. Adams advised that “Capital Outlay” increased by \$47,000, primarily for the purchase of two replacement mowers, a replacement utility cart and a wastewater chemical containment and recovery system, which are standard

items in golf course operations. The wastewater containment system is a Best Management Practice (BMP) adopted by Lee County and, currently, the Districts are out of compliance. Mr. Adams explained that this is a concave washdown system that washes equipment; the runoff remains contained, goes into a drain and, then, a recycling system, which separates solids and treats the water.

In response to a question from Mr. McAuley, Mr. Adams advised that the system is a portable unit. A washdown location was designated when the maintenance facility was built. Mr. McAuley asked if the system will improve the water in the lakes. Mr. Adams explained that the maintenance facility does not discharge into the system; however, it ensures that the contaminants remain on site and are recycled. Mr. McAuley asked if the golf courses will be using the system. Mr. Adams replied affirmatively.

Mr. Adams reiterated that the system is mandated so the Districts have no choice; they have been out of compliance for almost a year. With Board approval, he will order the system and request that the vendor hold billing until October 1, for consideration in the next budget.

Mr. Hancock asked if the budget includes funding for the Lakemont enhancement project. Mr. Adams confirmed that the project will be completed this summer or in the next budget season.

Mr. Adams envisioned two major projects for next year's budget, the Waterside berm, along Coconut Road, and the South entry.

Mr. Hancock asked if The Colony project was finished to the residents' satisfaction. Mr. Adams indicated that Clusia is being planted.

Discussion ensued with regard to the Lakemont project. Mr. Adams confirmed that no fencing will be installed. Mr. Adams and Mr. Hancock met with a group of residents to review the proposal and discuss the plantings; residents were very receptive and supportive. Mr. McAuley noted that some disagreement was expressed at the PLCA meeting. Mr. McAuley advised that not everyone is on board and further communication is required to clarify exactly what will be done. Mr. Adams stated that the plant enhancements will be completed, regardless. If the residents wish to continue to pursue fencing, as a neighborhood, they may. Mr. Adams explained that the plants will eliminate the view of buildings and roofs and deter onlookers.

Mr. McCarthy voiced his opinion that Mr. Adams will never make everyone happy.

Mr. Glueck stated that, if any of the projects that were outlined are completed, this year, more than \$65,000 will be spent; if anything significant is done at the South gate, \$65,000 is too low. He recommended adding an additional \$10,000 to the yearly budgeted amount, increasing it to \$75,000.

Rather than increasing the budget by \$10,000, Mr. Adams suggested waiting until the options are presented and the Boards decide what they want to do at the South gate, as they will have an opportunity to utilize money from fund balance, the uninsured assets fund or to complete the work in phases.

Mr. Hancock explained that he and Mr. Adams met with the Lakemont Neighborhood Committee, including the Chair, Ms. Holly Kaiser, and the fence committee, which is comprised of the residents whose homes abut the fence line. The residents did not know who the UOC Representative, Mr. Howard Hanson, was and asked Mr. Hancock and Mr. Adams, as Mr. Hanson was communicating all of the decisions. Mr. Hancock stated that, several months ago, Mr. Hanson advised the residents that the CDD can install the fence 10" into their property. At this week's board meeting, Mr. Hanson indicated that he is waiting for the CDD to apply to the city for a variance. Mr. Hancock pointed out that the CDD has no project underway for which to apply to the city for a variance. Mr. Hanson informed Mr. Hancock, directly, that he wants to see the entire Board replaced.

Mr. Crew noted that he is a resident of Lakemont and resides adjacent to the area being discussed. He stated that he saw more need for a fence on the landscape maintained berm, which is not in the preserve. Mr. Adams informed him that Management is proposing to plant the upland; however, a fence cannot be installed there because it is a jurisdictional area.

Mr. McCarthy explained that, when conservation easements are granted, they may have wetlands but they could also have uplands. The fact that it is an upland does not make it any different, in terms of the treatment that applies to it.

Mr. Crew asked if the Bernwood Plaza property is within the CDD. Mr. Adams replied affirmatively. Mr. Crew surmised that, down the road, it may be possible to have a fence installed on the Bernwood Plaza side of the canal, if an easement is obtained from the Bernwood Plaza Management Company.

Discussion ensued regarding activities taking place at the Boardwalk. Mr. McCarthy advised that he and Mr. Adams will continue to pursue a resolution with Development Associates.

Mr. Hancock explained that there is one very nice resident who is nervous about spoiling her property and is not agreeable to granting an easement for the fence. The resident is the only holdout.

Mr. McCarthy noted, for the record, that Mrs. McCarthy joined the meeting as a member of the audience.

Mr. Pritt referred to Page 1, "Other contractual services – culverts/drains", and asked if this is part of the existing culvert and drain cleaning issue. Mr. Adams replied affirmatively. Mr. Pritt concluded that money was added to this line item in case the Districts assume responsibility for cleaning the culverts, once an agreement is reached. Mr. Pritt voiced his agreement with keeping the funds in the budget, since the Districts are working toward a solution.

Mr. Hancock reported that, at Wednesday's PLCA board meeting, Mr. Murphy mentioned that, in his view, within the permit, the CDDs would be forced to assume responsibility for cleaning. Mr. Hancock clarified that the CDDs have already agreed to clean the culverts and he cannot determine where the disconnect lies.

Mr. McAuley asked to address the issue directly. He distributed a document from the PLCA handbook, which provided to all residents, for many years. Mr. McAuley noted that the document was dated 1997, although it was used prior, as well as many years later. He stated that one section refers to the District's responsibilities and the highlighted area is very clear: both CDD Boards, meeting separately, agreed to clean the culverts, as well as the PLCA; however, it also indicates that the Boards agreed to the maintenance of the drainage structure and culverts, prior to 1997.

Mr. Adams pointed out that the document is very generally worded. He advised that the CDDs are responsible for culverts that interconnect the lakes.

Mr. McAuley stated that this should be a non-issue after two years. He voiced his opinion that the Districts should be cleaning the culverts. It is their responsibility.

Mr. Pritt stated that, just because it is in a handbook or is covered by an agreement, which does not specifically give the CDDs the responsibility for repair and replacement, does not make

it so. Mr. Pritt pointed out that the Boards have been very reasonable with the PLCA. By law, the Board Members' allegiance is to the CDDs; they are required to faithfully discharge their duties. Mr. Pritt advised that, if the document is correct, he will stand down; however, no one has shown that it is correct. Just because the PLCA wants the Districts to accept responsibility does not mean that it is the Districts' responsibility.

Mr. McAuley stated that, in the CDD literature, these statements have been used over and over in their communications. It is not something new; it is something that was agreed to by previous Boards and the current Boards live with the agreements that were made by those Boards.

Ms. McVay voiced her opinion that the residents are paying for maintenance, regardless of what pocket it comes out of; things must be done and the Boards need to figure out the best way to do them. She indicated that residents will pay the same amount of money, whether the responsibility lies with the CDDS or with the PLCA.

Mr. Hancock recalled that offers were sent to the PLCA to clean the catch basins and those letters must be replied to. He asked if a follow up letter should be sent to the PLCA.

Mr. McCarthy did not feel that more fuel should be added to the fire. He indicated that asking for a letter was a bad idea.

Mr. McCarthy pointed out that this item was budgeted last year and the funds were not spent so, technically, the money flowed into the surplus funds. He did not feel that the item should not be included in the proposed budget. Mr. McCarthy noted that, if an agreement is reached with the PLCA, culvert and drain cleaning can be funded out of the reserve fund that year.

Mr. McCarthy explained that the facilities have 20 years of deferred maintenance and, if the CDDs take them over, in their current condition, it will result in an enormous capital expenditure. Mr. McCarthy advised that he surveyed about one-third of the community and estimated the necessary repairs to be between \$40,000 and \$100,000. When Pelican Landing was completing the road work, Mr. McCarthy asked to see the plans. He indicated that he reviewed them as a resident, not as a member of the CDD, and brought to the attention of the PLCA staff that the repairs were needed and that all of the resources were on site. The PLCA repaired some of the drainage structures, as part of the road work, but others were not included in the plans. Mr. McCarthy sent an email to Ms. Martel, as a private party, asking her to

reconsider, as this was the most efficient way to complete the necessary repairs. Ms. Martel replied that Mr. McCarthy's suggestion was forwarded to the Roadway Committee; he heard nothing further and nothing was done.

Mr. McCarthy advised that, as part of the survey, he made a CD of the types of needed repairs, some of which are detrimental to public safety and welfare; however, the PLCA has chosen to turn their backs. Mr. McCarthy conveyed that \$25,000 will begin to address the issue of deferred maintenance. He reiterated Mr. Pritt's statement that the Board Members took a pledge, on behalf of the residents, and he and Mr. Pritt will not violate that oath.

Mr. McCarthy suggested removing the line item for culverts and drains from the budget and letting the PLCA decide what they will do. The Districts will assume the maintenance responsibilities for the facilities for which they are responsible but will not volunteer to take responsibility for something that has been neglected for 20 years.

Mr. Patterson stated that he has always maintained the position that, for the greater good, the problem needs to be addressed, either with PLCA funds or a special CDD budget. Mr. Patterson pointed out that the Districts are better equipped, in terms of experience and engineering knowledge, and he does not know why the Boards never accepted responsibility.

Mr. McAuley clarified that Severn Trent maintained the culverts and drains until the last two years and the expenditure came from the Districts' budget, not the PLCA's. He recalled that, when he was president of Costa del Sol, Severn Trent was on site cleaning the culverts. He asked them why they were clogged and he was informed that it was a result of buildup.

Mr. McCarthy clarified that Mr. McAuley was referring to cleaning the culverts and the PLCA is referring to maintenance, repair and capital improvements. He stressed that, to his knowledge, the CDD never performed repairs to the roadway drainage system and neither has PLCA. Mr. McCarthy stressed that the roadway drainage system is not part of the water management system; it is a part of the road system and PLCA owns the road. He voiced his agreement with Mr. Patterson that the responsibility lies with the CDDs; however, the Boards must enter into an agreement with their eyes open and have a clear assessment of what is required.

Mr. Crew asked if the legal ownership of the infrastructure was determined. Mr. McCarthy explained the PLCA had the roadway system conveyed to them by WCI. Mr. McAuley clarified that the conveyance was for the roadway, not what is underneath it.

Mr. Crew asked if District Counsel rendered a definitive opinion with regard to ownership of the infrastructure. Mr. Adams confirmed that the infrastructure was not conveyed to the Districts. He explained that proper conveyance of infrastructure to a government body involves a bill of sale, with an attached value, so that the asset may be booked. That has not occurred.

Mr. Crew concluded that there are two separate issues, capital asset ownership and routine cleaning. He asked if the PLCA must transfer the capital reserves associated with the life of the asset if the CDDs were to book them. Mr. Hancock indicated that there are no capital reserves.

Mr. Hancock noted that, if the Districts owned the roads, there would be public access. Mr. McCarthy explained that the decision was made by PLCA, many years ago, because the original anticipation was that the CDDs would take ownership of the roads; however, because of the issue of public access, the PLCA determined that they should retain ownership.

Ms. McVay recalled that she was a member of the PLCA Finance Committee, at the time, and it was assumed that the roads and the sewers were separate items, which is why no funds were reserved for the sewers. McVay stressed that the CDD Board Members and the PLCA work for the residents and they must resolve the issue because no one is reserving funds and the time will come where the residents will have to pay. She stated that they need to figure it out and move on, regardless of who assumes the responsibility, and the legal ramifications must be addressed.

Mr. Pritt agreed that there are legal ramifications. He urged the Board Members to attend a legal seminar concerning their responsibilities with regard to public funds. Mr. Pritt stated that the law comes from the Florida Constitution and there are serious consequences for frittering away public dollars just because the Board Members do not want the residents to have to pay private dollars. With regard to the issue of ownership, Mr. Pritt indicated that, based upon District Counsel's analysis, it appears that culvert cleaning is not the CDDs' responsibility and the Districts cannot undertake that responsibility without an agreement in place, possibly by transferring the assets to the Districts.

Mr. McCarthy commented that it is unfortunate there was a misunderstanding, from the beginning, with regard to setting up reserves; however, as Mr. Pritt articulated, it is not the CDDs' responsibility to step in and bail them out. Mr. McCarthy recalled indicating to PLCA

board members and staff, many times, that the only way this issue will be resolved is for cool heads to sit down and discuss it. The PLCA knows that the CDD Boards are concerned about the deferred maintenance and the impact of cost.

Mr. Crew asked if the budgeted amount will remain for culverts and drains or if it will be moved to landscaping. Mr. McCarthy voiced his opinion that the line item should be removed from the budget. Mr. Pritt felt that the line item should remain, for now, in case an agreement is reached.

Mr. Adams asked if the Boards agreed with entering into an interlocal agreement with the Pelican Sound CDD, for street sweeping. Mr. Pritt recalled that a smaller truck was purchased and he noticed, this year, that the sweeper tends to leave debris behind. Mr. Pritt noted that there are limitations as to what can be accomplished with the smaller sweeper and asked for assurance that, if the Districts begin street sweeping in Pelican Sound, they will not be hurting Pelican Landing.

Mr. Adams explained that it will be an infrequent program, probably three or four hours, once every month or every few months. It will bring in much needed revenue and also help out the Pelican Sound CDD.

With regard to professional fees for Supervisors, Mr. McCarthy pointed out that the description states that one Supervisor elected to waive his fees. He clarified that Supervisor Mosheim passed away, a number of years ago, and all ten Supervisors are now collecting fees. Mr. Adams advised that the write up will be corrected.

Mr. Pritt commented that the Boards may want to consider whether 12 meetings per year are necessary.

Mr. McAuley was not in favor of reducing the number of meetings, since they already last too long. He pointed out that, if additional items are addressed at the meetings, they will last even longer.

Mr. McCarthy agreed that the meetings last too long. He felt that part of the reason was that Bayside Board Members are involved in discussions regarding Bay Creek issues and Bay Creek Board Members are involved in discussions regarding Bayside issues. Mr. McCarthy suggested that the Districts meet separately, on the same day, sequentially. He pointed out that the Boards vote separately on issues and, if a vote is required relative to funding, it may be addressed on the agendas of each Board.

Mr. McCarthy discussed the distribution of fees between the Bayside and Bay Creek accounts. He stated that, as long as he has been on the Board, Bayside has been paying 80% of Bay Creek's Supervisors' fees. Mr. McCarthy recalled a long discussion regarding merging the Districts and that Bay Creek was against a merger because they wanted to keep their representation. The Bayside Board has always wondered why its reserve fund did not grow at the same rate as the Bay Creek fund and why Bayside picks up virtually 80% of the costs. Mr. McCarthy suggested that, if Bay Creek wants autonomy and to have independent representation, they should absorb their own costs, which includes Supervisors' fees, audit and insurance. He pointed out that it will not affect the overall budget because it is a redistribution of funds.

Mr. Patterson indicated that, currently, most of the costs for the Districts' projects are allocated on a population basis. Having separate meetings would mean that Bay Creek could support a project and pay only 20% and Bayside would have no input regarding whether their 80% should be a part of it.

Mr. McCarthy explained that, for budgetary matters, the Bayside Board would vote separately, as it does now. If Bay Creek votes in favor of a project but Bayside votes against it, Bay Creek has the option of completing the project with its own funds. That will not change.

Mr. Patterson felt that, administratively, it would be difficult to handle, in terms of communication between the two groups. Mr. McCarthy commented that it would force communication between the Chairs and Staff, which is the way it should be.

Mr. Adams stated that, as noted last year, he has an issue with creating two separate assessments. The way to accomplish a separation is to keep the combined budget as is, which is what generates the per unit assessment and, in the District specific budgets, the Supervisors' fees, audit and insurance costs will be split 50/50.

Mr. Janek was in favor of meeting separately.

Mr. Pritt clarified that his point, with regard to the number of meetings, was not the length of the meetings. He stated that bureaucracy will always try to perpetuate itself. Mr. Pritt pointed out that meetings are not too long because the Boards have too much to do; they are too long because the Board Members continue to do things that they do not have to do, to a level that is not necessary. Mr. Pritt recommended reducing the number of meetings to eight.

Mr. McCarthy voiced his opinion that Board meetings do not need to last as long and that it is not necessary to meet as often.

Mr. Crew pointed out that Lakemont's security is a total community issue. Mr. McCarthy noted that, if the asset is located in Bayside, it is their issue.

Mr. Crew stressed the benefit of open communication and that, if the time must be limited, it should be limited by topic. He was not in favor of meeting separately.

Mr. McCarthy remarked that the Districts are two separate entities and they will never be one unless they merge.

With regard to reducing the number of meetings, Mr. Glueck pointed out that only \$800 would be saved, from a \$2 million budget. He stated that the Boards never go into the community to see what the Districts own and what condition the assets are in; not everyone has that opportunity. Mr. McCarthy argued that he and Mr. Glueck do it all the time and the opportunity does exist. Mr. Glueck clarified that they do not share comments.

Mr. Cramer conveyed that, this year, the Bayside CDD has tried to reach out to the community; he has done so in many cases where residents have called to discuss various issues; going into the community and showing residents that the Board Members care and listening to them is very important.

Mr. Cramer stated that he truly respects Mr. Hancock for what he has done in Lakemont. He indicated that he attended a number of their meetings where there was a communication problem. Mr. Cramer noted that he was surprised that the PLCA does not have a representative attending those meetings to listen and provide feedback, as communication is key.

Mr. McCarthy expressed his agreement. He recalled that the residents of Bay Cedar were very unhappy because the work that was done was severe and it was very rewarding to receive positive feedback from those who were originally antagonistic toward the Board and Staff. Mr. McCarthy explained that Staff prepared a nice document and placed it on everyone's door, which included a picture of what the project would look like and when it would be done. Interaction occurred with anyone in the neighborhood who wished to discuss the project and that was important.

Ms. McVay asked if having two meetings will affect the contract amount with Mr. Adams' firm. Mr. Adams indicated it would not. Ms. McVay inquired about potential ramifications. Mr. Adams advised that the only increases will be for advertising and hourly rates for District professionals, such as the District Engineer. Mr. Adams voiced his opinion that it would be inefficient to hold separate meetings.

Mr. McCarthy felt that it was unwise and unnecessary to increase the assessment this year. The Board Members would be leaving themselves open to a great deal of criticism and every property owner, in each District, must be notified that their rates will be increasing.

On Page 2, of the proposed budget, Mr. Adams indicated that the same amount was programmed for “Landscape services”, Personnel services”, year over year, at \$741,230. The Unaudited Financial Statements as of June 30, 2013 reflect that the year-to-date percentage is 9% under prorated, at 64%. Mr. Adams theorized that the budgeted amount could be reduced by 5%, which is \$37,000. He advised that the upcoming three pay period month will absorb part of the remaining percentage and suggested offering a 1% to 2% increase to the employees to show their appreciation. The increase would be very much appreciated and will not overextend the budget. The “personnel services” line item would be reduced to \$704,230.

Mr. Adams pointed out that “Other contractual – culverts/drains” was reduced from \$30,000 to \$20,000. If the funds are not utilized, they will flow into fund balance and will offset the use of fund balance for this year.

Mr. Adams discussed a change in revenue and a reduction in fund balance. He explained that fund balance covers the gap funding needs for October, November and December, when expenditures are incurred but property tax revenues are not received.

Mr. McCarthy expressed his agreement with the reduction in the personnel budget, culverts and drains and fund balance.

Mr. Crew asked if the reduction in personnel costs will allow for a 1% to 2% increase. Mr. Adams replied affirmatively. Mr. Crew commented that he was supportive of the increase.

Mr. McCarthy commented that he was fully in favor of a 2% pay increase and that it is time that the Districts’ personnel are recognized.

Mr. Patterson noted that engineering was over budget last year and will probably be over budget this year because of the complexities related to surface water management permit approval from SFWMD. He suggested increasing the line item. Mr. Adams stated that the amount programmed is based on the normal operations of the District Engineer. He agreed with increasing the engineering line item.

Mr. Patterson voiced his concerns with regard to the new development on the north side of The Colony. He pointed out that there is no vegetation along the fence. Mr. Adams explained that WCI is developing the area and the maintenance will be assumed in the The Colony budget.

Mr. Patterson asked if WCI will install vegetation to cover the fence. Mr. Adams replied affirmatively.

Mr. Hancock requested an explanation of aquascaping. Mr. Adams stated that aquascaping is for supplemental beneficial aquatic plantings, which are planted where littoral shelves support their success.

With regard “Water management services”, “Other contractual services: wetlands (BS)”, Mr. McAuley noted problems with the contractor and asked if the District will continue to contract with them. Ms. Crismond stated that the contract expires this year and the District will go out to bid.

Mr. McAuley indicated that the Board Members were told that aerators improve the quality of the lakes; however, the same amount is budgeted each year. He recommended increasing this line item. Mr. Adams explained that capital outlay is for additional aerators. The budget is programmed to add two or three per year. Mr. Adams suggested waiting for the results of Dr. Thomas’ study. If aeration is recommended, a price will be obtained to aerate all of the lakes that are deemed appropriate and funding will be discussed for the project. Mr. McAuley suggested that capital outlay and repair and maintenance be left open for discussion following the July 22 meeting.

Ms. McVay asked if the budget contains funding for Dr. Thomas’ anticipated recommendations. Mr. Adams stated that he does not know what those recommendations will be and he does not anticipate receiving them until this time next year.

Discussion ensued regarding monument maintenance. Mr. McAuley stated that the condominium communities in both Districts are paying for monument maintenance but only the single-family homes receive those services. He feels that the CDDs should be performing all of the monument maintenance. Mr. Adams recalled that most neighborhoods did not take advantage of the flower program and advised that the parcel neighborhoods have become more personalized.

Mr. McCarthy commented that street sweeping, under “Capital Outlay”, requires attention and maintenance and asked that it be addressed quickly.

Regarding the budget for The Colony, on Page 14, Mr. Adams noted a slight decrease to the assessment, over the prior year, primarily due to the plant replacement program. He indicated that this was the final year of installation of upgraded grass. Mr. Adams explained that

the line item was reduced to \$50,000. The vertical plantings will be addressed, especially in the first few phases, to the east and west of the overpass. The “Rentals and leases” line item is \$25,000, for the cash purchase of two replacement mowers and the purchase of a top dressing machine. The budget anticipates use of fund balance of \$15,000 to keep the assessments at, or below, the prior year amount. The fund balance will be \$270,000, against an annual budget of \$600,000.

Mr. Patterson suggested adding \$30,000 to the use of fund balance, to show the difference in the plant replacement program, between the two years, making the line item \$45,000, rather than \$15,000, to show that The Colony’s costs are decreasing to the level that they were several years ago. Mr. Adams pointed out that The Colony does not have an uninsured asset fund so the fund balance must remain higher to address their specific needs, in case of a storm event.

Mr. Adams discussed keeping \$50,000 for plant replacement to address vertical plant replacement, over the next few years. He stated that there will be one more year of funding at \$50,000, and then the amount will be reduced.

Ms. McVay asked if there is positive feedback when residents receive a \$9 decrease in their assessment. Mr. Adams stated that it goes unnoticed.

Mr. McCarthy voiced his preference to budget \$20,000 rather than \$30,000, for the use of fund balance to reduce assessments.

Mr. Crew agreed.

Mr. Cramer asked if the District has a process to engage staff immediately, after a storm, with regard to uninsured assets. Mr. Adams explained that an emergency plan is in place, with bullet point steps to be taken before and after a storm. In response to a question from Mr. Cramer, Mr. Adams confirmed that the CDD is responsible for removing debris and opening up the roads. The parcel neighborhoods are not the responsibility of the CDD. In the common areas, debris is moved to a staging area, where it is later picked up and taken to a landfill.

Mr. Cramer asked if there is a methodology between the PLCA and the CDDs. Mr. Adams explained that PLCA’s focus is on amenity cleanup and recovery. The CDDs’ focus is on the roads. The CDDs have roadway responsibility in terms of street sweeping and the majority of the roadway right-of-way landscaping, which was by agreement. The PLCA will contact the CDDs if there are resident concerns regarding the Districts’ areas of responsibility.

The consensus of the Boards was to budget \$20,000 for the use of fund balance to reduce assessments.

With regard to the amortization schedule for Bayside, located on Page 19, Mr. Patterson noted that on May 1, 2016, the District will have money to pay the 2017 and 2018 payments, as well, which will eliminate \$50,000 of administrative costs. Mr. Adams indicated that this will be addressed in the Fiscal Year 2015 workshop session for the Fiscal Year 2016 budget.

Mr. Pritt pointed out that it may sound like the Board Members are arguing but both Boards, and the Boards collectively, are serving the residents of Pelican Landing very well.

Mr. McAuley asked if the same strategy for the amortization schedule is true for Bay Creek. Mr. Adams replied affirmatively.

Regarding the "Enterprise Fund 401/451" combined budget, on Page 20, Mr. Adams commented that he must find a way to reduce the assessment level. He explained that depreciation is projected to increase in Fiscal Year 2014, which had an effect of the increased assessment.

Mr. McCarthy indicated that the problem is the revenue stream, particularly with Bay Creek. He stated that the budgeted amount for irrigation revenue far exceeds what was received last year and this must be addressed. Adjustments will be made for the changes in the 001 and 101 funds that will precipitate into the 401/451 budget; however, he is unsure what the impact will be.

******Mr. Pritt left the meeting at 11:30 a.m.******

Mr. Adams stated that it will take \$34,500 to reach the assessment level for the prior year. The irrigation revenue will be revisited in a rule change to increase the base rate to bring in some additional revenue. Making a change to the budget will have no effect.

Mr. Patterson pointed out that, if irrigation revenue is reduced by \$40,000 and the full assessment is 4,000 units, it equates to an extra \$10 for fixed costs. The full assessment for Fiscal Year 2014 will increase from \$62.63 to \$72.

Mr. McCarthy clarified that, in order to offset the reduction, funds will be allocated for the budget out of fund balance. The irrigation revenue issue will be addressed with a rule change to increase the rates, which will begin in January of next year. The proposed irrigation revenue will remain at \$285,000 and an adjustment will be made to fund balance.

Mr. Adams confirmed that \$34,500 of fund balance will be used, bringing the assessment down to \$53.19 instead of \$53.30. He explained that this fund is unique because there are two forms of revenue coming in which address different expenses. Parts of the expenses are offset by irrigation revenue, which are the user fees, and parts of the expenses are fixed costs, such as depreciation and insurance, which are paid for by the assessments.

With regard to irrigation services, Mr. Patterson stated that there were times during the year when the distribution system had to be shut down because there was not enough water, due to pumping problems. Mr. Adams clarified that the lack of water was primarily due to high usage by the golf course. The golf course was running on a regular basis, which was drawing the water down. Mr. Adams advised that he will address the schedule with Mr. Zimmerman and Mr. Gillespie.

Mr. Patterson noted that the golf course stayed within their seasonally adjusted limits, from SFWMD; what they did was not illegal. Sufficient water was not available. Mr. Adams indicated that the golf course is looking at alternative sources of water.

Mr. Patterson stated that five holes are watered, using the output from the pumps in Bay Creek. The golf course has an informal commitment of up to 1 million gallons per month of potable water; however, it is not assumed that any potable water will go into this area because it is not needed. The water from the Bay Creek wells is of sufficient quality that there is no need to blend any potable water, which is done for the other 31 holes. The question arises whether there is insufficient pumping capacity in the Bay Creek system.

Mr. Adams stated that he must review the golf course's revised allocations. If the golf course is overburdening the original rate study, the District must limit the golf course to the allocation dictated in the original rate study. An alternative source must be found for usage above that allocation because it is having an effect on the residential allocation.

Mr. Patterson voiced his concern that there was not enough money in the budget for well maintenance. Mr. Adams confirmed that there is ample money for well maintenance. In the previous three or four years, most of the funds were focused on the pump stations. The buildings were fixed, pumps were changed out and the drive gear was replaced with newer technology. Now, the focus will be on the well fields themselves.

Mr. Hancock inquired about the time frame for increasing the base rate. Mr. Adams explained that it will be considered at the August meeting. If approved, the public hearing will be set for the September meeting and the new rate will be in place on October 1.

Ms. McVay noted several units in Bayside where three lots were combined into two homes but do not appear to be receiving 1½ allocations of water so the owners are paying the penalty rate. Mr. McCarthy advised that those residents may apply for a variance.

Mr. Patterson asked about the Districts' official policy regarding forgiveness of penalties. Mr. Adams indicated that authority rests with the Manager to work with the concerned party and reach a resolve. Mr. Adams reviews the historical usage and, if, over the past year, the resident has not been paying the penalty rate or overused the monthly allocation, a one-time relief will be offered whereby the total monthly consumption will be billed at the base rate.

Referring to "Water management services", Mr. Hancock pointed that those who do not use the Districts' irrigation water do not share the cost for lake management, which they should be paying for. Mr. Adams provided a brief explanation of how the costs were divided.

FIFTH ORDER OF BUSINESS

**NEXT MEETING DATE: July 22, 2013
at 2:00 P.M.**

Mr. McCarthy stated that the next meeting will be held on Monday, July 22, 2013 at 2:00 p.m., at this location.

SIXTH ORDER OF BUSINESS

Adjournment

There being no further business, the meeting adjourned at 11:54 a.m.

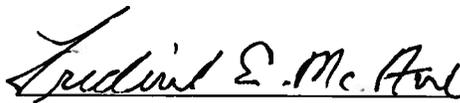
FOR BAYSIDE IMPROVEMENT:


Secretary/Assistant Secretary


Chair/Vice Chair

FOR BAY CREEK:


Secretary/Assistant Secretary


Chair/Vice Chair