

MINUTES OF MEETING
HERON ISLES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Heron Isles Community Development District was held on Thursday, February 5, 2015 at 10:30 a.m. at the Compass Group Conference Room, 961687 Gateway Boulevard, Suite 201M, Amelia Island, Florida.

Present and constituting a quorum were:

Greg Matovina	Chairman
Ricky Rowell	Vice Chairman
Kathleen Blessing	Supervisor
Justin Blessing	Supervisor
Don Lyons	Supervisor (by phone)

Also present were:

Dave deNagy	District Manager
Jason Walters	District Council (by phone)
Cheryl Graham	Leland Management
Tim Brinegar	ValleyCrest

FIRST ORDER OF BUSINESS

Roll Call

Mr. deNagy called the meeting to order at 10:30 a.m.

SECOND ORDER OF BUSINESS

Organizational Matters

A. Oath of Office for Newly Elected Supervisors

Mr. deNagy stated Justin and Kathleen ran unopposed in the general election process. As a notary here in the State of Florida, I am going to administer the Oath of Office to Kathleen and Justine.

I spoke with Kathleen and Justine briefly about compensation. As a board member, you are allowed to receive compensation or you may waive compensation. The compensation allowed under Florida statute is \$4,800 a year or \$200 a meeting. Kathy and Justin, do you waive or accept compensation?

Ms. Blessing stated I will accept.

Mr. Blessing stated I will accept.

Mr. deNagy stated you need to fill out the W-4 and I-9. The I-9 is to verify you are a United States citizen. The W-4 is so we can process your payroll. Please give me the W-4 today, and the I-9 can be brought to the next meeting. There is a Form 1 that needs to be filed within 30 days of meeting today. I think you have already filed the Form 1. That was a part of the process of the General Election. I gave you information on the Florida statutes, Chapter 190, that guide Community Development Districts, of which Heron Isles is one, and an outline of the Commission on Ethics, the Sunshine Laws. Since we are a unit of government, you are guided by the Sunshine Laws, and it is important to know that outside of a meeting that has been publicly noticed, you are not allowed to talk with other board members about CDD business. You can talk about anything else, including HOA business, but you cannot talk about CDD business. Mr. deNagy asked Mr. Walters to make comments.

Mr. Walters stated I spoke with the supervisors briefly after the last meeting. The standard is any issue that could foreseeably come before the District. It is not necessarily just things on the agenda. It is anything related to District business, things that could eventually come before the board that would require being discussed before the board, you are prohibited from discussing outside the meeting. The Sunshine statute does not apply to staff, so if you have questions about District business, I would encourage you to reach out to Dave or myself. You are free to speak to us outside of the meeting. It is only with the respect of other supervisors that the Sunshine statute applies.

Mr. deNagy stated if you do change your email account from what we have currently, please forward information to me so we can update our records.

Ms. Blessing asked would that include Cheryl?

Mr. deNagy stated you can talk to Cheryl. You and Justin can't together talk with Cheryl. Individually you can talk with her.

B. Resolution 2015-01 Election of Officers

Mr. deNagy stated Greg Matovina currently serves as Chair. Don Borstein, who is no longer on the board, was our Vice Chair. Now we have Kathy and Justin, Ricky Rowell, and Don Lyons, who is on the phone. Ricky and Don serve as Assistant Secretary, so I will open it up to the board to elect the officers. Is there a motion from someone regarding election of officers?

Mr. Lyons asked there are the secretary positions and what else?

Mr. deNagy responded typically the board members that don't serve as Chair or Vice Chair serve as Assistant Secretary for purposes of signing documents. I, Jim Perry, and Patti Powers from our office serve as Assistant Secretary and Treasurer. That is only because we sign all the checks that pay the vendors and that sort of thing.

On MOTION by Mr. Matovina seconded by Mr. Rowell with all in favor Resolution 2015-01 to have Greg Matovina serve as Chair, Ricky Rowell serve as Vice-Chair, and Kathleen Blessing, Justin Blessing, and Don Lyons serve as Assistant Secretaries was approved.

THIRD ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the November 6, 2014 Meeting

On MOTION by Mr. Matovina seconded by Mr. Rowell with all in favor the Minutes of the November 6, 2014 Meeting were approved.

FIFTH ORDER OF BUSINESS

Ratification of the Audit Engagement Letter with McDirmit Davis to Prepare the Audit for Fiscal Year 2014

Mr. deNagy stated I look for a motion to ratify the engagement letter

On MOTION by Mr. Matovina seconded by Ms. Blessing with all in favor the ratification of the FY14 audit engagement letter was approved.

SIXTH ORDER OF BUSINESS

Acceptance of Annual Audit Report for Fiscal Year 2014

Mr. deNagy stated the audit report has been completed. There were no exceptions noted in the audit. If you will refer to the back of the audit, the independent auditor's report on internal controls, they talk about not identifying any weaknesses whatsoever. Also management

comment, pages 29 and 30, the audit talks about different things that are required to be reported to the auditor general, and those comments are all favorable for the District.

On MOTION by Mr. Matovina seconded by Mr. Rowell with all in favor to accept the annual Audit Report for FY2014 was approved.

SEVENTH ORDER OF BUSINESS

Appointment of Audit Committee

Mr. deNagy stated this is our last year with the audit firm McDirmit Davis. Typically we have the board serve as the Audit Committee. At the next meeting I will bring back an outline of the evaluation criteria so we can issue an RFP for audit services for the FY15 audit. We look to get the proposals back before the end of the fiscal year so we have an auditor lined up for our FY15 audit. I look for a motion to appoint the board of supervisors as the Audit Committee.

On MOTION by Mr. Matovina seconded by Ms. Blessing with all in favor to appoint the Board of Supervisors to serve as the Audit Committee was approved.

EIGHTH ORDER OF BUSINESS

Other Business

Mr. Lyons stated I have a question about that pump area where they cleared land back behind it, do you know what that was for?

Mr. Matovina responded that is the second phase recreation area, and we have ordered the play equipment, and then we will be landscaping, and it will be an additional play field there. The existing bathrooms will be used.

NINTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Walters stated I don't have any action items for the board. The legislative session has started here in Tallahassee. We will be monitoring legislation that could affect District business. I will report back to the board anything of importance.

B. Engineer

There being none, the next item followed.

C. Manager

Mr. deNagy had no report.

D. Property Manager – Monthly Manager’s Report

Ms. Graham stated I have been talked to different contractors about the doors not closing properly. Some tile was removed along the doorway and discovered that facility had termites. I contacted Nader's, and they did an inspection. They are providing a proposal on treatment. The board may want to get two other proposals as well. We will have that treated before we seal the area up.

On MOTION by Mr. Matovina seconded by Mr. Rowell with all in favor to allow staff to have the ability to evaluate proposals and make termite treatment decision in consultation with the Chairman or Vice-Chairman was approved.

Ms. Graham stated regarding the playground, we talked about trying to keep the mulch from washing over into the walkways. Valley Crest provided a proposal (included in packet) for placing two strips of sod around the perimeter of the walkway around the playground equipment along with replacing and adding fresh playground mulch. They will also add some fill. The amount is \$850 to put in the sod, the playground mulch, and the dirt.

On MOTION by Mr. Matovina seconded by Mr. Rowell with all in favor the Valley Crest proposal in the amount of \$850 was approved.

Ms. Graham stated the next item is community maintenance as a whole. Valley Crest does a thorough review of all common areas and irrigation systems throughout the community. In the package is a report from their irrigation specialist. Some controllers weren't there, and there were a number of pop-up sprinklers that through time dirt has gotten into them and they are not going back down as they are supposed to. Valley Crest submitted various proposals instead of one lump sum. There are some that we really need to get taken care of because it is missing. Proposal 1 is for rain and freeze sensors and getting insulation. The amount is \$1,065. The second proposal is replace the clocks. The amount is \$660. The third proposal is for replacing the controllers in various zones. The amount is \$1,030. The fourth proposal identifies all of the

irrigation heads throughout the community that are not working properly. Heads need to be straightened out and replaced. The amount is \$10,212.90. The fifth proposal is as some of the landscaping begins to mature, the irrigation system that was put in have sprinklers that are smaller and are not reaching the landscaping. This is for adjustments to increase sizes to make sure it gets the right coverage. That amount is \$2,493.

Mr. Lyons stated in reading their report, it appears that all the controller are bad. Is that correct?

Ms. Graham responded more are faulty than are operating.

Mr. Rowell stated that is why we are seeing the irrigation on when it is raining and all the issues we have been having. We will end up spending more money in the long run if we don't fix everything at one time.

Mr. Lyons stated I am finding it hard to understand exactly what is wrong. If the controllers aren't working property, then everything else will be acting bad. It is not a clear picture as what is really working and what is not if the controller is not working. My first thought was to go ahead and replace the controllers. That way we can find out exactly what parts of the irrigation system are actually working and then go from there. If you want to go ahead and do the whole thing, I will go along with that. Just the way they approached it without repairing the controllers first, I don't see them getting a clear picture of exactly what the problem is.

Mr. Matovina responded I think what they do when they test the other items, the heads, etc., is they just bypass the controller, and they manually turn on the system to see how it is functioning. I am not sure of this because I am not an expert in this area, but I don't think them not having the controllers operational didn't allow them to do an adequate evaluation because they just manually turned everything on and off to check it.

Mr. Lyons responded okay, I didn't think about that, so I am fine with it.

Ms. Blessing asked was there something in other contracts that should have been keeping up with this maintenance? Sprinkler systems need a high maintenance.

Mr. Rowell responded I think that is why we have the new company. We got rid of them because they weren't doing what they were supposed to. We weren't getting the service.

Ms. Graham stated they would check it, but I don't think they were at the ability level to find everything that was wrong.

Ms. Blessing asked going forward, will this company give us a maintenance contract on it so they will keep up with it?

Ms. Graham responded yes, they will give monthly reports.

On MOTION by Mr. Rowell seconded by Mr. Matovina with all in favor to accept all Valley Crest irrigation repair proposals in the amount totaling \$15,460.90 was approved.

Ms. Graham stated the next item is Janitorial services. The board approved Rowell Janitorial to provide janitorial services for the common areas, but District Council said there was a conflict of interest there. All Seasons has stepped up a little bit better. They have been providing better service. For the time being we can continue with having their service. They are other maintenance providers in the area, and I get re-bid it out and give the board something to reconsider in time for the next meeting.

Mr. deNagy stated just so the board will have some reference for why they are doing a little bit better, they were handling the landscaping before, and they were let go. They are doing the janitorial now, and I think they may have gotten the message.

Mr. Matovina asked Mr. Walters what was the issue that came up subsequent to our voting that won't allow Rowell Janitorial to do the work?

Mr. Walters responded I apologize, but there was some confusion. I had an issue hearing what was going on, the phone was cutting in and out at different points. There are different requirements and different conflict standards for supervisors who are resident elected versus landowner elected. Because Ricky has made the transition into a resident elected seat, the prohibitions hike up a lot in the statute in terms of doing business with one's own agency. It obviously wasn't anything untoward that Ricky was trying to do. I think he was trying to provide the best services in the best interest of the District, but the reality is that once you set them to that resident-elected seat, the statutes prohibit an elected official from doing business with their own agency, in this case with the District. Because he is the owner of that company and would financially benefit from that contract, the statutes prohibit him from both serving on the board and performing that contract.

Mr. Matovina asked if there was any way around that.

Mr. Walters responded no, there are some very small exceptions generally related to either contracts in which there are no other competent vendors and/or when you go through very public bidding procedures for certain contracts, there are ways to do some exclusions of that official, but it just doesn't fall under those categories.

Mr. Matovina stated Cheryl, we will look to you to determine if we should get other bids or if we are going to be happy with what we have.

Ms. Graham responded I go through there on a regular basis, and they have been very good about keeping all the dispensers full and keeping it clean. They have done better. I think we still need to do some general maintenance and interior painting, but once we get treated for the termites, then we get the missing panels of tile replaced and painted, I think they will be able to maintain without a problem.

Mr. Matovina stated that is fine, but if they slip, let's immediately get some other quotes.

Ms. Graham stated the next item is fence repairs. The fence panels on Heron Isles Parkway and Chester Road, the damaged ones were replaced. There were panels that had been knocked out and were re-positioned. DeLoach fencing has done the repair work. They secured the panels so they won't slide around as much to be knocked out. It looked great. A week after everything was finalized, someone went along Heron Isles Parkway and kicked two sections of panels out. I asked DeLoach fence to go back and look at those areas, and he said that someone kicked it out breaking the center rail and also broke the center rail next to that section, so it needs to be changed out. I have asked them to go ahead and give us a price for that to get that taken care of. On Chester Road, I noticed there is already a hole on one of the panels. He checked that out and will give a price on getting that one replaced as well. I don't have prices at this time.

On MOTION by Mr. Rowell seconded by Mr. Matovina with all in favor to allow Cheryl Graham with Leland to have the two damaged sections of fence repaired when quoted are received was approved.

Ms. Graham stated the painting and repairing of the signs/walls for each of the entrances has been completed. Everything front and back has been cleaned and repaired and look very nice.

Mr. Rowell stated I would like to commend Cheryl for the great job she has been doing. She has been on top of everything, and I can see the difference between what we have now and what we have had before. The lights on the front of the subdivision are nice, all the signs look good, the fencing, she has done a great job. It doesn't matter if you call her at 9:00 at night, she answers the phone. I would like to say she is doing a fantastic job and thank you.

TENTH ORDER OF BUSINESS**Supervisor's Requests and Audience Comments**

Mr. Lyons stated we are talking about the possibility of putting in a pool if possible. If we still have a land area that we can use, I was wondering if I could get the details on that land or description of property, and if I might be allowed to get some quotes so we can entertain that thought and see if that is something we would like to do. We can go ahead and try to get the bonds or whatever we need to do. I will like to set this up and try to get something underway so we can get this done in the next year or two.

Mr. Matovina responded just to avoid violating the Sunshine Laws, I will provide to Dave a copy of the new playground area. There is plenty of room there where the field is going and even in some other areas to work a pool facility in. So we will send a copy of that plan to Dave for the CDD to have on record, and he can distribute it as he sees appropriate. That will be something you can work from.

Mr. Rowell asked do we need to go through and get signatures from all the homeowners. What do we need to do to move forward?

Mr. Lyons when we get quotes in, we can tell them how much it will cost and by what means we are going to financially support this.

Mr. Rowell stated once the pool got put in, that would go towards HOA stuff, correct?

Mr. deNagy responded I am assuming this is funded through CDD bonds, so this would be in addition to your assessments. But it wouldn't be just the cost of the pool itself. There are costs related to the issuance of the bonds, and then obviously after the pool is built, there is upkeep/maintenance costs associated with it.

Mr. Matovina asked what is the issue with the Herons?

Mr. Rowell responded there was one that was broke off on the front sign. I actually got up there and took the old one off because it was broken, and there are two Herons that are on the big pillars, and there is a Heron over on the pavilion thing, so we were looking to try to replace the Heron that was broken.

Mr. Matovina stated why don't we just replace them all?

Ms. Graham stated that is an option if we can't find one to be consistent, unless we have them all do different poses.

Mr. Tim Brinegar stated I am Tim Brinegar, the irrigation advisor for Valley Crest from Georgia to the coast.

Mr. Matovina stated we have already approved your proposal.

Mr. Brinegar issued his thanks, and stated we are excited about getting it right and keeping it right.

ELEVENTH ORDER OF BUSINESS Financial Reports

A. Approval of Check Register

Mr. deNagy stated the check run totals \$57,874.06 for the last three months.

On MOTION by Mr. Matovina seconded by Mr. Rowell with all in favor the Check Register was approved.

B. Balance Sheet & Income Statement

Mr. deNagy stated the financial statements as of 12/31/14 are included in your agenda package.

C. Assessment Receipt Schedule

Mr. deNagy stated our assessments look good, and we are on target at this point. We have about \$80,000 still to come in to the District.


TWELTH ORDER OF BUSINESS

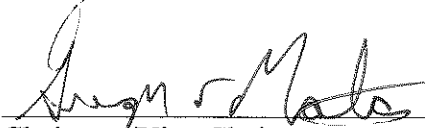
Next Scheduled Meeting is on Thursday, May 7, 2015 @ 10:30 a.m. at the Compass Group Conference Room, 961687 Gateway Blvd., Suite 201M, Amelia Island, Florida

Mr. deNagy stated this will be our first budget meeting. Kathy and Justin, our budget process is a 2-step process. At the May meeting, we will look at a first draft of the budget for FY16, and the board will approve the budget. That doesn't do anything more than ask us to move forward. We will meet again in August, and that will be our budget adoption meeting. That is when we actually adopt the budget for the purpose of levying assessments.

THIRTEENTH ORDER OF BUSINESS Adjournment

On MOTION by Mr. Howell seconded by Ms. Blessing with all in favor the Meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman