

MINUTES OF MEETING
HERON ISLES COMMUNITY DEVELOPMENT DISTRICT

A special meeting of the Board of Supervisors of the Heron Isles Community Development District was held on Thursday, June 1, 2017 at 10:30 a.m. at the Compass Group Conference Room, 961687 Gateway Blvd., Suite 201M, Amelia Island, Florida.

Present and constituting a quorum were:

Ricky Rowell	Chairman
Don Lyons	Vice Chairman
Kathleen Blessing	Supervisor
Justin Blessing	Supervisor
Robert Martyn	Supervisor

Also present were:

Dave deNagy	District Manager
Jason Walters	District Council
Cheryl Graham	Leland Management
Sete Zare	MBS Capital Markets (by phone)
Danny Tyler	Nabors, Giblin (by phone)

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

**Consideration of Revised Delegated Award
Resolution 2017-07**

- A. Bond Purchase Agreement**
- B. Second Supplemental Indenture**
- C. Preliminary Official Statement**
- D. Continuing Disclosure Agreement**
- E. Escrow Agreement**

Mr. deNagy stated you have received an electronic copy of Resolution 2017-07. Attached to that and located in the agenda package are a bond purchase agreement, a second supplemental indenture, a preliminary official statement, continuing disclosure agreement, and an escrow agreement. The Delegated Award Resolution has been revised somewhat.

Mr. Danny Tyler, Bond Counsel, addressed the board. You have already adopted a Delegated Award Resolution, and that earlier resolution delegated the Chairman to have the authority to enter into a bond purchase agreement for the purchase of the bonds when they are issued, and assuming that they fall within the parameters that are attached to that resolution, the resolution authorized the Chair to execute and deliver the supplemental indenture, the bond purchase contract, authorize the delivery of preliminary official statement in regard to the bonds, and authorized the Chair to obtain bond insurance if it was advantageous to the Chair and to obtain a debt service reserve fund commitment if an insurer was willing to do that. My understanding is that we are currently in the process of obtaining a commitment for insurance, but it has not been confirmed yet, so we are authorizing the Chair to enter into that if it is more advantageous for us to enter into the insurance commitment that it would be to issue the bonds separately. You are authorizing the Chair to execute and deliver also a Continuing Disclosure Agreement, which is a federal securities law requirement, and authorizing the execution and delivery of all the other documents and instruments that are necessary to close the transaction. Again, if you fall within the parameters, you are also designating the bonds as qualified tax exempt obligation, which means that banks can acquire these bonds and not lose the corresponding deductibility of the interest for their borrowed money or their deposits. The parameters are on the back page. The documents are essentially the same as you have seen before. The parameters are the back page are not to exceed \$3,400,000 to have a known annual debt service reduction of 6%, maximum maturity date of May 1, 2036, maximum underwriter's discount of 2%, and redemption provisions optional redemption no later than May 1, 2027 at par.

Mr. Lyons asked what is the ballpark figure for this insurance?

Ms. Zare responded we are still working out those details and have not yet received a commitment but are diligently working to get one today. Until we actually get a commitment, those numbers are just going to be placeholders. As soon as I run those numbers, I can let you know.

Mr. Walters stated, Sete, correct me if I am wrong, but to make it easier for the board, the way the insurance will work is say our new rate is 3.5%. If we can obtain insurance, maybe that rate comes down to 3.25%. If the delta between those two doesn't cost more to add that insurance than it would in savings, then we do the insurance. If it does, then we don't do the insurance. The purpose of the insurance is to get a better rate because if it is insured, the bondholders feel much better about it, and maybe they will be willing to give you a better rate, and we will realize better savings. At the end of the day, if it is going to cost more than it will save us, we won't use the insurance.

Mr. Tyler stated I want to point out further that Federal tax law will not let us buy the insurance unless it results in a net savings as well.

On MOTION by Mr. Lyons seconded by Mr. Rowell with all in favor the Revised Delegated Award Resolution 2017-07 was approved.
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FOURTH ORDER OF BUSINESS

**Consideration of Resolution 2017-08
Declaring the Series 2005 Project Complete**

Mr. deNagy stated you should have a copy of the Resolution and backup from the Engineer regarding the projection completion. Jim Lucas put this together for us last week.

Mr. Walters addressed the board. We have gotten the 2005 bonds and the 2005 projects. They are tied together but not inextricably. The bonds were issued to fund that project. We completed most of that project years ago. All the remainder of the project after the bond funds were extended have been funded by the developer. The last stages you have seen developed, the roadways and all that infrastructure was part of our project. It is typical we don't fund every last dollar of the project. The developer has a completion agreement, which is their obligation to complete the infrastructure, and that is what we have been doing. We wanted to tee this up now for two-fold reasons. There are all sorts of funds set up when we issue the bonds. One of those is the construction acquisition account, for example, and there is a couple of hundred dollars remainder from interest flowing into it. For purposes of the refinancing, it is good to have that cleared up so those funds can be collapsed. We can flow the funds into the proper account so we have the final accounting. The other thing is when we go to market these bonds, which is the offering statement we are putting together, it is good to be able to say the project is complete.

When investors are looking at it, they know all the infrastructure is done, there is no other work to be completed in terms of what was financed with those original bonds. We are at that stage now. Through the indenture and under Chapter 170, we are required to have a resolution declaring the project complete and having the Engineer certify that the project is, in fact, complete. So that is where we are in the process now. We do this with every funding we do at every District. It is something we are required to do by statute and the indenture. What you have before you is the Resolution, which walks through the history of how we got here. The meat of it is obviously the certificate from the Engineer stating that all of the work is done in compliance with the plans, and there are no more funds remaining in the construction account for further construction at this point.

Mr. Rowell asked how much money is left in that account that will have to be transferred to wherever, where will that money go, and what can we use it for.

Ms. Zare responded it is only \$69, which will drop into escrow.

On MOTION by Mr. Rowell seconded by Ms. Blessing with all in favor Resolution 2017-08 declaring the Series 2005 project complete was approved.

FIFTH ORDER OF BUSINESS

Consideration of MBS Capital Markets Proposal Related to Funding of Recreational/Parking Improvements

Mr. deNagy stated the MBS Capital Markets proposal is located in the agenda package. We had talked at the last meeting about funding recreational improvements and some parking improvements that Mr. Lucas had provided. We had asked Sete at the last meeting to come up with a proposal and some ideas of what impact this additional bond funding would have. Some of the savings we are going to accrue with this refunding are folded in to this analysis.

Ms. Zare stated I ran three scenarios. One was based on what the Engineer provided in terms of cost. I kept a few things constant. This is what the impact would be based off the cost of the project. Scenario 1 is for \$415,000 quoted by the Engineer. You would generate about \$710,000 in par. There are 749 residential units within the District. All of them would be assessed with that par per unit because everybody benefits from the project. The \$710,000 par divided by 749 units, each unit is looking at an additional \$948 in terms of debt, which translates

to about \$73 additional on a gross basis on your tax bill. What we can offset it with, and this is just an estimate, is \$49 gross series 2017 refunding savings. If you took Scenario 1 and had \$73 of annual assessment and offset it by the \$49 that we estimate as savings in the refunding, the only net increase is \$24 per unit. Every resident will see \$73 on their tax bill for this project.

If you look at Scenario 2 – if you wanted to add things to your Engineer's report and include additional items to build a recreational facility, you looked at an \$800,000 project, you would be a little over million dollars in par, which translates to about \$1,500 per resident on a par basis. On the annual debt service basis, it is about \$116. Every resident for every year for the course of 30 years would see \$116 on their tax bill. If you net against the estimated savings for our refunding, they are really only looking at a \$67 increase on the tax bill.

Scenario 3 is just a million dollars. That is about \$1.3 million in par. That would be \$1,800 for each unit on a par basis. On your annual debt service basis it is \$139 on a gross basis. Net that against the refunding, and you are looking at about \$89. It is up to you on how much you want to spend. The real impact is on those residents who aren't pre-paid. It ranges anywhere from \$950 to \$1,800 and on a gross basis for annual debt service it can range anywhere from \$73 to \$139 depending on the price for the project.

Mr. deNagy stated anyone who has already paid off their Series 2005 bond, if we issue this bond, they will see another debt assessment levied on their property.

Ms. Zare responded they absolutely will, and that is just part of the process. Everybody benefits from the recreational facility that is being put in place. The 2005 project is separate and apart from this, therefore, all 749 units will be assessed with this debt. There are 187 units that have pre-paid their Series 2005 debt. Those residents will not have the refunding portion that we are doing right now but they will see, for example Scenario 1, \$73 on their tax bill and will be paying \$73 on a gross basis for 30 years.

Mr. deNagy stated unless they want to pay it off at \$948.

Ms. Zare responded right. Unless they chose to pay the principle and interest of the debt attached to this financing. Assuming we start in July, we are going to have to get an Engineer and determine what projects we actually want to see come to light with this. An assessment consultant will put a methodology together, and that is allocating the debt across all units on a definitive basis. We will start that assessment process. That triggers a 30-day notice period. In September we will probably have a board meeting to have a public hearing and then equalize the

assessment. Soon after that it is pretty much going to fall into place. We are going to market it to investors, price the bonds, and then close soon after that. We are looking at about a 3-month window if the board so chooses to move forward with this. Another key point is that I did assume a capitalized interest period through 11/1/18, and what that means is that I am allowing for the construction of the facility to come in place before we actually start assessing the residents with that debt, so the residents will actually see this on the tax bill in 2019 rather than immediately. There is that small window just to give us that flexibility to build and actually start assessing in that sense as well. We do need to get this on a tax bill, and that is going to take some time and effort.

Mr. deNagy stated so that is not likely to get on this year's tax bill, but it would be in 2018.

Ms. Zare responded yes, and that is what I assumed in this modeling as well.

Mr. deNagy asked the funds would still be available and construction could proceed?

Ms. Zare responded yes, absolutely. It is the window of flexibility to get the construction underway and then provide for time to get on the tax roll as well.

Mr. Rowell asked if we are having another engineering company or somebody look at the project, is this something that we need to move forward with before that because it may come in cheaper, and then we are going to have to get her to do all this again, correct? Or are we just going to say we are going to go with the \$415,000, and we just have to keep the project under that?

Mr. Walters responded there are two ways to go about that. Part of the question is are we aiming for a number or are we aiming for an actual project. Do we want to know exactly the building, the pool, the parking lot, all that is going to look like and have an estimated price at least, and then we fund based on that. I think that is probably the better scenario. The other scenario is to say we are going to fund \$1 million or \$800,000. We can bring in the Engineer, Architect, or whoever we need to bring in and say we have "X" amount of money to spend, design us a project within that framework. There is no requisite that we start today on either of those. When you look at her timeline, you can back it up to any other month. The question is on this front end, we kind of need to know our numbers. That is when we send out a notice. That is when we tell everyone here is the proposed assessments we are looking at that you would have to pay to fund this project. On the front end, we can go down from that number, but we can't go up.

So we would have to have some guesstimates on the front end. I think the board needs to rationalize in their heads the total package because included within these numbers are going to be soft costs, engineering costs, all those paper costs so every dollar you see on that funding won't go toward the construction of the building. On the back end, Dave managed several Districts that have facilities that will be similar, and we can kind of come up with an estimate on an operating budget. Every year you will have electricity and all those things that will add to the operations budget. You might want to have all those numbers in front of you. I think probably the better course is to start the planning first and then make decisions about go or no go.

Mr. deNagy stated we would have property insurance on not the pool necessarily but all the facilities.

Mr. Walters stated we maintain liability insurance now. It might go up a little bit with the pool.

Mr. deNagy stated given the timeline that Sete has outlined, we have some time to work through and get with the Engineer and come up with a game plan of what this is all going to look like, how much it is going to cost, and build that in to our FY18/19 budget next year. I don't think there is any great pressure to proceed.

Ms. Blessing asked have we gotten any estimates on maintenance yet?

Mr. deNagy responded pool maintenance costs would include possibly facility attendants, lifeguards or if it is going to be swim at your own risk. There are other questions that have to be answered. There will be pool chemicals and electricity. I will need to run an estimate.

Ms. Blessing stated so this is just the base cost.

Mr. deNagy stated this would just be construction. We can put those numbers together once we know better what the facility itself is going to look like and how big it is going to be.

Ms. Graham asked if the board moves forward with the funding arrangements but then decides to maybe change the recreational facility, can they do that with the funds or does it have to be specifically for a pool.

Mr. Walters responded it depends on how far you get from that original plan. You can't say we are going to borrow \$1.5 million to build a pool and then use it to dig out a lake that you needed repairs for. If you kept it generally within recreational, for example, the original plan is a junior Olympic pool with bathroom facilities and whatever and that came in a little high, so now we are going to go to a recreational pool with simplified bathrooms, you would be find with that.

If you went from a pool to no pool but a playground and some other stuff like that, you are starting to stray a little bit from the original project intent, and if we caught that early enough, I think we would have to disclose that in the financing.

Mr. deNagy stated typically your Engineer's report will outline what the bond money is going to be used for, and that is the guideline for what the money can be spent on.

Ms. Blessing stated this particular Engineer, haven't we already issued him money for \$5,000 or something for this?

Mr. deNagy responded there was a Public Facilities Report that we authorized for \$3,500. That is separate from this.

Mr. Blessing asked would we have to make a motion to hire a new District Engineer?

Mr. deNagy responded there is a process we need to go through by statute for professional services like engineering. If the board chooses to do that, we will follow those steps and solicit for engineering services.

Mr. Walters stated for certain services, just like when you are bidding over a certain threshold, you have to go through public procurement, and that is what this is. We request qualifications from different firms and submit that to the board for review based on whatever criteria we come up with, and then you will make a selection based on that. For today's purpose, if you want to start that process, you can direct staff to do that, and we will time that out for subsequent meetings.

Mr. deNagy directed his question to Ms. Zare and stated if the board wants to move forward and solicit for engineering services, how does that impact your proposal today?

Ms. Zare responded there is no impact. We only get paid upon completion of financing of the Series 2017 bonds. So we can get a working team together, get the Engineer together, and start the team moving in that right direction if the board so chooses, and then upon actually issuing the debt, that is when the working team will get paid. It has no real impact on us.

Mr. deNagy stated what I am asking is does the board need to approve the agreement today for this?

Ms. Zare responded yes, if they would like to, yes they can do it today.

Mr. Rowell asked if we wanted to shoot in the middle and go for the \$800,000 but then the Engineer comes in way lower, could we reduce it to Scenario 1 at a later date just to err on the safe side. That is what I am leaning toward.

Mr. Walters stated this is a several month process we are going down, and I think that is why we need to jump on starting the engineering process so we can start getting more raw numbers. At the start of this process we have thrown out the notice saying we are going to fund, say, a million, Engineer comes back with estimates that are lower than that, and we feel comfortable those are solid number that we can get in an actual RFP from contractors, we can bring that sizing down at that point. The only kind of cut-off point that we are going to say no is on the closing of the bonds. Once we have issued those, there are process in which you could flow back through filings and re-advertise and bring them back down, but it is a much more difficult process than if we have those numbers going into a closing. We can make those adjustments prior to financing.

Mr. Rowell asked in the reverse, if we went in the middle and it went over the \$800,000, could we go up?

Mr. Walters responded we can go up prior to issuing the bonds. The only kicker is we would have to start that assessment process again. If we notice and we say we are going to issue \$800,000, your assessment is going to be \$80 a year, we can't levy an assessment for \$90 a year because we didn't notice that amount.

Mr. Rowell asked would your recommendation be to go high and then shoot for low?

Mr. Walters responded at least on the assessment side, but we are not there yet. My advice now would be to approve the agreement with MBS so we can have the team in place to direct staff to seek out qualification statements for engineering services.

Mr. Rowell asked so in approving this, I don't have to tell you Scenario 1, 2, or 3?

Mr. Walters responded no, we are miles from that.

Mr. deNagy stated what we are looking for today, if the board wants to approve going head and hiring MBS as the underwriter for this issue, then we can do that, and they can sit on the back end until the board, also today, can decide whether they want us to go after engineering services. Once we get the engineering services in place, then that can all be put together so we can revisit the funding.

Mr. Martyn asked if we go with the pool and clubhouse, do we have a public hearing or something to get input from the residents?

Mr. Walters responded you are going to have a public hearing on the assessments, and that is the mailed notice. Everyone will get a letter. That is the public's notice in the newspaper.

Candidly, that is probably the best opportunity to go through it. If you want to hold separate hearings or workshops, you can do that as well. This won't be a surprise to anyone. How much input you take is up to the board. As with every decision this board makes, if you are trying to please everyone, you won't. You are going to have to make a decision from a larger perspective of what is best for the District.

Mr. Blessing stated it will be our decision versus the majority of the residents.

Mr. deNagy responded you serve as representatives for the community, but yes, you would make the decision. Frankly a workshop might be a good opportunity to have the engineer available for questions, the board there to talk with residents and explain what is going to happen and how much it is going to cost and other pertinent details.

Mr. Rowell stated once we get to that point, I would like to see the model and everything. We want to be a little further in than what we are now. People are going to want to see what they are getting for their extra \$70 or \$100 a year.

On MOTION by Mr. Rowell seconded by Mr. Lyons with all in favor the proposal from MBS Capital Markets to underwrite financing of recreational/parking improvements was approved.

Mr. deNagy stated the other item is whether we want to go out for bids for engineering services.

On MOTION by Mr. Lyons seconded by Mr. Rowell with all in favor to have Staff solicit proposals for engineering services was approved.

Staff will provide notices to the Board at its August 3 meeting.

SIXTH ORDER OF BUSINESS

Consideration of Proposals for Pressure Washing

Ms. Graham stated there are proposals located in the agenda package. I have asked for another janitorial proposal but have not heard back from the company. All Repairs and Maintenance have been doing a satisfactory job. They did increase their cost of what they have

charged in the past years by \$120 because of adding the waste pickup at the secondary park. There have been a lot more parties there that have been leaving trash. They have been cleaning up at no cost to the District at this time, but they felt they needed to start increasing that.

There are pressure washer proposals. Bids are in from SG Maintenance and Krystal Klean. Both are for pressure washing all the perimeter fencing along Chester Road and Heron Isles Parkway, the brick columns, the stucco caps, and the signage at each entrance to the community. Also included are the restroom facility, the playground equipment and benches, the walkways from the restroom facility over to the pavilion and that deck and the two towers on Heron Isles Parkway. Krystal Klean submitted their proposal for \$4,845.40, and SG Maintenance submitted theirs for \$4,750.00.

Mr. deNagy stated we can start with the pressure washing.

Ms. Graham stated she has dealt with both companies before. The maximum timeframe to complete will be 2 days for completion, and both parties are willing to get started as soon as possible.

On MOTION by Mr. Rowell seconded by Mr. Blessing with all in favor to accept the SG Maintenance proposal for pressure washing in the amount of \$4,750 was approved.

Ms. Graham stated I noticed some of the crown tops have the stuff that has peeled off, which is something I can get done. It would be more than a minimal cost I think, and I can get a quote on it.

SEVENTH ORDER OF BUSINESS

Consideration of Proposals for Restroom Repairs

Ms. Graham stated the men's room had some vandalism. The tile walls have been vandalized, and the sheetrock has been punched out. I have some quotes to square that out and fill it in with sheetrock. One thing the vandalism did do is expose that there were termites at the time, which we now have resolved. We now have an annual treatment for that. Both bidders were asked to cut out the remaining, square it off, replace it with sheetrock, seal it up, and repaint the entire bathroom, both men's and women's bathrooms. Shorebreak, Inc. submitted their

proposal for \$3,035, and the proposal from Southern Heritage Painting was for \$1,490. I am familiar with both parties' work as well. They both do good work.

Mr. Rowell asked why is there such a big difference?

Ms. Graham responded Southern Heritage is a small company, more of an individual doing the work. Shorebreak is not a real large company either, they are both local in the area. It is just exceptional prices. I came across him with some other work that I needed to get done and thought from now on I am going to include him in my proposals. I have continued to use him in some areas. I had located him through the Chamber. He had joined, and the Chamber was promoting him. I met with him and talked to him. I tried him on one job and was pleasantly surprised.

On MOTION by Mr. Rowell seconded by Mr. Lyons with all in favor to accept the proposal from Southern Heritage Painting, LLC for bathroom repairs/painting in the amount of \$1,490 was approved.

Mr. deNagy stated regarding the janitorial proposal with trash pickup, we have been satisfied with All Repairs and Maintenance haven't we?

Ms. Graham responded yes.

Mr. deNagy asked are you expecting to get another quote or are you satisfied with the proposal they have submitted?

Ms. Graham responded I have requested another quote for the janitorial, but it would not have included the lake clean-up, which I tried to get another quote for that as well. Vladimir's team has been good about that. I do spot checks, and they are only there once a week, so sometimes there is debris after they have been there. It wasn't that they didn't clean the facilities like they were supposed to. This is for FY18.

Mr. deNagy asked does the board want to go ahead and approve the proposal from All Repairs with the increase of \$120 month. The total is \$1,220 a month, which includes janitorial service and trash pick-up across all 18 lake banks.

On MOTION by Mr. Rowell seconded by Ms. Blessing with all in favor to accept All Repairs & Maintenance proposal for janitorial and trash pickup in the amount of \$1,220 per month was approved.

EIGHTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

NINTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Supervisor Requests

Mr. Lyons stated that new area that is not ours past the roundabout, their fence and our current fence do not match up. There is a gap that is unsightly. Do we want to do something about that, put something in between there?

Mr. deNagy asked is that CDD property?

Ms. Graham responded no, it is not CDD property. The Heron Isles fence is but not the new community.

Mr. deNagy stated I mean the gap that Mr. Lyons is talking about. Do we need to look into that?

Ms. Graham responded I will have to check that and see.

Mr. deNagy stated if it is CDD property, may be can get some quotes or something and see what it will take.

Ms. Graham stated a couple of owners have contacted me. With all the conservation areas in the community, there are some areas from last year's hurricane where the trees have broken limbs and some that need to be removed so they are not going to cause damage. I need to bring that to the board's attention. I have got a tree company. Owners are contacting me as they seem them, but I think it would be beneficial to do an overall review instead of waiting for something to fall on someone's home. We don't remove them because they are conservation, you just drop them where they are.

Mr. deNagy responded I think that is a good idea to get somebody out to take a look at that.

Mr. Lyons stated a discussion that has been going on for quite a while is the very end of Commodore Point Road I think, but there is a blunt end, there is no roundabout turnaround area, it is just kind of squared off. If the builder is now finished, we are not getting anything from them. We need to make a decision about doing something with that. I am all in favor of getting

the Engineer to take a look at that and completing a paved roundabout because I think emergency services need to have that. It is unsightly for the owners.

Mr. Rowell asked isn't it owned by the developer.

Mr. deNagy stated it is my understanding it is not owned by Matovina. I talked to Greg Matovina about it. But at the end of Commodore Point Road, it kind of dead ends and there is a bunch of woods there. That is another property owner beyond that, but there won't be anything done there, and this was per the county, until there is a roadway that extends from Commodore Point all the way to Blackrock. Now the three parcels that are sitting across the road is just dirt right now I believe. I will be talking to Greg about putting something down there to keep the dust down and all that. Nothing can be done beyond that point.

Mr. Lyons stated I am not talking about going beyond it. I am talking about going out into that dusty area and putting a turnaround.

Mr. deNagy responded those are three lots that he is actually going to develop. He probably doesn't want to develop it until that roadway goes there. They are trying to get a variance. He wants to sell those lots. He wants to build on them. The county is in on the loop on this as well.

Mr. Walters stated if you look on the map, you can almost see the rectangular property piece, which I think will eventually be residential, and the county will make them finish that road through, but the question is when. I think Greg is just as frustrated with everyone else in terms of he would love to finalize that and sell those lots. You can see what the county is trying to do, they are trying to create another connection on that side. The question is when that property gets developed.

Audience Comments

Ms. Sheila Rodriguez stated I have a lot of concerns about the up tick in vandalism. We were wondering if it is possible to have some type of security or something. There are a bunch of tiles broken. People are knocking at doors at 1:00 or 2:00 in the morning and running away, and you call the cops. When the cops aren't there, they come back and do it again. It is over in the older section of Heron Isles. It is all the time, and it seems like it is getting worse. If they are not being held accountable for anything, they are just going to continue to do it.

Mr. deNagy stated security is another one of those costs you are going to have. You are going to want a camera system and what have you. We do have a camera system, but you can't put cameras in the bathroom, and it doesn't cover the parking lots.

Ms. Graham stated you can see glimpses of vehicles on the Parkway. We can add additional cameras. I can check to see the space. You are at 6 now, and we might can go to 8.

Mr. Lyons stated I think their main concern is other areas, and I don't know what we can do about that.

Mr. Walters stated there are a few things to think about when we talk about security. One sense of security is our facilities and maintaining security over there. We have off-duty police officers, and those are options that are common in other Districts. That is security that we have, and then there is law enforcement issues. If someone's house is being vandalized, that is a law enforcement issue, and the Sheriff has to deal with that. If cars are being broken into at their house or things like that, those are law enforcement issues, which we don't have power over. Our general purview is securing our facilities and things like that versus general law enforce, which is the Sheriff's Department responsibility. Security companies are less expensive than the Sheriff, but they are also less effective. Either one of those have six hour blocks at a time at \$20 an hour. That is something we can consider. Once the pool goes in, you will have another set of security issues to deal with.

Mr. deNagy stated the HOA would be a better alternative for getting roving security throughout the neighborhood.

TENTH ORDER OF BUSINESS

Next Scheduled Meeting

Mr. Walters stated in terms of the timeline now moving forward on the refinancing separate and apart from our other project, we are about at the stage where we are going to start mailing the offering statement so that we can lock in rates. We will be dealing with the insurance companies to see if that is a value added service. We are coming towards the end game here, and we don't want to miss that opportunity. The timeline we have proposed will start right now. Hopefully we will get pricing back in a couple of weeks. Rather than waiting all the way to August, looking at holding a special meeting at the end of this month just for the purposes of bringing in the final numbers. We will spell out what the numbers are for the assessment

process, and then we will pre-close where someone gets to sign 3,000 documents and their hand is sore. We are leaning toward June 26, which is a Monday, but we want to check schedules and see how that works.

The board members agreed to the June 26th date to facilitate finalizing annual assessments.

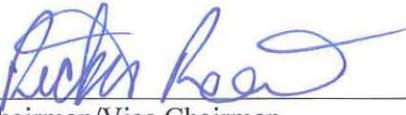
Mr. deNagy stated the next scheduled will be June 26 at 10:30 a.m. at this location.

ELEVENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Rowell seconded by Mr. Lyons with all in favor the Meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman