

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, August 6, 2015 at 6:00 p.m. at the Residence Inn Amelia Island, 2301 Sadler Road, Fernandina Beach, Florida.

Present and constituting a quorum were:

Greg Matovina	Chairman
Ricky Rowell	Vice-Chairman
Kathleen Blessing	Supervisor
Justin Blessing	Supervisor
Don Lyons	Supervisor

Also present were:

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

FIRST ORDER OF BUSINESS

Roll Call

Mr. deNagy called the meeting to order at 6:08 p.m.

SECOND ORDER OF BUSINESS

Audience Comments

Mr. deNagy stated there are no audience members present.

THIRD ORDER OF BUSINESS

Affidavit of Publication

Mr. deNagy stated this is the affidavit noticing today's meeting for the FY16 Budget.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the May 7, 2015 Meeting

Mr. deNagy stated the minutes are included in your agenda package.

On MOTION by Mr. Rowell seconded by Mr. Matovina with all in favor the Minutes of the May 7, 2015 Meeting were approved.
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FIFTH ORDER OF BUSINESS

**Acceptance of the Minutes of the May 7, 2015
Audit Committee Meeting**

On MOTION by Mr. Matovina seconded by Mr. Rowell with all in favor to accept the Minutes of the May 7, 2015 Audit Committee was accepted.

SIXTH ORDER OF BUSINESS

Acceptance of the FY14 Audit Report

Mr. deNagy stated I wanted to read a couple of things into the record. On Page two, the opinion at the top of that page says "In our opinion, the financial statements referred to above present and fairly in all material respects the respective financial position of the governmental activities and each major fund of the District as of September 30, 2014 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year that ended in accordance with accounting principles generally accepted in the United States of America." If you turn to Page 27 at the back, at the bottom, there is the auditor's report on internal controls over financial reporting and compliance. They state, "We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses." On pages 29 and 30, these are the management comments, and we would find if there were any prior audit findings or current audit findings, and there were none. This is a clean audit report.

On MOTION by Mr. Matovina seconded by Ms. Blessing with all in favor to accept the FY14 Audit Report was approved.

SEVENTH ORDER OF BUSINESS

**Consideration of Audit Committee
Recommendation**

Mr. deNagy stated this is a little redundant, but this is the Board's approval of the Audit Committee recommendation ranking McDirmit and Davis as #1.

On MOTION by Mr. Rowell seconded by Mr. Matovina with all in favor the recommendation of the Audit Committee was approved.

EIGHTH ORDER OF BUSINESS

**Public Hearing to Adopt the Budget for
Fiscal Year 2016**

Mr. deNagy stated we have two resolutions we want to consider while we have the public hearing open. One is Resolution 2015-03, which is the adoption of the budget, and Resolution 2015-04 is the actual imposition of assessments and allowing the staff to certify the roll to Nassau County for collection.

On MOTION by Mr. Rowell seconded by Mr. Matovina with all in favor the Public Hearing is Open.

Mr. deNagy stated I will preface by saying there are no changes in assessments from 2015. At the bottom of Page one of budget, there are per unit assessments of \$377 over all 740 units. We have a little bit of a fund balance carry forward that we are using this year, almost \$50,000. Page two shows how we arrived at that figure. One of the things we will look at probably next year, if we have undesignated cash, is assigning some of that to our Capital Reserve Fund instead of using it to offset assessments. That is a possible suggestion.

Mr. Blessing stated the per unit assessment from 14 to 16 is going up \$100. With the number of homes increasing, I am just wondering why is that. Wouldn't the assessment per unit go down as the number of homes increases?

Mr. Matovina responded the undeveloped units are always assessed. They have been assessed from day one. So the fact that people are moving in just means the developer is paying less, it doesn't mean that the CDD is bringing in more money. From the day people start paying CDD assessments, 740 units have been paid for. So Heron Isles Joint Venture that owns lots that are just paper lots pays on those lots just like you pay on your house. The fact that somebody moves in, all that does is shifts the burden to pay the fee for that lot from Heron Isles Joint Venture over to the actual homeowner. It doesn't increase the amount the association gets.

Mr. Blessing stated so all 740 have always been assessed from the beginning.

Mr. Matovina responded basically. The HOA works the other way typically. The developer doesn't pay on undeveloped lots, he just maybe covers the deficit, but with the CDD, you don't have that option.

Mr. deNagy stated it is pretty much a level playing field whether it is a homeowner in there or a builder or the developer. Any one of those parties will pay the assessment on that parcel of \$377.

Mr. Blessing stated okay.

Mr. deNagy stated just looking at the General Fund, we have tweaked different line items from FY15 a little bit. Again, the overall increase is about \$14,000, almost \$15,000, but we have that undesignated cash we are using to offset some of that additional expenditure. We will be talking about possibly moving to a different landscape contract, which will save us some money and help us in the future. Are there any questions on the General Fund?

Mr. deNagy continued. On Pages three through six of the budget are the definitions of the different line items. Page seven is the Debt Service Fund. You can see the assessments up top that we collect on and off the roll, and the expenses we have through the year in November and May for the interest and principal on the bonds. We end up the fiscal year with excess revenues, and that is basically to cover our November 1 bond payment that is due in 2016. On Page eight is the amortization table showing the balance of the bond fund and how it is paid down over the different years.

Mr. Rowell stated I would like to bring up again about the pool. We have talked several times about putting in a community pool, and you were supposed to check on some prices and stuff for us. Is there any chance in the future of putting a budget in for that, or how is that going to work?

Mr. deNagy responded that will probably work as part of the refunding. I did check with Rhonda. They are getting the credit package ready to submit to S&P, so they really didn't have anything for tonight. That may serve as a source of funds for the pool if there is a pool to be built. I think when we talked about it at the last meeting, we decided it wasn't really worth it to put in our FY16 budget. We will have to wait and see what we do with the refunding. So will be something we will be looking at in FY17. We will be looking at the cost of construction and the added cost of operating and maintenance that will be included in our General Fund budget. Are there any questions about the General Fund or the Debt Service Fund?

A. Consideration of Resolution 2015-03, Relating to the Annual Appropriations and Adopting the Budget for Fiscal Year 2016.

On MOTION by Mr. Matovina seconded by Mr. Lyons with all in favor to adopt Resolution 2015-03 relating to the annual appropriations and adopting the budget for FY16 was approved.

B. Consideration of Resolution 2015-04, Imposing Special Assessments and Certifying an Assessment Roll.

On MOTION by Mr. Rowell seconded by Mr. Matovina with all in favor to adopt Resolution 2015-04 imposing special assessments and certifying an assessment roll was approved.

On MOTION by Mr. Matovina seconded by Mr. Rowell with all in favor the Public Hearing is Closed.

NINTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Walters stated I don't have any action items for the board.

B. Engineer

There being none, the next item followed.

C. Manager – Discussion of Meeting Dates for Fiscal year 2016

In the agenda package are the meeting dates we have planned for FY16. We can always add meeting dates if needed. We still have a quarterly meeting schedule.

On MOTION by Mr. Rowell seconded by Mr. Matovina with all in favor the FY16 meeting schedule was approved.

D. Property Manager

1. Manager's Report

Ms. Graham stated Kelly Pest Control did perform the treatment for the termites for the pavilion and restroom facilities. They were very successful. There has been no activity. Next

on my report is the landscaping. There have been issues with Valley Crest maintaining the community, and I have not been satisfied with the services that they provide.

Mr. Rowell asked how often are they supposed to be checking the sprinklers because they are not doing their job.

Ms. Graham responded at a minimum once a month, but when their team is there, right now it is the peak season for landscaping, and they are supposed to have been there every week. They should notice that. I get reports. I get calls and emails from owners when they notice the sprinkler is not working. I send it right over to tell Mike and his crew that when they are there, to check on this sprinkler and fix it. I think this is one of their issues. They have not been as proactive as they should have been. At a minimum it is monthly, that is in their agreement. The whole concept in landscaping is when they cruise around, they should notice when sprinkler heads are broken and take care of it and not have to wait for the month.

Mr. Matovina stated if they are coming 42 times a year, in my opinion they ought to turn them on 42 times a year.

Mr. deNagy stated I know we had bids from Martex, Trim All, and R&D Landscape. Our current budget is \$65,000 for landscaping, \$3,000 for irrigation maintenance, so we have a \$68,000 budget. You can see the bids that came in. Other than R&D, the others are well under our budget, which is good. I will comment on Martex, we use them at Amelia Concourse and Amelia Walk. They are local along with Trim All. I don't know anything about Trim All, but I know Martex has done some really good work.

Ms. Graham stated I have worked with all of them, but Martex is everywhere. I am not trying to direct anything to Martex, but they provide real good service. I have worked with them for several years in different communities and different areas and have not had any issues. I have worked with Trim All up here because they are local to the Nassau County area. R&D Landscape I have worked with here and also in the Jacksonville area.

Mr. Matovina asked what is staff's recommendation?

Ms. Graham responded Martex I like a lot. They are a proactive team. They always have been. They do reports, you don't have to ask for it. They just take care of it. If they see something wrong, they let you know, and they stay on it. They have a good communication system going, and if something is wrong, and it is not done by Friday, their team will be out there on Saturday to fix it.

Mr. Lyons asked is this including irrigation, or is irrigation extra?

Ms. Graham responded that is included. Another thing with Martex, at the bottom of the comparison sheet you will see extra services. They have made a proposal to put replace the dead Hawthornes at the monument towers and establish some flower beds on Chester Road within 30 days of contract, if awarded, at no cost to the CDD.

Mr. Lyons asked at this time is it an option for us to terminate Valley Crest and then go ahead and choose another one?

Mr. deNagy responded yes, there is a 30-day out clause in the contract that we can exercise.

On MOTION by Mr. Lyons seconded by Mr. Rowell with all in favor to send Valley Crest a 30-day termination notice was approved.

On MOTION by Mr. Rowell seconded by Ms. Blessing with all in favor the to accept the Martex landscape and irrigation maintenance proposal and authorize staff to send an award letter was approved.

Mr. deNagy stated to Mr. Walters that I will get with you on a standard form contract, and I will get the termination letter and award letter out for your review tomorrow.

Mr. Matovina asked who did this spreadsheet?

Ms. Graham responded I did.

Mr. Matovina stated this is the best spreadsheet evaluating landscape proposals I have ever seen, and I have seen a lot.

Ms. Graham responded I love working with spreadsheets.

Mr. deNagy asked if there was anything else?

Ms. Graham responded no changes with aquatic maintenance. The Lake Doctors are there treating the 21 ponds, and they have done a pretty good job. There are minor issues, which are typical in any retention ponds, but they are quick to address them when I call them.

Mr. Rowell asked Ms. Graham about the timers on the restrooms. When I ride by at night, the lights in the restroom are on. Nobody should be in there that time of night.

Ms. Graham responded should not be unless somebody has gone in there and reset it for an extended period. I will check the timers to make sure that they are functioning properly. The cluster mailboxes are an HOA responsibility. It is a county requirement. Actually it is an ordinance from Nassau County. It goes back to 2012, that new developments have to use cluster mailboxes instead of individual mailboxes. Mail carriers can go to one spot instead of driving around, so it saves a lot of money.

2. Consideration of Landscape Proposals

Mr. Matovina stated we had talked about spending up to \$15,000 on landscape enhancements, and I assume because of our challenges with the landscaper and potential change we put that off for now?

Ms. Graham responded yes sir. I did, as instructed, speak with some other landscape companies for the sod that we needed on Heron Isles Parkway, which I do have two. I planned to have three, but Martex messed up on the date and didn't get it to me in time. The direction I had was to let you know when that came in and decide on it.

Mr. Matovina stated unless somebody a motion to take the authority away from the chairman, I think the chairman still has the ability to authorize up to \$15,000 to be spent for those enhancements. Let's plan on doing that.

ELEVENTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

There were no supervisor's requests.
There were no audience members in attendance.

TWELFTH ORDER OF BUSINESS Financial Reports

A. Approval of Check Register

Mr. deNagy stated included in your agenda package are the financials. I need approval on the check register. The total of the check run is \$58,723.96.

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

B. Balance Sheet & Income Statement

This item was not discussed.

C. Assessment Receipt Schedule

This item was not discussed.

THIRTEENTH ORDER OF BUSINESS

**Next Scheduled Meeting is on Thursday,
November 5, 2015 @ 10:30 a.m. at the
Compass Group Conference Room, 961687
Gateway Blvd., Suite 201M, Amelia Island,
Florida**

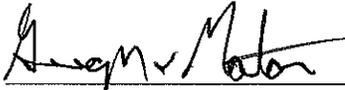
Mr. deNagy gave the date, time, and location of the next scheduled meeting.

FOURTEENTH ORDER OF BUSINESS

Adjournment

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


Secretary/Assistant Secretary


Chairman/Vice Chairman