

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, May 2, 2019 at 10:30 a.m. at the Compass Group Conference Room, 961687 Gateway Blvd., Suite 201K, Amelia Island, Florida.

Present and constituting a quorum were:

Kathleen Blessing	Supervisor
Robert Martyn	Supervisor
Justin Blessing	Supervisor

Also present were:

Ernesto Torres	District Manager
Jason Walters	District Counsel (by phone)
Cheryl Graham	Property Manager
Mike Yuro	District Engineer

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Audience Comments

Mr. Greg Watson, 85078 Furtherview Court, stated at the meeting in April the cleaning of the sidewalks was brought up in addition to the additional parking. I think you suggested that maybe we need a pool of funds before we start doing things, something to fall back on in case something happened to our roads or something like that. I looked at the sidewalks and they're a little dirty, but they're sidewalks. I think we need to get some money in savings in case something catastrophic happens so we would have something to fall back on.

Mr. Torres stated we are going to consider the FY 2020 budget today and at the last meeting we proposed that we start establishing a capital reserves account so we will get to that.

Mr. Watson stated I also think the sidewalks could probably be put off for a couple more years. I didn't really see the need to do it when I drove around. The other thing, and I've brought

it up before, is I think we need to have every other meeting at least in the evening so more residents can come.

Mr. Pete Henry, 96109 Stoney Glen Court, asked is now the time to talk about the proposed budget or are we going to be able to talk during that discussion?

Mr. Torres stated you can provide your comments now because it is on the agenda and the board is going to consider the budget. In August we will have a public hearing where we will open it up to all that attend to provide comments prior to the board adopting the budget. Right now it's just a proposed budget so we can propose it at a certain level and based on the public hearing it can be adjusted, as long as it is adjusted downwards, not upwards.

Mr. Henry stated I guess the question I have is I look at this and there's projected to be about \$400 in revenue from the bank. Who does the CDD use to invest the money? There's a local bank that for a \$10,000 minimum has a 2% money market. On \$200,000 there's \$4,000 right there instead of \$400. It also has a CD for 2.65% so I'm just curious as to who is investing the money and why are you not going for something that has a higher return.

Mr. Torres stated I don't have the information on the accounts or interest in the financials but I'd be happy to get that.

Mr. Henry stated the other issue that I have is in 2016 the rates were at \$376.58 and you're proposing \$505. That's a 34% increase in four years. Our social security checks have only gone up 5.2% and I don't know who here has gotten a 34% raise.

Mr. Torres stated I'm glad that you're mentioning that because we are going to talk about that but the history of the expenses in repairs and replacements for the community that you live in such as the vandalism in the bathrooms, the issues with the fence, your utilities and insurance and everything else has gone up so we have to adjust the budget in order to meet our financial obligations.

Cheryl Graham and Mike Yuro joined the meeting at this time.

THIRD ORDER OF BUSINESS

Approval of Minutes

A. February 7, 2019 BOS Meeting

There were no comments on the minutes.

B. April 9, 2019 Special Meeting

There were no comments on the minutes.

On MOTION by Mr. Blessing seconded by Ms. Blessing with all in favor the minutes of the February 7, 2019 Board of Supervisors meeting and April 9, 2019 special meeting were approved.

FOURTH ORDER OF BUSINESS Update on Pending Projects

A. Landscaping – HOA Contribution

Mr. Torres stated this came up at the last meeting and at the end of the meeting we discovered the HOA was willing to make a contribution towards the landscaping. We do not have the chair or vice chair present today so I will coordinate or have Cheryl coordinate for Ricky to sign the letter to the HOA, along with the other documents from this meeting. We will proceed with that once we have the chair and the HOA sign the document.

B. Additional Parking for Playground Park and Soccer Field

Mr. Yuro stated at our meeting last month I was asked to come up with a couple of scenarios and concept drawings for some additional parking at the soccer field area. I've shown them both here on one exhibit to give you a better overall view but I think clearly the board is looking at one or the other. Option number one, which is the angled parking off the Parkway, includes eight parking spaces. As I was laying that one out I thought it could potentially be problematic just because of the geometry of the road. The road is on a curve so people parking there and backing out could create some challenges, particularly if there is any landscaping along the edge of the road. I did reach out to the county to see if that would even be allowed because my understanding is this is a county road and I have not gotten an answer yet because what I did find out is the public works director is no longer there so the email I sent bounced back and I'm still trying to see if that angled parking option would even be allowable. As soon as I find out I will let you know. That kind of white square you see is an existing lift station and there is an area behind that that I did a concept sketch for that includes twelve spaces. This is also to give you guys some budget ideas. The other thing I want to make you aware of as far as budget numbers is these are fairly small projects so if the board wants to proceed I would want to get some budget numbers from a contractor. I used my best judgment having to actually bump up some unit pricing because the smaller the project the bigger the unit price per square foot or square yard. The other thing I want to point out, getting back to the angled parking, is there are several obstacles I was trying to make sure we avoided; one being the lift station, and that dark square you see I think is a well. It looks like there's some electrical control. I'm not sure if it's a well for irrigation but there is some kind of utility there we would need to avoid.

Ms. Graham stated it's the infrastructure for the water service there.

Mr. Yuro stated okay that's what I assumed. I've outlined where the playground currently is and then continuing left as you're looking at the sheet there is an electrical box there so with the angled parking we would certainly need to establish where existing utilities and easements are. Knowing that there is an underground electric box there tells me there is likely an underground electric easement. I haven't seen the plats for this but typically the electric companies like to have their easement outside of the right of ways, they like to have their own dedicated easement so that is just one other thing that could potentially be problematic with that angled parking. As we relate to the more traditional parking lot, certainly it's going to be more expensive because you have more square footage of asphalt and base material and fill and so forth. You need a 26' entry area for cars to come and go. That area is also fairly low so I was estimating at least three feet of fill would also be necessary to be brought in. With that being said, I put the numbers on there and the very rough cost estimates for the angled parking is in the neighborhood of \$50,000 and about \$130,000 for the more traditional parking layout. From a ratio perspective, even if my unit prices are off, I think that's fair for you guys to get an idea that the traditional parking layout is likely going to be 2.5 times more expensive than the other one because it has to be bigger for the entry road and for the fill. I showed you guys a layout at the last meeting and this one really hasn't changed other than the color. It is comparable to the angled parking and is in the neighborhood of \$50,000. Again, that's just based on adding eight parking spaces so it's about the same square footage of asphalt and base material and so forth as the angled parking. I wouldn't write those numbers in stone just yet but I'm just trying to give you guys something to react to and look at as you make decisions on whether you want to move forward or not with any of these options.

Mr. Blessing asked so this second one you just handed out there are no potential issues are far as putting these spaces in?

Mr. Yuro stated I think there are less potential issues because we already have something. I think there was a light pole on either end. Let me just back up a bit. The other thing I did not include in the cost estimate is any soft costs, engineering survey, geotechnical exploration, permitting fees or anything like that but to your question about this existing parking, I think there are much less issues because the area was already set up for parking so my expectation would be if there is a utility easement or utility lines I'm not expecting that we would have as many

potential impacts but we would certainly need to confirm that with survey to determine it. The only thing I do know for sure is right at the end of the one I just handed out there is a light pole on either end that we would want to identify and make sure we stay short of it but anything that is underground because there's already a curved parking lot there, with extending it I would not expect to have as many potential issues as we might if there were no parking lot to begin with. Again, I do have a phone call into the county. I'm not sure if I'm getting the right person because in their directory other than the public works director that is the only person that had a title and that person is no longer there so hopefully I will be able to get some feedback from them on if the angled parking will even be an option.

Mr. Blessing stated people go so fast on that road anyway backing up from that angled parking lot would be dangerous.

Mr. Yuro stated particularly with that curve.

Ms. Blessing stated I think so too. I think the addition to our parking is the better option.

Mr. Torres stated I know the board also asked at the last meeting to explore financing options for these small projects that we've talked about. Jason, do you want to talk about funding options that may possibly exist for this? It appears without the soft costs we're already at \$180,000 so I would say with soft costs I'd look at somewhere in the neighborhood of \$200,000.

Mr. Walters stated in terms of a project that size you're accessing the bond market similar to what we did at the beginning of the district. It isn't economically feasible because of all of the costs associated with it. Generally the cost of issuing that size of the bond would be about as much as the proceeds that you would generate so it's an extremely inefficient model. We can certainly talk to banks. I know Sete has talked to Ernesto a little bit and they have some good banking relationships so that's an option we could explore. The only hesitancy banks generally have is they are more used to your general securities so like when you have a mortgage on your house, the value of that house and land is pledged as security. Since we're a unit of government they can't lien or execute against that lien on district property so their only real security is our pledge to levy assessments sufficient to cover the interest and principal payments on that loan. In terms of a financing option the other model is either a one-time special assessment that would entirely fund the project or a build up of assessments over time until there are sufficient funds in the bank account to complete the project.

Mr. Torres stated as he said I did have a conversation with MBS as well and I was told the same thing that Jason is saying so those would be the three options. It's not feasible to consider a bond financing for this so there would be a smaller loan and increase of the capital reserves or even create an account that makes a contribution for the next three years or so towards something like this but understand the cost of the project would probably go up if we delay it. The last and less attractive option to the residents would be a one-time assessment for each rooftop. We can talk about that a little bit more when we get into the budget but that is your update on the parking.

C. Mail Kiosk Cover

Mr. Torres stated last month when we met I don't believe Cheryl had heard back from any contractors.

Ms. Graham stated I had not but just in the last couple days I was able to get some quotes in. I'm going to give you a heads up they do exceed that \$4,000 budget that I was initially provided. Bill Harvey has also been helping me trying to find quotes.

Mr. Torres stated Cheryl has provided us two quotes for the mail kiosk, one at \$24,950 and the other at \$49,601. Several months ago I know the board approved an amount not to exceed \$4,000.

Ms. Graham stated there has been a challenge given the size. The dimensions have to be 17'x22' so then it pushes it up to the next tier in cost. In the photo I provided I was trying to use it as an idea to have contractors bid. In their original design they were using cedar but I told them they could use pressure-treated and we could paint it to save on costs, and then there's the metal roof but they're still coming in at these prices. Shorebreak did say that they would get us a quote but I'm still waiting on him. He said they've just been swamped but he assured me they would get one over to us. That company is the one that reconstructed the restroom facility.

Mr. Torres stated I recommend the board continue to table this and continue to get updates from Cheryl and try to at least get the Short Break quote to compare.

Mr. Blessing asked are there any other options other than this gazebo thing? I don't want to spend \$25,000 on a gazebo.

Ms. Graham stated that's why I gave them a photo of what I thought would be fairly simple framing and a metal roof. This particular photo came with the metal roof, which was nice because we have metal roofs on the pavilions and restroom facility.

Ms. Blessing stated we had something like that built in our backyard without the roof for \$1,000.

Mr. Blessing stated it's going to be bigger.

Ms. Blessing stated I know but \$25,000 or \$50,000?

Mr. Blessing stated and our engineer is estimating an entire parking lot is going to cost \$50,000. It just seems high.

Ms. Graham stated I could continue to talk to other smaller contractors.

Ms. Blessing stated our old neighbor moved away but I can ask because he has a company.

Mr. Blessing asked is people's mail getting wet inside the boxes?

Ms. Graham stated yes.

A resident stated I had expensive photos ruined because we don't have a cover over our mailboxes.

Ms. Graham stated out of curiosity I stopped at the center on 200 that has the pre-constructed sheds. Aesthetically it's not going to give you a very nice look in the community but that was \$17,000. I showed it to Bill and he said it won't even look good in the neighborhood but I'm trying whatever option I can to get a price.

Mr. Torres stated let's just keep working on it.

FIFTH ORDER OF BUSINESS

Discussion of Amenity Policies – Access Cards

Mr. Torres stated this item came up as we realized we now have District equipment that was recently installed that requires access cards. Cheryl do you have a draft of what our new rules should be related to the access cards?

Ms. Graham stated the only thing we've created so far was a form for the owners to fill out to get a card but a card will be provided to every owner at no cost and if there is a tenant we need a copy of their lease, which the owner will provide, which will help us know who all of the renters are in the community and will give us a contact person. They would also have the ability to get a card. They are a resident in the community so they would have to have access. Additional cards could be purchased for \$25. If they're lost then we wanted to charge a \$50 fee for replacements.

Mr. Torres stated anything that is rate related that you are going to charge residents in addition to their assessment for either rental fees for use of your facilities, or like in this case, access card replacement the fee has to be adopted by the district and we will have to have a public hearing for which we will publish a notice in the newspaper. At this point I'd like to have the public hearing during August's meeting to adopt the \$25 charge, or whatever the board chooses for replacement cards. It's up to the board to decide what that rate is going to be. We need a max rate or range and then we would publish that for the August meeting.

Mr. Walters stated that's correct. We will come up with a range and we will just include it all in the same notice for the meeting and then it will be up to the board to set that final rate for the cards.

Mr. Blessing asked how much do the cards cost?

Ms. Graham stated they are about \$7 a card.

Ms. Blessing stated I think \$25 is good.

Mr. Torres stated if you put the range of \$25-\$50 and the board decided three years from now that cards cost more you would not have to have another public hearing to increase the fee if it's within that range. We can decide on the final rate at the public hearing.

Mr. Blessing asked does it cost us money to deactivate the cards?

Ms. Graham stated it does. There is staff time to go into the system, the programming of it and also making the changes.

Mr. Blessing stated as someone who loses a lot of stuff I think we can go a little lower.

Ms. Blessing stated it just encourages them not to lose the card.

Mr. Martyn stated I think \$50 is pretty steep and personally I think \$25 is a little steep.

Mr. Blessing asked do you need a motion?

Mr. Torres stated no just some board guidance.

Mr. Blessing stated so we will do \$25-\$50 range.

Mr. Torres stated just a range but again the board will approve the actual replacement rate at the August meeting. Cheryl I will work with you if you want to send me a draft policy and I will work with counsel to add to it and we will adopt it at the next meeting.

Ms. Graham asked is it okay in the meantime to start activating cards and get owners used to it? The system is in place it's just not being used right now.

Mr. Torres stated that's fine.

SIXTH ORDER OF BUSINESS

Ratification of Contract with Absolute Contracting, Co. for Graylon Drive Storm Drain Repairs

Mr. Torres stated this issue came up in between meetings so it calls for ratification. There was an emergency repair needed for a storm drain that was causing erosion. Cheryl, has the project been completed?

Ms. Graham stated we have some more fill dirt to go into that area because it's sunk down a little bit but the repair has been completed.

Mr. Torres asked will there be any additional repair to the sidewalk?

Ms. Graham stated not that I'm aware of. That was the worry that if it went further we would have to pull the sidewalk up.

Mr. Torres stated so what we're looking for is ratification of the contract with Absolute Contracting not to exceed \$5,250.

On MOTION by Ms. Blessing seconded by Mr. Blessing with all in favor the contract for storm drain repairs made by Absolute Contracting Co. was ratified.

Ms. Graham stated while we're on that subject I just want you to know that we became aware of another location in Phase 3-C. We are going to look at it first. An owner reported that around a culvert it's turned into some rather deep holes and it's in a new area at the end of Breezeway Court so I've asked them to come look at it.

Mr. Torres asked is it something the developer could get involved in?

Ms. Graham stated that's the newest area. I don't know what the warranty period is for that but I'm definitely going to make them aware and I've got some photos to send over to Kathy Wilford and I'm having Rick look at it with a little camera that he puts in there to see if there are any breaks in the line. We're hoping that it just for some reason needs dirt but we don't want to just assume that. We want to make sure if it's anything worse it gets fixed before it gets worse so we will know by tomorrow at the latest.

SEVENTH ORDER OF BUSINESS

**Consideration of Resolution 2019-06,
Approving the Proposed Budget for Fiscal
Year 2020 and Setting a Public Hearing Date
for Adoption**

Mr. Torres stated as I alluded to earlier our next meeting is scheduled for August 1st so I would recommend to the board we use August 1, 2019 at 10:30 a.m. and the location is 910 South 14th Street, Fernandina Beach, FL for the public hearing.

Mr. Blessing asked did you say 10:30 a.m.?

Mr. Torres stated yes we had some issues trying to get the hotel and the location we spoke about at the last meeting so the Recording Secretary has explored a few options. We are keeping the August 1st date since it was already announced at the beginning of the fiscal year and this is the best she could come up with. You think it will hold at least 90 people?

Ms. Graham stated it will. This is the evening meeting?

Mr. Torres stated we couldn't get the evening time booked so it's going to be 10:30. If you'll turn to the budget, I can go over some of the increases that you will see. From fiscal year 2019 to what we're proposing for FY20 you will see under administrative costs an increase from \$100,000 to \$117,000 and the biggest cost there is for charges that are paid to the county per our agreement, which was adopted many years ago when the CDD was first formed. We have an agreement with Nassau County and there is an administrative fee for collecting our assessments so you will see a \$7,000 increase there. There are other administrative increases, such as insurance costs. The other increase you will find is under contract services. At our last meeting the board provided some guidance on adding a landscape contingency line of \$15,000 so that we could do some necessary landscaping that was not included in our contract. Again, this is not a contractual obligation to have a contingency, but it's nice to have. The other change to the budget is we wanted to establish a capital reserves account so the recommendation was to move the repairs and maintenance funds to our capital reserve account and increase our facility repairs to \$15,000. That would give us two pools of funds if and when the facility repairs exceeded the \$15,000 for fiscal year 2020. As you can see from this past year there have been things we didn't plan for. Although the vandalism may be done in the bathrooms and the cards certainly help, we've had a couple of other issues such as the drain issues. The proposed budget is up for discussion and we will adopt at our August meeting. The only thing we can't do in August is realize we need additional funds and increase it. Under this draft budget there is no line for an

additional contribution to our future parking lot expansion project. If we don't add a line all we can hope for is that we continue to build our capital reserves, we keep the repairs and replacements low then in three years from now you could fund the project out of your capital reserves account or if you'd rather continue to establish some sort of a contribution account towards a project such as the parking lot for the next few years you could do that but we'd have to add it as a line on your budget.

Mr. Martyn asked the assessments going from \$320 to \$354 - is that because of the new section?

Mr. Torres stated yes that's because of all of the increases I just laid out.

Mr. Martyn stated so the increase would show up in people's taxes?

Mr. Torres stated yes. We would go from \$404 to \$505 if you keep this current budget.

Mr. Martyn stated so residents would have to pay \$101 additional.

Mr. Torres stated you're going to have an increase just with the administrative fees, especially the ones collected by the county, and our insurance.

Ms. Blessing stated the insurance fees looked like they went up somewhere near 40%. Has there been a suggestion to look for different insurance companies and get some quotes? Why did they go up? Because we put claims in?

Mr. Torres stated the claims that we have, such as the fence, was of no fault to the district.

Ms. Blessing stated I think we should go out for quotes because as a homeowner you always go out for quotes. They will just keep raising it until you stop them. It seems like a big increase and when they do that to me I go with another company.

Mr. Torres stated okay I can come back in August and see if there are any other insurance providers that can provide the same coverage that we currently have.

Ms. Blessing stated another thing Cheryl had brought up a couple meetings ago were the wells to hopefully save us a little money on water, but they might cost us a little more on electric. Do you have any estimates on what they would cost?

Ms. Cheryl stated I know what I've worked with in other communities; I don't know what exactly it would be for Heron Isles. Given the size and depth of them they will be on average around \$11,000 for initial installation of a deep one. I don't know how much it would cover and if two would be sufficient or if we would need three to make sure we had the right

amount of water to supply all of the common areas. Once you have them in place in time they would pay for themselves.

Mr. Blessing stated the water is costing us \$44,000.

Ms. Blessing stated we might be able to cover some of the cost in the savings. We don't have enough numbers to know, like how much would the electric go up. It seems like the water went down a lot.

Mr. Torres stated yes the water has gone down from \$46,000 to \$44,000.

Ms. Blessing stated I'm saying if we had wells it would go down a lot but electric would go up so we need to know.

Mr. Blessing asked what do we need to do to get that in motion? That's a no brainer to me.

Ms. Graham stated we just need some quotes. I had talked to Martex about that to work with the layout of what we would need.

Ms. Blessing stated if they could give us some estimates of how much you would save and how much more it would cost in electric that would be good.

Ms. Graham stated it could be quite the savings because city water is very expensive.

Mr. Blessing stated and this gentleman's idea of putting our reserves into a higher yield savings account - is that something we can talk about now? I think that's a great idea.

Mr. Torres stated if that opportunity is available I'm sure we can do that. I don't know the ins and outs.

Ms. Blessing stated I looked at that too and I'm not sure if we actually have that \$200,000 in there or if we pay off the loan each month.

Mr. Torres stated right now you have no capital reserves so there is no capital reserves account.

Ms. Blessing stated it looks like there's about \$50,000 generally monthly.

Mr. Torres asked are you talking about the funds from the debt assessment?

Ms. Blessing stated no the cash that we have that we could get interest on.

Mr. Torres stated I can bring back to the board where the accounts are and what interest we're earning.

Mr. Martyn stated this gentleman here mentioned earlier how five years ago it went up and now we're talking about going up another \$101. I think we need to look at where we can cut. \$15,000 in facility repairs, what would that be?

Mr. Torres stated we just had \$5,200 worth of repairs that we just had to commit to the storm drain so those are the kinds of things that would fall under that line.

Ms. Blessing stated I actually think we are getting about \$900 a year in interest.

Mr. Blessing stated so we have about \$58,000 in a Wells Fargo and Bank of America account so if we're getting \$900 on \$58,000 that's pretty good.

Ms. Blessing stated yes because that came out to 1.5%, which is a fairly good savings account these days. You can get some information on that.

Mr. Blessing asked so if we want to start building up for the parking lot we need to raise the assessments even further? I don't think we can just count on the capital reserve. We need the budget for it if we want to do it.

Mr. Martyn stated it would be more than the \$101 a year.

Mr. Blessing stated yes if that's what we wanted to do.

Ms. Graham asked and that would have to be presented today to have it in the budget for discussion in August?

Mr. Torres stated that's correct.

Ms. Blessing stated I would think a three-year plan because we don't have the parking lot now.

Mr. Blessing stated if we push this forward we're just going to be raising the rates every single year instead of just doing it now and getting it over with.

Mr. Martyn stated it sounds like we've already been doing that.

Ms. Blessing stated with 748 people that's \$70 a person for one parking lot in one year. I would pay \$70 for a parking lot and I wouldn't use it but I think we should have one. Maybe we could do a one-time fee for one parking lot.

Mr. Blessing asked a special assessment for one parking lot?

Ms. Blessing stated yes.

Mr. Blessing stated that's for one of the cheaper ones and that's an estimated cost.

Ms. Blessing stated I don't think it would go more than \$80,000 though.

Mr. Blessing asked would the special assessment have to be in the budget?

Mr. Torres stated Jason in the event the board decides to pursue the parking lot expansion by the playground it's estimated at \$49,000 but it could range up to maybe \$54,000 or more when you add in the soft costs so what they're entertaining is if there is a special one-time assessment is that something we structure with the adopted budget in August to where it would not occur again in 2021?

Mr. Walters stated I think the smartest way to do it would be to include an item in the budget for capital improvements or you could even label it capital improvements/parking and whatever that number is, \$55,000 or \$55,000, you would have that line item that would be included in the budget. We would obviously notice that as a hearing and once those assessments are collected we would use those funds to build the parking lot.

Mr. Torres asked and then in 2021 when we propose the budget that line is just zeroed out and not funded?

Mr. Walters stated correct and then we would bring the budget in line with the expected assessments for the next year.

Mr. Yuro stated I would add probably another 15% on for soft costs. If this is the one they want to go with I can talk to some contractors and fine-tune the unit costs.

Mr. Blessing asked what happens if the special assessment doesn't fully fund it? Say it comes in way over budget.

Mr. Torres stated we would have to look into your capital reserves account. We adopt in August and we're in May so if we're planning for a worst-case scenario \$58,000 then by August would you have some harder numbers?

Mr. Yuro stated I think I could. You're not going to get hard numbers until you have final plans and make sure there's nothing funky under the ground when you get a geotech done but if this is what you think you want to move forward with then I can at least start talking to some contractors and tighten up that budget number for sure.

Mr. Martyn asked how much did you come up with that we would increase it by?

Ms. Blessing stated it's \$77.54 so you say \$78.

Mr. Martyn stated plus the \$101 so it would come out to \$179 per resident.

Ms. Blessing stated yes but this is a one-time assessment that would go away and this is a proposed budget.

Mr. Torres stated exactly. This is a proposed budget and it gives the board a little time to think it through and it also gives the engineer time to maybe come closer to the numbers and in August we can always go down. You can decrease your contingency, you can decrease your capital reserves contribution, there are several things you can do to adjust the numbers it just gives us time. We have to at least propose the budget now. If you're looking for a one-time assessment to fund the parking lot that's certainly the way to do it.

Ms. Blessing stated and then everyone in the neighborhood can look at it and when they're voicing their opinion on the budget they can voice their opinion on the parking lot. I think it's reasonable. I don't like taking loans out and it gets it done.

Mr. Blessing asked what if we did a special assessment on the smaller parking lot and then put extra reserves into the budget for the larger one long term maybe four or five years down the line and maybe that smaller parking increase will be enough and there won't be as much issues out there and we can reroute that money. We're going to increase assessments this year. Do we want to do this again next year? How many years in a row do we want to increase assessments?

Mr. Torres stated well you will continue to increase assessments until you start budgeting correctly. We have capital reserves; the repairs and replacements that are happening are unbudgeted so we have to find the money to fund these items. These improvements such as this parking lot came about at a meeting.

Mr. Blessing stated what I'm saying is I don't want to be sitting here six months from now with Don and John and everybody and talking about building this parking lot again but it's not budgeted and we're six months away from another budget. I would rather just have the money budgeted and if we don't want to do it we don't have to do it but it's in there.

Mr. Torres stated without the other two board members being present I would recommend you at least add it to the proposed budget and discuss it more later so we would add a capital project improvement line to the category where you see reserves so you would have capital reserves of \$30,000 and then we would have a capital improvement project line of \$57,500.

Ms. Blessing stated the other 12 spaces would cost \$203.87 apiece so say \$205. That's a lot for 12 spaces and plus it's going to go up if you're putting a contingency plan on it to go out three or four years.

Ms. Graham stated we do not have reserves for roadway repairs.

Mr. Torres stated we're trying to get there by putting \$30,000 in capital reserves.

Ms. Blessing stated I think the second parking lot is unrealistic at this time because we need other things more. If you want to add it in it's \$205 a person for one year and if you spread it out over three years it's \$68 a year per person.

Mr. Torres asked what is your proposed capital project improvement total?

Ms. Blessing stated \$152,500.

Mr. Torres stated if in August you decide not to do either parking lot or Mike comes back with a different cost, as he may, then we can adjust the line.

Ms. Blessing asked they're going to be separate lines?

Mr. Torres stated no it's just one capital improvement project line and the board will know it's for the two parking lots.

Mr. Blessing stated she didn't add them together. That's just for one parking lot.

Ms. Blessing stated if you add them together it's \$210,000.

Mr. Blessing stated we don't have to do the second parking lot. I'm not in favor of the second parking lot necessarily; I just don't want us going forward to be talking about this every meeting. I'm fine with doing the one-time assessment, get the smaller one and see if we need more parking after that and go from there. Maybe that will fix the whole problem and then we don't have to spend this extra money. I make a motion that we approve the \$15,000 landscaping, the \$15,000 extra for facility maintenance, the \$30,000 in capital reserves and the one-time assessment on the existing parking lot for \$57,500.

On MOTION by Mr. Blessing seconded by Ms. Blessing with all in favor resolution 2019-06, approving the proposed budget as amended and setting the public hearing date for August 1, 2019 was approved.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. District Counsel

There being none, the next item followed.

B. District Engineer

Mr. Yuro stated for clarification for the next meeting you want me to fine tune this budget estimate and maybe get some proposals for soft costs that might be necessary?

Ms. Blessing stated yes.

C. District Manager – Report on the Number of Registered Voters (1,230)

Mr. Torres stated as of April 15, 2019 Heron Isles Community Development District has 1,230 registered voters.

D. Property Manager - Report

Ms. Graham stated the packet that I presented to you is a duplicate for the most part from what was presented last month on the maintenance items that I still need approval on. Item four is listed on the agenda, which is the gazebo for the mail kiosk and we've already discussed that one. The proposals for the pressure washing of the sidewalks and play structures, those three service providers are still in place and interested in performing the services it's just the direction from the board on whether you wish to have this done. Painting of the fence is the crown caps and repairs for which there are proposals from Crystal Clean, Gene Pruitt and HuGus. Just a thought, the crown caps are Styrofoam and when we get storms some always blow off no matter how we fasten them down. We've added some rebar to them to help secure them but they still pop off. The top of them is actually filled with concrete and what they did initially I discovered is there is a flat surface and they were just gluing them right on top, the glue dries out, a storm comes and off they go. Because they are Styrofoam they crack and get dinged up and over time they get stained to where regular pressure washing has not been successful and they do need to be painted. What if we didn't have those tops? Just riding around looking at other communities and their fencing structures I kept seeing more and more that are not using the caps. Then you have nothing to blow off. The columns are fine; that part is stable.

Ms. Blessing stated we spend a lot of money on those caps.

Ms. Graham stated just for those repairs alone you're looking at \$8,000; \$2,400 for six new caps. That's \$350 each just to make a new cap. Repairing 27 of the caps you're looking at another \$2,509. I was looking at budgets and how we're always trying to figure out the best deal and I'm not getting anyone to come down on their pricing to fix these things.

Ms. Blessing stated I can't really visualize them without the caps.

A resident asked isn't there one without a cap on it right now?

Ms. Graham stated yes there are about six without caps.

A resident stated if the board will go around and look at it. I looked at it and it looks fine to me but we don't get a vote.

Ms. Graham stated the surface is all formed and there are designed columns in place. I took a picture yesterday but it didn't come out very well and theirs was just shadowbox fencing that they use but they have masonry and I'm seeing that more and more. I don't know what they had previously and if they decided to take them off. I know other communities have the same problems. Sometimes it's just a tree branch falls and cracks it and you have to replace it.

A resident stated why don't we take them off, set them to the side, see how we like it and then go instead of just taking them off and throwing them away. We're not going to know for sure until we see them without them and if they're an eyesore then at least we still have them and we can figure something else out. I don't know how hard it is to get them off but it's something we might be able to do.

Ms. Graham stated they're not hard at all to get off. Total there are 161 caps. Some of them are damaged and need to be repaired anyway. If we're just going to take a section of them there's a storage room at the restroom facility that we could put them in for now.

Mr. Torres asked you're going to obtain quotes to have them removed?

Ms. Graham stated yes I don't think it will cost anywhere around these numbers just to pop them off. The inside is just concrete. You can't really see the top unless you're on a ladder and then you'll see that it's just concrete. If you just stain it to where it's just a brown color to match the masonry.

Mr. Blessing stated good idea.

Ms. Graham stated then you still have your sidewalks.

Ms. Blessing asked didn't we discuss this last meeting and we didn't have the money for the sidewalks?

Mr. Torres stated with the repairs we just had for the storm drain you have spent about \$8,000 for repairs and replacements out of \$30,000.

Mr. Blessing stated so we're still under the old budget if we approve this today, so no, we don't have the money.

Mr. Torres stated you would have somewhere around \$22,000.

Mr. Blessing stated that's why we're doing the \$15,000 next year so we can do this so I say no on that still.

Ms. Graham stated I got some pricing on the rubber mulch as was requested.

Mr. Torres asked was that part of the approval from the HOA?

Ms. Graham stated I'm sure the owners association would consider that if the district weren't going to. The playground is the District's. For using the red rubber mulch Martex's quote is \$6,839.93 versus their quote for regular certified playground mulch at \$1,663.98. I checked with Mulch Masters as well and they had quoted for the wooden playground mulch \$3,800 and their rubber mulch is \$13,800, which is amazing that it would cost so much. We've been checking to get a breakdown on that mulch direct.

Mr. Blessing asked how much does the rubber mulch last?

Ms. Blessing stated it would last forever but you'd still probably have to add some.

Ms. Graham stated it does move around in the rain and get washed out so we would still have to put a border around to keep it in place.

Ms. Blessing stated yes our rubber mulch moves over the borders if we don't keep them high enough but we've had it for three years and we still have the same amount of mulch.

Mr. Blessing stated you would see a cost savings after a little over four years if you were to maintain most of the mulch at least. We need mulch on the playground.

Ms. Graham stated definitely.

Ms. Blessing stated I guess we have to go with the regular mulch for now.

Mr. Blessing stated maybe we can do the rubber when we've budgeted for it next year.

Mr. Torres stated if you can't delay it and you want to add regular mulch, add the regular mulch and then see where we are at the end of September before the fiscal year ends and see how much we have remaining in the account.

Mr. Watson stated when I had a lawn care business I tried to talk a person into not putting the rubber mulch in and it got washed away after a couple years so he had to spend almost as much money to put it back in. I don't know about this but I've seen playgrounds where it's kind of painting in and it's like rubber. That may get destroyed also or may be more expensive but replenishing mulch, either artificial or natural is going to be an ongoing process. If we put in the stuff that is painted or glued in or however they do it it's really soft. You say it's playground safe but that natural mulch can hurt kids. I've seen that happen and even the artificial mulch can. To me it's a little bit of a hazard and that's just from experience. My church just put it in and I thought it was beautiful but they have supervision to where it won't get destroyed.

Ms. Graham stated there is one that has was you're referring to; I think it's the rec center over on Atlantic.

Mr. Martyn asked do you know how much that costs?

Ms. Graham stated it's more than what's been quoted but I can find out and at least have some numbers for the next meeting. I checked on it a few years ago because I was impressed when they did it over at the rec center.

Mr. Torres asked do you want to approve the regular mulch?

Mr. Blessing made the motion below.

Mr. Martyn asked is that including something around it to keep it in?

Ms. Graham stated no that's just the mulch itself. We could maybe put something like Mondo grass as a border around it.

Mr. Blessing asked what's the best way to keep mulch in place?

Mr. Watson stated I put a huge PVC pipe, drilled down through it, and held it in place like that. Anything you put in people will find a way to destroy it. You could do landscaping but I don't know if that would work as well as a PVC pipe and it probably wouldn't be as safe.

On MOTION by Mr. Blessing seconded by Ms. Blessing with all in favor Martex's proposal 4443 for natural mulch to be installed at the playground in the amount of \$1,663.98 was approved.

NINTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Supervisors' Requests

Mr. Blessing stated with the gazebo if this Shorebreak offer comes in and it's looking like it's going to cost us somewhere around \$25,000 could you get with the HOA maybe? They seem willing to help foot the cost on certain things.

Ms. Graham stated yes I will make Bill aware of it.

Audience Comments

Mr. Henry stated the point that I was trying to make about the interest on the account is that looking on your website you had mentioned the amount of voters but it also showed the District collected between \$250,000 and \$276,000 in December and you have to put that money somewhere. All I'm saying is there's got to be something we can do to get a higher return. We're not just talking about \$50,000; we're talking about a big chunk of money.

Ms. Blessing stated I agree but I don't know how long we hold onto that money.

Mr. Henry stated it doesn't matter. With a money market you just have to have at least \$10,000 in there.

Mr. Torres stated what he's referring to is the debt service that you've collected.

Mr. Henry stated I'm talking about the ad valorem taxes that you get from the county. What I'm saying is taking that money and getting a higher interest return for us. Even if it's \$3,000 or \$4,000 it helps you pay for something. I personally agree that the lower parking lot is a good choice and it's not that far of a walk from there to the other parking lot so if you're going to put parking somewhere that seems like a reasonable idea. The other thing is I don't think I've ever seen a budget go down so just to set it straight, we're paying \$460 now so prior to what you did today it's only a \$45 a year increase because you were going from \$460 to \$505, which is not unreasonable. What I'm saying by the budget not going down, if it goes through, you're going to have next year to do that parking lot and the following year you're going to have that additional \$70 dollars because you're probably not going to lower the budget.

Ms. Blessing stated the expense is going to come off the budget so it should go down but if we need to spend money on something else it would go back up.

Mr. Henry stated I'm just saying if you kept that money in there for three years or so you would have your reserves built up so you're not getting stuck. Just a thought.

Mr. Blessing asked is there anything we can do with that money in December? Is that a possibility because I'm all for getting more money in interest.

Mr. Torres stated I will bring more information back to the board on what's available in the market.

Ms. Blessing stated I think it may actually be going into some kind of interest bearing fund.

Mr. Torres stated I'm sure it is but it's also cash that the district has.

Ms. Blessing stated I don't think it's kept for too long is what I'm thinking. You pay off the notes rather quickly after you get the money.

Mr. Henry stated that's a separate amount because our home builder when we bought our house that debt service was already paid off so we're only paying the ad valorem. What you're talking about is the additional \$447 a year that all of the homeowners pay so we're talking two different items.

Mr. Torres stated I understand what you're saying. I'll find out.

Mr. Henry stated I may be totally wrong and you may be getting a great interest rate but it's something to look at.

Mr. Torres stated absolutely.

Ms. Sonya Henry, 96109 Stoney Glen County stated I have a question for Cheryl. Where is the heron that was on top of the gazebo? It isn't back there that I recall now.

Ms. Graham stated it is not. It broke when they were working on the roof. I planned to relocate and it broke.

Mr. Watson stated I think the budget hearing needs to be in evening. You saw how many people showed up last year. It's like night and day. If you're going to have a budget meeting you ought to give the residents an opportunity to be there.

Ms. Henry stated a lot of people have commented on the CDD meetings being during the day. Most people work. You really should have the meeting in the evening so people can voice their opinions.

Ms. Blessing asked Cheryl you had looked into the college?

Ms. Graham stated it wasn't available that day.

Mr. Watson asked have you checked with local churches. We can't get the realtor's office for that meeting?

Ms. Graham stated probably. That's where the meeting is scheduled to be.

Mr. Torres stated if you'd like to reschedule and have a meeting next month so we can talk about the time and location but the resolution we just proposed is to set the public hearing date. We have to have a meeting in order to discuss this.

TENTH ORDER OF BUSINESS

Financial Reports

A. Balance Sheet & Income Statement

Mr. Torres stated pages one through two give you your general and debt service break out. Pages three and four are your actual expenditures year to date. There are no variances at this point that I feel the district can't cover with our current budget.

B. Assessment Receipt Schedule

Mr. Torres stated you are 100% collected already, which is good.

C. Approval of Check Register

Mr. Torres stated these are checks that have been paid from January 1, 2019 through March 31, 2019 from your general fund for a total of \$42,923.43 as well as some online payments for utilities in the amount of \$15,131.13.

On MOTION by Mr. Blessing seconded by Mr. Martyn with all in favor the Check Register was approved.

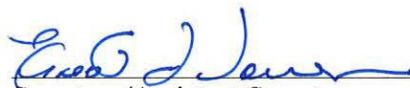
ELEVENTH ORDER OF BUSINESS Next Scheduled Meeting

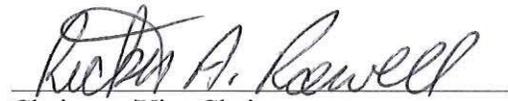
Mr. Torres stated our next scheduled meeting is August 1, 2019 at 10:30 a.m. at the Association of Realtors. The address is 910 South 14th Street, Fernandina Beach.

Following the meeting it was discovered the agenda listed the August 1st meeting time at 10:30 a.m. in error. The meeting will be held at 6:00 p.m. on August 1, 2019 at the Association of Realtors.

TWELFTH ORDER OF BUSINESS Adjournment

On MOTION by Ms. Blessing seconded by Mr. Martyn with all in favor the meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman