

**MINUTES OF MEETING  
HERITAGE PINES  
COMMUNITY DEVELOPMENT DISTRICT**

A Regular Meeting of the Heritage Pines Community Development District's Board of Supervisors was held on **Tuesday, June 9, 2015 at 2:00 p.m.**, in the **Heritage Pines Country Club Meeting Room, 11524 Scenic Hills Boulevard, Hudson, Florida 34667.**

**Present at the meeting were:**

Raymond Russell	Chair
Jack Nelson	Vice Chair
Herbert Elliott	Assistant Secretary
Gilbert Herr	Assistant Secretary
Robert Zimmerman	Assistant Secretary

**Also present were:**

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Kurt Heath	District Engineer
Steven Riggs ( <i>via telephone</i> )	Carr, Riggs & Ingram, LLC
Roger Anderson	Pasco County
Chuck Eade	General Manager
Sarah Brundage	Resident
Bart Cutshore	Resident
Griff Givens	Resident
Bonnie Walsh	Resident

**FIRST ORDER OF BUSINESS**

**Call to Order/Roll Call**

Mr. Adams called the meeting to order at 2:01 p.m., and noted, for the record, that all Supervisors were present, in person.

**SECOND ORDER OF BUSINESS**

**Public Comments [3 minutes per person]**

Mr. Griff Givens, a resident, thanked the Board for providing water to Village 18, after their well ran dry. Mr. Bart Cutshore, a resident and President of Pine Crest Village, indicated that Pasco County provides water for his village.

**THIRD ORDER OF BUSINESS**

**Presentation of Audited Financial Statements for Fiscal Year Ended September 30, 2014, Prepared by Carr, Riggs & Ingram, LLC**

This item was tabled until later in the meeting.

**FOURTH ORDER OF BUSINESS**

**Consideration of Resolution 2015-2, Accepting the Audited Financial Statements for the Fiscal Year Ended September 30, 2014**

This item was tabled until later in the meeting.

**FIFTH ORDER OF BUSINESS**

**Update: Reclaimed Water Transition Activities**

Mr. Russell asked why a valve was on Edge Park Drive and Grand Club Drive for three days. Mr. Heath indicated that it is an aboveground valve assembly in one of four locations. Mr. Heath noted that the contractor exposed a 16" reclaimed line and placed a tapping sleeve and valve on it; the county drills to tap the line. Mr. Heath reported that Mr. Anderson issued work orders for all four locations: Pines Way, Hill Top, Heritage Glen and Pine Meadow. As soon as the work is completed, the county will fill the hole. Mr. Anderson pointed out that this is a work in progress; the contractor puts the sleeve on the valve and the county does the tap.

Mr. Heath questioned how long it takes the county to mobilize, once the work order is received. Mr. Anderson will inquire about the schedule for Heritage Pines. Mr. Russell asked Mr. Eade to notify the residents.

Mr. Heath indicated that not many locations remain; last week, the county began excavation and installing piping, starting with the maintained villages, which are easy to connect and require fewer materials. He noted that some excavations are open, temporarily, and will be flagged but the county fills in excavations daily. Mr. Heath pointed out that the valves at the four locations will remain open until the county drills into the lines, which should be this week.

Mr. Russell asked about the boring. Mr. Heath indicated that the boring work was supposed to start today but now it is scheduled for Thursday.

- **Presentation of Audited Financial Statements for Fiscal Year Ended September 30, 2014, Prepared by Carr, Riggs & Ingram, LLC**

*\*\*\*This item, previously the Third Order of Business, was presented out of order.\*\*\**

Mr. Steven Riggs, of Carr, Riggs & Ingram, LLC, presented the Audited Financial Statements for the fiscal year ended September 30, 2014.

Mr. Riggs referred to the “Independent Auditor’s Report”, on Pages 1 and 2; the District received clean opinions and the financial statements were fairly stated.

On Page 10, Mr. Riggs explained the “Fund balance sheet”, reflecting the District’s monthly activity. He noted that the District had cash but not many payables or other assets and liabilities.

Mr. Riggs referred to the profit and loss fund levels, on Page 12, and indicated that the District received total revenues of \$423,678 for the “General Fund” and spent \$365,032. Regarding the “Debt Service Fund”, Mr. Riggs advised that the goal was to budget and charge assessments to cover expenditures, which occurred; if revenues are near expenditures, in the “Debt Service Fund”, it is a successful year.

Mr. Riggs addressed the “Notes” on Pages 14 through 22. He pointed out that the language on Pages 14 through 17, in Notes 1 and 2, were standard for CDDs, in terms of reporting and policies. On Page 19, Mr. Riggs indicated that Note 3 listed the relatively low risk investments required, per the bond indenture and the State of Florida. He reported that Note 4, on Page 20, summarized the changes in capital assets, with the addition of a depreciation expense; a small conveyance was expected, going into this year but everything was normal.

Mr. Riggs explained two schedules, on Page 21; one reflected the beginning balance, reductions and ending balance and the other reflected the principal, interest and total debt service for future years. This information was obtained from the Bond Indenture, which indicated the required payment and the amount due in Fiscal Year 2015. He stated, that Note 6, “Risk Management”, clarified that there were no major losses.

Mr. Riggs addressed Notes 7, 8 and 9, on Page 22. Note 7 indicated that the District had a Management Company, Note 8 was for a capital lease and the payment schedule and Note 9 explained the Cost Sharing Agreement with Pasco County.

Mr. Riggs concluded that the audit was consistent with the Fiscal Year 2013 audit; it was consistent with the “Budget to actual comparison schedule” for the “General Fund”, on Page 23, which was under budget.

Mr. Riggs reported that the “Report on Internal Control Over Financial Reporting and On Other Matters”, on Pages 24 and 25, and the “Management Letter”, on Pages 26 and 27, were

required by the Auditor General to accompany the financial statements. He noted that there were no findings to report. On Page 28, Mr. Riggs addressed the investment policies and noted that the Board was investing in accordance with the Bond Indenture.

Mr. Riggs summarized that the audit reflected a clean opinion and there were no audit adjustments.

- **Consideration of Resolution 2015-2, Accepting the Audited Financial Statements for the Fiscal Year Ended September 30, 2014**

**\*\*\*This item, previously the Fourth Order of Business, was presented out of order.\*\*\***

Mr. Adams presented Resolution 2015-2 for the Board’s consideration.

**On MOTION by Mr. Elliott and seconded by Mr. Nelson, with all in favor, Resolution 2015-2 Accepting the Audited Financial Statements for the Fiscal Year Ended September 30, 2014, was adopted.**

**\*\*\*Mr. Riggs left the meeting.\*\*\***

**SIXTH ORDER OF BUSINESS**

**Consideration of Resolution 2015-3, Approving the District’s Proposed Budgets for Fiscal Year 2015/2016 and Setting a Public Hearing Thereon Pursuant to Florida Law; Addressing Transmittal, Posting and Publication Requirements; and Providing An Effective Date**

Mr. Adams stated that Management is required to provide a proposed budget, by June 15, each year, for the purpose of setting a public hearing, which must occur no less than 60 days from today’s date. He noted that the Public Hearing was scheduled for September 8, 2015 at 2:00 p.m., at this location. The proposed budget can be revised up to the Public Hearing.

Mr. Adams indicated that the proposed budget was relatively “status quo” and has been consistent over the past several years.

Under “Professional & administrative”, on Page 1, Mr. Adams noted a cumulative change of approximately \$4,000, attributable to the reduction in interest on the 2012 land purchase. Page 2 was generally the same, with the exception of a \$2,000 reduction, which was a result of removing the water quality testing deemed not necessary going forward. Mr. Adams

explained that, under “Other financing sources”, once collections are received for Fiscal Year 2016, \$216,000 will be collected towards the \$316,000 debt for the effluent water transition; with no further delays in construction, there will be a reduction in the amount financed, thereby reducing the cost of borrowing. He recalled discussion about asking the holder of the note on the property in front to increase the outstanding amount and the term, rolling it into the 5% financing. Mr. Adams suggested this during the September/October time frame.

Mr. Russell asked how this matter would be handled. Mr. Adams advised that the details were included in the email exchanges with the loan officers and he will contact them in late summer.

Mr. Adams advised that, over the years, Staff tried to keep assessments level, which was accomplished by reducing line items and rolling up fund balance. This year, there is no plan to reduce costs, other than those directly related to expenditures, or using fund balance to offset assessments. Mr. Adams suggested increasing a line item by \$5,000, if the Board wanted to keep assessments the same or increase the fund balance. He called attention to the “Assigned fund balance” of \$216,000, which is used to make the effluent payment, and the “Unassigned fund balance” of \$41,000, which are surplus funds the District can draw upon to cover expenditures from October through December. Mr. Adams advised that a fund balance of \$75,000 would be appropriate.

Mr. Russell moved to keep assessments the same as Fiscal Year 2015. Mr. Nelson seconded the motion.

Mr. Herr pointed out that, on Page 2, \$20,000 was budgeted for “Dry retention pond refurbishment/planting” and, to date, \$28,458 was spent. He suggested giving consideration to additional dry retention pond refurbishments and recalled that the Board postponed replantings for environmental dry retention areas (EDRAs) 25 and 28. Mr. Herr asked what work was completed for \$28,458. Mr. Adams advised that the \$28,458 was booked to the wrong item and should be moved to “Retention pond mowing/weed control/irr.”, according to Page 2 of the financial statements. In response to Mr. Herr’s question, Mr. Adams indicated that the District spent \$7,000 to \$8,000 of the \$20,000 budgeted, leaving \$12,000 to \$13,000; the plantings cost \$4,000 and the grates cost \$700 each.

Mr. Elliott recommended that the Board take maintenance costs and time into consideration and not consider new areas until the maintenance time and funding were

determined. Mr. Elliott recommended speaking to the HOA about the new maintenance contract for the dry retention areas.

Mr. Herr recommended reviewing each line item, separately, and increasing “Retention pond mowing/weed control/irr.” to \$30,000 or \$35,000, which would affect the assessment amount. He pointed out that the current assessment is \$30 less than last year and increasing the budget by \$14,000 would increase the assessment by \$10. Mr. Herr noted that, if the Board wanted to keep assessments low, funds must be reserved.

Mr. Herr agreed with Mr. Elliott’s suggestion to speak to the Heritage Pines Community Association (HPCA), as the residents suffered through the year with ValleyCrest Golf Course Maintenance, Inc. (ValleyCrest) not completing enough dry retention ponds. Mr. Elliott pointed out that ValleyCrest was gone for almost six months and he based his statement on the existing conditions. Mr. Herr reported that ValleyCrest must complete mulching and weeding of the existing plantings.

Mr. Russell recalled that his agreement with Mr. Eade was that the District would furnish the plants and the HPCA would install the irrigation and mulch; the mulch was currently being installed. Mr. Russell suggested that Mr. Eade be permitted to answer both Mr. Herr and Mr. Elliott’s questions. Mr. Russell reported that he spoke to Mr. Eade, several times, about the HPCA’s responsibility to maintain the property and the Board would mainly “supervise”. Mr. Herr stressed that the Board must be clear about the responsibilities and incomplete items, from January through May, before discussing the agreed upon price between the two parties. He commented that this was the time for residents to express their opinions. Mr. Russell agreed and confirmed that he spoke to Mr. Adams and Mr. Eade about the same issues, especially future maintenance.

Mr. Chuck Eade, Master Association General Manager, indicated that the HPCA proposed an “at cost” maintenance schedule. He confirmed that Mr. Herr and Mr. John Burns, Golf Course Superintendent, discussed what must be completed, which needs to be delineated. Mr. Herr acknowledged Mr. Eade’s best efforts to ensure that items are completed. Mr. Herr met with Mr. Burns, two weeks ago, in Paleo Park, and Mr. Burns agreed to cooperate. Mr. Burns informed Mr. Herr that weed whacking would be completed but it was not, even though it was mowed. Mr. Herr stressed that a routine should be established and suggested a maintenance schedule. Mr. Eade advised that each item would be checked off as completed and verified.

Mr. Zimmerman asked if a staff of 17 was adequate. Mr. Eade concurred and indicated that seasonal people can be utilized, if necessary, as the District is paying for this service. Mr. Zimmerman recalled that, previously, a staff of 16 employees was inadequate. Mr. Eade indicated that the budget was structured to cover enough employees and the CDD is paying for the employees; on that basis, there was no reason for the HPCA not to provide maintenance services.

Mr. Russell alluded to the District's reluctance after being "burned" in the past. He was not concerned with the number of employees but their performance. Mr. Eade requested in writing, what must be done. Mr. Russell agreed and requested initial estimates from Mr. Eade, for budgeting purposes.

Mr. Herr asked if the amount the District will pay for the remainder of Fiscal Year 2015 and Fiscal Year 2016 could be established at this meeting. Mr. Eade indicated that he provided a handout of the CDD's costs for January through May, 2015. Mr. Herr surmised that the CDD's costs for January through May, 2015 were \$31,016 and \$76,300 for the entire year, off-season and in-season; \$87,000 was budgeted, or 88% of the budget, for a 12% reduction over what was paid last year. Mr. Eade concurred. Mr. Herr noted that, according to Page 2 of the financial statements, the District paid \$28,468 for "Retention pond mowing/weed control" but nothing for the current month. Mr. Adams commented that he did not receive a bill. Mr. Adams noted \$7,250 for last month. Mr. Herr recalled that the Board was not satisfied with the level of work last year and the HPCA performed at the same level this year, or slightly better. Mr. Eade reported that staff applied more herbicides. Mr. Herr expressed that the District should pay the HPCA for the level of work performed. Mr. Eade requested the Board's expectations, in writing.

Mr. Adams pointed out that a revised and restated agreement between the two entities would be prepared to address the "at cost" issue and detailed scope, as the previous agreement was generalized. He noted that Mr. Eade provided a five-month projection to project the entire year, which looked promising; now the Board was addressing the level and scope of services. Mr. Russell asked if the agreement would be provided at the July meeting. Mr. Adams replied affirmatively.

Mr. Herr suggested approving \$80,000 and revising the amount after the agreement is approved. Mr. Adams clarified that the amount would be the actual cost with no markup for the services listed on the handout provided by Mr. Eade. Mr. Adams believed that, once the level of service was satisfactory, the routine maintenance cost would be at or below the amounts being

paid. Mr. Herr noted that, to maintain Paleo Park properly, the HPCA would need more labor, which would exceed the \$76,278 estimate. Mr. Adams agreed.

Mr. Nelson observed more maintenance activity from the HPCA than in the past and noted improvement with EDRA 24A and 20B, due to the new plants. He agreed that several areas must be mulched. Mr. Nelson reported that EDRA 40, on Bent Pine, had dead plants and three planting areas on the right side of hole 9 had weeds. Mr. Zimmerman noted that Plumbago took over EDRA 40. Mr. Nelson indicated that the area near the bathrooms and behind number 5, to the right of the palm trees, needed sprucing, like the right side of the number 17 tee.

Mr. Eade voiced his opinion that the Board’s written expectations, for accountability, were a step in the right direction. Mr. Russell suggested that Mr. Herr prepare the list for the next meeting.

**On MOTION by Mr. Russell and seconded by Mr. Nelson, with all in favor, Resolution 2015-3, Approving the District’s Proposed Budgets for Fiscal Year 2015/2016, as amended, and Setting a Public Hearing Thereon Pursuant to Florida Law, for September 8, 2015 at 2:00 p.m., at this location, was adopted.**

Ms. Sarah Brundage, a resident, asked why a website was budgeted for \$500. Mr. Adams indicated that the District is statutorily required to have a separate website, prior to September 30, 2015; the website will include the Board’s contact and District information. Ms. Brundage inquired who determined that the water quality testing was no longer necessary. Mr. Adams recalled that the water quality testing was performed quarterly but he was asked to stop. Mr. Eade explained that there was no reason for testing because the county tests its wells monthly.

Ms. Bonnie Walsh, a resident, pointed out that, on Page 8, “Rolling Green” should be “Pine Ridge”.

**SEVENTH ORDER OF BUSINESS**

**Discussion/Consideration of Request from the Greens Committee for Valley Gutters in Transition Areas**

This item was not discussed.

**EIGHTH ORDER OF BUSINESS**

**Approval of April 14, 2015 Regular Meeting Minutes**



Mr. Adams presented the April 14, 2015 Regular Meeting Minutes and asked for any additions, deletions or corrections.

**On MOTION by Mr. Nelson and seconded by Mr. Elliott, with all in favor, the April 14, 2015 Regular Meeting Minutes, as presented, were approved.**

**NINTH ORDER OF BUSINESS**

**Other Business**

There being no other business, the next item followed.

**TENTH ORDER OF BUSINESS**

**Board Member Reports**

**A. Ponds and Lakes: *Supervisor Robert Zimmerman***

Mr. Zimmerman reported that he will meet, on Friday, with LakeMasters Aquatic Weed Control, Inc. (LakeMasters).

**B. Finance Matters and Negotiations: *Supervisor Gilbert Herr***

Mr. Herr had nothing to report.

Mr. Adams indicated that he and Mr. Herr will meet with Patriot Bank, at the end of the summer, and will work with Mr. Eade on the revised and restated agreement with the HPCA.

**C. Common Grounds Interest to CDD: *Supervisor Herbert Elliott***

Mr. Elliott indicated that he missed the last Common Grounds Committee meeting but Ms. Brundage attended.

Ms. Brundage reported that the committee was taking a slow approach in prioritizing the dry retention areas.

Mr. Elliott reported that, earlier today, he met with the landscape architect, who presented to the Greens Committee; the plan was for the Greens and Common Grounds Committees to meet. The first priority is the front entrance, in terms of preparing a design, obtaining bids and providing to the Board for approval. Mr. Elliott noted that the blueprints for the second of the Florida friendly islands, were received and provided to the landscaping supervisor. Pine bark mulch will be placed in the islands. Ms. Brundage indicated that she walked through the islands with Mr. Burns and the landscape supervisor, last week, and additional plants will be installed.

Mr. Elliott reported that, according to Mr. Burns and Mr. Chris Ansley, a waste area is being placed in EDRA 4 and artifacts were found during a dig-out behind the number 9 green, in Paleo Park.

Mr. Herr asked if further conversations between Mr. Elliott and the Common Grounds Committee were necessary, regarding including additional plantings in the budget for Fiscal Year 2016. Mr. Herr suggested budgeting \$35,000 towards the plantings. Mr. Eade recommended obtaining input from the landscape architect; there should be layers of plantings, starting at the entrance, for a continuous flow. Mr. Elliott stressed that work should not proceed until the current plantings are aesthetically acceptable.

In response to a question, Mr. Eade noted that there was money under “Common grounds” and the Board recognized the need for aesthetically pleasing landscaping; it is the responsibility of the HPCA to do what needs to be done, do it right the first time and accomplish one task before proceeding to the next. Mr. Eade is working with Mr. Gene Estensin utilizing reserve funds to pay for the plantings.

**D. Reclaimed Water Project: *Supervisor Raymond Russell***

Mr. Russell introduced Mr. Roger Anderson, of Pasco County, who is responsible for construction of the reclaimed water project.

Mr. Anderson indicated that the county tries to handle construction complaints properly and complimented Mr. Heath on completing jobs timely. Mr. Anderson was happy that Shear Construction was awarded the reclaimed water contract. Mr. Anderson acknowledged that the District has a great construction team and crew handling this project.

Regarding the pipeline, Mr. Anderson reported that the county has a small easement and is in the process of obtaining a temporary construction easement to interrupt the pipeline and install an above ground station with a pressure regulating valve, to resolve or greatly reduce the noise problem.

Mr. Hurth pointed out that Mr. Anderson was been extremely helpful, especially on the emergency connections.

Mr. Hurth reported that, as of today, seven maintained villages, or 337 homes were connected and seven villages were expected to be connected in the next two to three weeks. Then there will be a slowdown because piping will be installed in the self-maintained villages.

Regarding the backflow valves, Mr. Herr indicated that the problem with Heritage Pines was the villages, which do not act like individual customers for reclaimed water. Mr. Herr

recalled that, when Mr. Bruce Kennedy accused the District of reselling water, the Board tried to convince him that the District does not resell water; it sells water to the management company serving the villages and the residents of those villages contract for maintenance, including water. Mr. Herr pointed out that Mr. Kennedy's September 17, 2014 letter referenced the ultimate consumer and how the District protected him when reclaimed water was installed. According to Mr. Heath, 70 to 90 homes in maintained villages are not connected to reclaimed water. The water goes into a distribution system and there is no way to interface between the potable water, which the customer pays for through a meter, and the reclaimed water because it is a completely separate distribution system. Mr. Herr believed that backflow preventers were placed where potential issues might exist and suggested that someone examine this.

Mr. Herr noted that he and Ms. Walsh have individual access to both reclaimed and potable water and have two meter she needs a separate pipe is necessary.

Ms. Walsh stated that she has a regulator. Mr. Anderson advised that everyone will receive a regulator from the county. Mr. Herr asked if the county is charging \$5 per month for the regulator. Mr. Anderson replied affirmatively.

Mr. Nelson reported that the reclaimed water installation in his community took 17 months to complete. Mr. Nelson spoke to the Chief Engineer, who said that the systems are totally separated but it is the law. Mr. Herr clarified that it is the interpretation of the law by the county. Mr. Anderson noted that a state statute requires every municipality to enact a cross control program.

Mr. Herr pointed out that the state requirement for backflow preventers does not refer to an independent village, organized as a unit, it only refers to an individual user, which he opined, did not make sense. He believed that residents are not being sensible and always blame the regulation; many regulations are no longer being followed because they are redundant or useless.

Mr. Eade noted that his village of 64 homes, has a well for potable water and each house has an individual well for irrigation, with backflow preventers.

Mr. Nelson stated that his house and 20 others in his village have backflow preventers and, according to Pasco County, they qualified for the reclaimed water project.

Mr. Anderson explained that there are contamination issues from tapping into a reclaimed water line.

Mr. Herr stated that, if residents fight the regulation, they should fight the county charging \$5 a month, or \$60 per year, to use backflow preventers, which can be purchased in a

hardware store for \$50. He felt that residents were not there to generate additional money for the county and someone needs to stand up and fight. Mr. Herr wished that the District had listened in 2006, when Mr. Kennedy ruled that the reclaimed permit for the maintained villages was inadequate and the county would not recognize that the villages were maintained villages. The District allowed the villages to pay a contractor \$400,000 to drill 29 wells and pumped endless water out of the aquifer, which was not beneficial for the aquifer now. Residents must spend nearly \$1 million to install reclaimed water. Mr. Herr requested that individuals who wish to discuss what is best and most economical for the community stand up and be heard.

Mr. Anderson reported that someone cut into a reclaimed line and the county pumped the water into a truck and hauled it away because they can only let so much water into the ground. He agreed that this is ridiculous but the county has to handle it in a different manner.

**E. Golf Course and Surrounding Areas: *Supervisor Jack Nelson***

Mr. Nelson had nothing to report.

**ELEVENTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

There being no report, the next item followed.

**B. Engineer**

There being no report, the next item followed.

**C. Manager**

**i. Approval of Unaudited Financial Statements as of April 30, 2015**

Mr. Adams presented the Unaudited Financial Statements as of April 30, 2015.

**ii. 1,884 Registered Voters in District as of April 15, 2015**

Mr. Adams advised that there were 1,884 registered voters residing within the boundaries of the District as of April 15, 2015.

**iii. NEXT MEETING: July 14, 2015 at 2:00 P.M.**

Mr. Adams indicated that the next meeting will be held on July 14, 2015 at 2:00 p.m., at this location.

**TWELFTH ORDER OF BUSINESS**

**Supervisors' Requests**

There being no Supervisors' requests, the next item followed.


**THIRTEENTH ORDER OF BUSINESS**

**Adjournment**

There being nothing further to discuss, the meeting adjourned.

**On MOTION by Mr. Herr and seconded by Mr. Russell, with all in favor, the meeting adjourned at 3:22 p.m.**

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

  
Secretary/Assistant Secretary

  
Chair/Vice Chair