

MINUTES OF MEETING

BRIGHTON LAKES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Brighton Lakes Community Development District was held Thursday, July 23, 2009, at 6:00 p.m. at Hart Memorial Central Library, 211 East Dakin, Kissimmee, Florida.

Present were:

Michelle Incandela	Chairman
Tom Mihalic	Vice Chairman
Jennifer Palmer	Supervisor
John McGrath	Supervisor
Dolores Pieters	Supervisor

Also present were:

Gary Moyer	District Manager
Brian Crumbaker (<i>by phone</i>)	District Attorney
Sherm Elliott	Weber Environmental
Gerry Frawley	District Staff
Maria Fuentes	Severn Trent Services
Paul McCartan	Keep Safe Security
Brian Smith	Severn Trent Services
Residents and members of the public	

This represents the context and summary of the meeting.

FIRST ORDER OF BUSINESS

Pledge of Allegiance

Mr. McGrath led the *Pledge of Allegiance*.

SECOND ORDER OF BUSINESS

Roll Call

Mr. Moyer called the meeting to order at 6:00 p.m.

Mr. Moyer called the roll, indicating a quorum was present for the meeting.

THIRD ORDER OF BUSINESS

Audience Comments

There being none, the next order of business followed.

FOURTH ORDER OF BUSINESS

Approval of Minutes of the May 21, 2009, Meeting and June 18, 2009, Budget Workshop

Mr. Moyer reviewed the minutes and requested corrections, additions, or deletions.

Mr. McGrath stated on page 7 of the May minutes, it should read "over 60% of our home owners saved over \$100 with the bond financing."

On MOTION Ms. Palmer, seconded by Mr. Mihalic, with all in favor, approval was given to the May 21, 2009, meeting, as amended.
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Mr. McGrath stated at the bottom of page 5 of the June minutes, it says we could move the gate toward Quincy, and it should be Pleasant Hill Road.

On MOTION Ms. Palmer, seconded by Ms. Pieters, with all in favor, approval was given to the June 18, 2009, workshop minutes, as amended.

FIFTH ORDER OF BUSINESS

Vendor/Contractor/Third-Party Items

Mr. McCartan stated there are no pressing security items of which I am aware. We address any technical issues on an ongoing basis as they arise and are quickly resolved.

Mr. Elliott stated we are trying to keep up with the weather and trying to keep the weeds controlled. There was a lot of growth with the oak trees, so we are out here on a weekly basis to lift everything up to keep the branches off the sidewalks and roadways. Recently we have been replacing some oak trees on Brighton Lakes Boulevard that were hit by a vehicle as well as some of the viburnum. We communicate with staff on a regular basis and we try to respond as quickly as we can.

Ms. Palmer stated there are flags on Brighton Lakes Boulevard and I presume the damage was caused the day of the intense rain. How much damage was actually incurred?

Mr. Elliott stated maybe 40 or 50 irrigation heads. The reason the flags are still up is that once the landscaping is repaired and installed, we will come back through to make sure everything is complete and working properly.

Mr. Smith stated I do not think there are broken irrigation heads at each flag, but they located all of them in that area to check for repairs and to make adjustments on others.

SIXTH ORDER OF BUSINESS

Submitted Resident Questions/Comments

There being none, the next order of business followed.

SEVENTH ORDER OF BUSINESS

Public Hearing to Consider the Adoption of the Fiscal Year 2010 Budget

A. Fiscal Year 2010 Budget

Mr. Moyer stated we mailed a letter to all the property owners, and I received some comments about the letter not being very user friendly. We agree with that statement. Unfortunately, the letter is worded the way it is because the State of Florida adopted laws and rules on the manner in which we assess properties, and the State requires that we include certain things in this letter. One resident commented in a letter that she was upset that we were threatening that we were going to foreclose on her home if she did not pay

this assessment. We do not have any choice in that matter. The law says we have to include that language in the letter. Most of the language in the letter is derived from a requirement of Florida law. We received a number of comments that people thought we were going to increase the assessment by \$100 per month, and that is not the case. We are proposing to increase the assessment by \$100 per year. We also received comments and displeasure wondering why we are maintaining the roads. Unfortunately, we do not have any choice in that. When a landowner develops a project like Brighton Lakes, he goes through a process of approvals with a County or a City. In our case, it was Osceola County. As part of the negotiations, to get the right to develop Brighton Lakes, the developer created a Community Development District, which is governed by these Board members. We also built roads through the CDD that the County said they were not going to maintain. They are public roads because the District is a unit of local government. Our roads are public roads. The County did not want to maintain those roads, so by necessity, the District needs to maintain the roads. For a number of years, this Board has wrestled with the reality that we need to start establishing reserves because those roads over time will deteriorate and we will have to do some major repair work on the roads. Heretofore, we have not included a reserve account for repair and replacement of the roadways or any other capital facilities. This reserve is not just for the roads. The District also owns the recreation center, and over time, the roof will have to be replaced and the other amenities will need major repair and replacement at some point. There is a variety of things that this District operates and maintains for the residents that we will have to address reconstructing and/or replacing. The Board has always been reluctant to start that reserve account because we know it is difficult for all of us to pay an additional assessment. We have kept deferring that year after year, hoping that things will get better. This has been going on, not only during this recession, but prior to the recession because the Board did not want to increase your assessments. It is to the point where it is a necessity that we establish this reserve account. That is the discussion that the Board has had in their meetings. Some Board members feel this may not be the right time, but the reality is there is never a good time to increase assessments. It does not matter if we did it three years ago or if we do it three years from now. I think we have as efficient a budget as we can have. To the credit of the Board, last year we went out and rebid the landscape maintenance contract and realized substantial savings, which means we did not have to increase your maintenance assessment this year and we will not have to increase them

next year unless we add these reserves. Last year we budgeted money from the limited amount of reserves we had so that we would not have to increase your assessments. We took money from fund balance and applied it against the assessments. By rebidding the landscape maintenance contract, we were able to save enough by having a lower contract amount that we would not have to increase the assessment, if it were not for our discussion about having a reserve account for the replacement of capital facilities. The purpose of tonight's meeting is to receive public comments on the budget and increasing the assessment as we have proposed.

Ms. Palmer stated it is not an easy decision. We are trying to look at the community as a whole. There is another subdivision in Orange County that is condominiums instead of houses, but Vista Cay has not put any reserves aside and they are now \$400,000 in debt. They are closing all recreational facilities, their pool, their clubhouse, and everything they have because they have no choice. They put no reserves aside and now condominiums are not selling. We have been very fortunate over the last few years that our assessments have all been collected, so we are in a much better situation than other communities. Some of the members of the Board feel we have to look at every option right now to be able to deal with issues, such as the pool getting a crack in it or a large pothole in the road. We do not have any funds to do that work now, and that puts us in a precarious situation.

Mr. McGrath stated one of the primary things we are responsible to you residents and ourselves for is making sure next year and ten years from now that the community that we all thought was nice and well kept when we purchased our homes does not deteriorate to a place where you will never catch up. For many of us, our home is all we have. It will be a lot easier and I believe our property values will rise a lot faster when the community stays first class. The reserves are part of the cost of living in a nice neighborhood.

On MOTION by Ms. Palmer, seconded by Mr. McGrath, with all in favor, approval was given to open the public hearing for the fiscal year 2010 budget.

B. Public Comments Received

Mr. Angel Bosque stated I was one of the people who sent an email because I am concerned about this assessment. When I moved to this community, all the roads in our community were going to be dedicated as private roads. We did not have enough money to maintain them, which is why we did not accept those roads to be private roads. We

wanted them to be public for either the CDD or the County to maintain. If we are going to maintain them, then we need to have the roads be private. Then we can have security the way it should be, not like it is now where anyone can come in. Do you think I want to have these facilities if I am going into foreclosure on my house? Why do we need to have a pool if I am going to lose my house? I prefer to keep my house and close all the facilities. I brought a problem several times that has never been addressed. All the drainage pipes that bring the water from the main streets to the ponds are full of dirt and were never cleaned. There is one in front of my house. Flooding is caused by that because they were never maintained. I believe that is not part of the CDD or County but it is drainage and I believe the ponds do not belong to us. We need to do something about it or else we will continue to lose money.

A Resident stated I live beside neighbors who do not maintain their lawns and they let their dogs do their business on other people's yards.

Ms. Palmer stated we are discussing issues that have to do with the budget for 2010. The issues you are raising are HOA issues. There are two separate entities that exists within Brighton Lakes, and they are the HOA and the CDD. The CDD is responsible for any public common areas, such as the recreation center, the roads, security, anything that is common to all of us. We are not responsible for individual yards or dogs. The HOA is responsible for anything that is on private property. Nestor Olmo is the HOA President and he is here tonight, so you should meet with him after this meeting.

A Resident stated I am interested in more information on these reserves and how they will be used.

Mr. Moyer stated in the past we have not set up a reserve account. The Board has been very frugal in the way they spend your money, and over a period of years, we have been able to bring in this budget each year a little bit under what we collected in assessments. That has accumulated, and that is the money that I referred to earlier that we were able to use last year to offset the deficit because we anticipated spending more money than we were going to collect through this assessment. The reserve we are talking about establishing will be included in your assessment that is on your annual tax bill. That money will then go to a separate account to be used for capital replacement items, such as roads, the roof on the recreation center, the tennis courts, and those types of things. For the roads alone, the useful life of a road is about 15 years. Based on today's construction costs, which are very good due to the recession, to come in and mill those

roads and repave them will cost almost \$1 million in current dollars. We are very short of that amount, but if we start this reserve and build up \$75,000 per year, over 15 years, we are at \$1 million. That money will be invested and if there is inflation that comes back into our economy, the interest that we earn on that money will similarly increase and will be close enough that when we have to go in and make these major expenditures, there will be enough money to do that. Otherwise, the alternative is that we do it at one time and we send you a bill for \$2,000 or similar amount, and that is a much more difficult thing to handle. My personal opinion as the manager is that it is better to do this incrementally in smaller increments than to hit you with an assessment later on for several thousand dollars.

Ms. Palmer stated next year we will collect another \$75,000 that will be added to that reserve account. Every year we will add to that reserve account. When we have to repair roads or perform major repairs to the pool or recreation center, instead of having to collect additional money from the home owners, we will use monies from the reserve account. That will allow us to maintain the community at the same level of service that we are at currently.

Mr. McGrath stated one of the things we will discuss is how we came up with this dollar amount. We asked Mr. Moyer, who has contact with other communities all around central Florida, to find other communities similar to ours and tell us typically what they put into their reserves. After his investigation, with the facilities that we have, that dollar amount is reasonable and is similar to what other communities are doing.

A Resident asked what exactly is the reason you are proposing this increase? There is a community on Pleasant Hill that is a ghost town now because of small increases like this every year. I do not know how you pretend to increase our assessment this year and not next year. What will happen in the future? We are already paying enough in taxes. When I moved here, most homes were occupied by the home owners. Some homes are being repossessed. When the bank owns the home, you are making the bank pay the money to you.

Ms. Palmer stated the reason for this increase is because we need to start putting money aside. This is the first increase that this Board or any Board for Brighton Lakes has ever imposed on the home owners. This Board has worked very hard every year to keep the budget in check so that we did not have to increase assessments. If we continue at this level, there will be repairs that will need to be made and we will have to come to

you to collect the money to perform those repairs. We were very fortunate that we collected all our assessments. For people who do not pay their tax bills, the County puts those tax bills up for sale and people can buy someone's tax certificate. Last year, all tax certificates were sold and we were 100% collected. When we say we came in under budget, that means we collected everyone's assessment but we spent less than what we collected. Whatever we saved, we kept in a surplus account. Last year, we had about \$60,000 saved but we were forced with this same decision last year. The economy was not very good last year and when we considered the budget and the assessments, we said that it was not the year to increase assessments. We told everyone last year that we will have to increase assessments this year. We took all our available reserve money, rebid some contracts, and applied it to the operating budget in order to balance the budget and not increase assessments. This year, we do not have any reserve money. We still balanced the budget so that we do not need to increase the operating costs but we are forced into a situation where we have no reserve money. They say that every home owner should have six months' worth of savings, but this District does not have even a week's savings in our account. I know there are a lot of people in that situation, but as a community, looking at the whole community for us to have no safety net whatsoever is fiscally irresponsible of this Board. That means we are taking your investment and leaving it unsecured and leaving the neighborhood unsecured.

Ms. Incandela stated this Board is painfully aware that many of us are victims of lost jobs as are a number of home owners in Brighton Lakes. The situation we are in is a balance where we do not want to bankrupt our community and force our community to be in a state of disrepair. We are trying to maintain the standards that we have and trying to foresee the future issues we know we will have as our community ages and do it in a way that is as conservative as possible. Everything that you home owners pay, each of us on the Board also pays. Every issue that the home owners feel, we are also a part of. Those who have been here when the community was first developed, you remember that the community we were buying into was going to have private roads, a school, a gatehouse, free cable, and a lot of other things. The reality is, the builder is gone and we are here with what is left. We have to do the best we can. There are many of us who wish it was the way we thought it was going to be. Unfortunately, we have to work with what is left and we have tried very hard to do it in a way where we can maintain our standards. We realize \$100 is going to hurt. One thing we discussed is not doing it this year because the

economy is so bad. The problem is, we started looking at projections. Depending on which economist you talk to, some talk about two to four years when it may not get any better. We feel by waiting, we are putting the community at such a risk should something happen and that will do more harm than good when we look at balancing things. It is not something that any of us wants to do. We fought it for years. We Board members also pay these assessments. We are trying to maintain our standards with raising it as little as possible but also by not putting us in a situation where we are at risk. It is difficult for us and many people cannot sell their homes for what they purchased them for. We are all stuck here for a long time. This community has to be kept in the best condition that we possibly can. I know that I will be here for a long time, and so are many others. I do not want anyone to think that this Board is taking this lightly and that the roads are not an issue for us. Any issue that you are thinking of, I can assure you that we have discussed it at length.

Ms. Palmer stated to address Mr. Bosque's comments, as Ms. Incandela just said, when I bought into this community, I was told these are private roads and I did expect to maintain them and that they would be private. The reality is, the developer is not here and the reality of the situation is they are public roads and they will be privately maintained. As Mr. Moyer said, that is how it was setup from the beginning. The roads were never going to be dedicated to the County and there was never any agreement as to who would maintain them. Someone may have been saying that along the way, but the reality of how the plats were dedicated is that those roads are public roads that are to be privately maintained. The ponds do belong to the CDD and they are our responsibility. The closing of facilities is not in anyone's best interests unless we absolutely have to. We have a pretty low crime rate in our community and part of that is because we offer some things for kids to do. The more you shut things down, the more you incite anger among people and with idle time, they start doing things they should not do.

Mr. Moyer stated Ms. Palmer referenced the tax certificate sale for when taxes are not paid. for people who live in these types of Districts, the nice thing about that is it is a two-year loan to you if you cannot pay your taxes. That is two years that you do not have to negotiate or qualify for. The government has provided that to you by providing these certificates. During that two-year period of time, if your situation changes and you start making money again, you will have to pay that tax certificate off and there will be an interest charge paid to the person who bought the certificate. But it is not like a bank

where if you do not make your payments that they will file a lien and foreclose the lien within a short period of time. In this case, you can stay in your home for two years and be delinquent on your taxes.

Mr. McGrath stated regarding the comment made about local communities, when we asked Mr. Moyer to give us an idea of what communities had in reserves per year, we did not ask for a geographical investigation. We wanted to compare a similar community of about our size with similar facilities and acreage so that we would have a reasonable comparison. Perhaps some neighborhoods along Pleasant Hill Road do not have any reserves but most of them are not a CDD like we are, so that is not a good comparison. What we are talking about has nothing to do with property taxes. When we receive our tax bill, the CDD assessment is added at the bottom, but all we can address is the CDD assessment.

A Resident stated we have all been told by Engineered Homes that the streets are public and our taxes go to maintain the public streets. If we were told false information, there has to be something that you can do to change that.

Ms. Palmer stated when we purchased our homes in phase 1 seven years ago, we were told that it would be a privately gated community, there would be a charter school on the property with a daycare, there would be a recreation center and free internet. I had this beautiful picture in my head of what I thought life would be like in Brighton Lakes. When we moved in, there was no underdrain and there were many things missing. We sat in this room years ago discussing these issues. I hired attorneys but it got us nowhere. We were promised a lot of things but the developer walked away and washed their hands of it. What we are left with is these roads are public roads and privately maintained. If we could change that, we certainly would. Everything you discuss as residents also affects all five of us Board members. We all live in this community and most of us have lived here for a number of years. If we could stop every car that comes into the community and ask questions or disallow them from entering, we would be ecstatic. That is not reality. Florida Statute will not allow us to do that and there is nothing we can do to change that.

Mr. McGrath stated we have the law in writing that says that very thing. It is not that way and it never was that way. We wanted private roads but they are not.

Mr. Bosque stated I have a copy of the first and second recorded plat that says all the roads are going to be private. That is the law. We are all talking in circles. Since we are going to pay maintenance for the roads, we can request from the government to turn

everything back and have the roads be private. Then we can have security the way we want it and monitor everyone who comes through the gates.

Mr. Crumbaker stated the statement on the plat that indicates it is private does not mean it is private in a private ownership sense. All that means is that it is not owned by the County. That is a common term, even in CDDs where roads have been financed with public dollars and, therefore, are not private by Federal tax law. That statement on the plat simply means that the roadways are not being owned and maintained by the County. It does not absolve the District of the obligation to maintain the roads and it also does not eliminate the findings with regard to the fact that those roads are public for purposes of access.

Ms. Palmer asked is there something that says because the bonds that were used to pay for the roads initially were tax exempt, that even though they are private, it gains public access because of the tax exemption status of the bonds?

Mr. Crumbaker stated that is correct. If you change the use of the roadways, then you run the risk of that rendering the bonds taxable. The penalties associated with that include paying taxes on that debt from the date of issuance.

Ms. Palmer stated when the private developer came in to build the roads within this community, they built those roads with tax-exempt bonds. That money was tax exempt. That means the roads gained public access even though they are privately maintained. If we were to go back and say we do not want it that way, the penalty will include paying back taxes on all that bond money from the date it was originally issued. We simply cannot afford that.

Mr. Crumbaker stated even though the plat says private, which is a term that relates to being owned by the County or being owned by someone else, it does not distinguish between a CDD or a private community. If you recall, the County Attorney, who is now a judge in Osceola County, obtained authorization from the Osceola County Board of County Commissioners to sue the District for use of the gate. It was his opinion that any gate was a violation. Even if someone thinks the road is private, Osceola County will view it differently and that is the reason we had to go through rulemaking to establish rules as it relates to the use of those gates.

Ms. Palmer stated at the time that we were initially looking at the gates, before the gatehouse was constructed, there was an article in the newspaper that Osceola County was suing Brighton Lakes.

A Resident stated I find it interesting that your legal counsel is not sitting here at this meeting and has to attend by phone. I do not think that is right because we cannot hear him or talk with him face to face.

Ms. Palmer stated this Board is trying to save you residents every dollar that we can so that we do not have to raise your maintenance assessments. In order for him to be here in person, it costs thousands of dollars to attend but it is much less for him to attend by phone.

Ms. Incandela stated Mr. Crumbaker used to attend meetings but we asked him to attend by phone because it is a great cost savings.

The Resident stated it is my understanding that you are spending money on these gates for no reason. Why are you collecting \$75,000 for the gates but they let everyone inside? Stop paying money for security and you can use that money for the reserves. Then you do not need to increase our assessments. We should be able to use our swipe cards or press a button to be able to get through the gate.

Ms. Palmer stated we cannot do that because it is against the law. We cannot deny access to anyone who wants to come through the gates. We can look at the option of eliminating security but if we do that, then every gate will remain open all day every day and then we have no security.

Ms. Incandela stated you are making it sound simple but there are a number of issues with what you are proposing. We looked into a number of variations on the security system, including push buttons, alterative hours, having sheriff patrols. We have discussed this in many CDD meetings where we discussed all the possibilities in what we can do with security. Our system is not perfect and it is not what any of us thought it was going to be when we purchased our home. However, we had a number of meetings when we discussed those issues to figure out what we can do to work with what we have. The system does serve certain purposes. In fact, a couple months ago we considered revisiting the security issues because we wanted to make sure that the system that we had was agreeable to most of the home owners. There were a few home owners who provided feedback on the system, but the majority of the people did not let us know of any other suggestions. The things you are suggesting have been discussed but some of them we cannot do. We have legal restrictions in our community that we are very well aware and mindful of. We cannot prevent anyone from entering, whether or not they have a card or remote for access. We can be sued by the County if we violate this. I have discussed this

issue at length with the County and I am very well versed on the law in this area. Because of the designations of our roadways, there are some things that we are not allowed to do and if we do them, we will be putting this community at risk of being sued. We have already received notice of being sued, so we have to tread very carefully with the system that we have. Your comments have been noted and I encourage you to submit your comments to us in writing. These issues have been raised and discussed at length with legal counsel at the County and with judges and with other governmental entities. You can get copies of previous agendas and read the discussions that we have had and the conclusions that were drawn and the attorney's opinions. There is no way we can get the designation of the roadways changed.

A Resident asked does that mean anyone can come through these gates?

Ms. Incandela stated yes. The situation we have with these roads is that they are designated as public. We do not have the ability to stop people from accessing a public road. What we have been able to work out with the County after extensive negotiations, we are allowed to stop people at the gate. We contemplated not having the gate at all but all of us who purchased a home here were promised security and a gatehouse. The County allowed us to have the presence of security and be able to stop people. However, the roads are not private and we have a unique situation that you will not find in any other community because of our designation. The bar codes were implemented in order to make it easier for the residents to enter and maintain the traffic flow. The gatehouse was designed for guests who did not have bar codes and we did not want residents to be held up behind non residents so that you can get in faster.

Ms. Palmer stated even though we cannot stop people from coming into the community, we have the lowest crime rate in the Pleasant Hill Road area, so it does work as a deterrent.

Mr. Nestor Olmo stated in the proposed budget, you have monies allocated for roads and signage and street sweeping. I wonder if you can eliminate some of that.

Ms. Palmer stated we did eliminate street sweeping last year. For the current budget, we have allocated \$1,000 for roads and alleys, which is for any potholes that we need to repair. We also allocated \$1,000 for signage, if there is a sign that needs to be replaced. Those items total only \$2,000.

Mr. Olmo stated this is a private community and we have to maintain the roads, but the roads are considered public. Is there a certain amount of our County property taxes that go toward fixing our roads?

Ms. Palmer stated no. When the developer built the community, they took control of the roads and maintenance, which is how they were able to build this community, by saying they would maintain the roads. It is not included in our tax bill to maintain these roads.

Mr. Olmo asked do our taxes go to pay for maintenance of Pleasant Hill Road?

Ms. Palmer stated yes, but not for Brighton Lakes Boulevard.

A Resident stated the road is public but yet it is private, and this is really confusing. That means anyone can come into the community and they have free access. We have no control over who comes into the property.

Ms. Palmer stated that is correct.

The Resident stated if someone comes into our community and one of us gets hurt, we can sue because that person was allowed to come in. We are putting ourselves in jeopardy. We are paying County taxes on property that has a very low market value and it really hurts. We have an attorney that we are paying, so let him work.

Mr. Moyer stated it costs a lot of money for the attorney's time.

The Resident stated we need to try to go to the County to change this.

Mr. Moyer stated we tried that.

Ms. Incandela stated regarding your comment about property values not being where they were, we all are feeling the same thing. The situation that we have, we did not do this. We inherited this just like you did. We did not want these roads to be designated this way. We do not want to pay for them. I have the same opinion that you do, and this entire Board feels the same frustration that you do. We are not builders; we are home owners, just like you. What we have tried to do is use our legal resources wisely. We have been trying for years to see if there are any legal recourses. Sometimes there are situations when you have legal grounds and a remedy, and other times there just are not. We have explored the options. Unfortunately, it is what it is. We do not like it because we are paying the same thing. The problem is, can someone come in and destroy our property? We have the same legal recourse against someone who is destroying property. They cannot do anything here that they are not legally allowed to do. Had anyone on this Board had a decision in the way the builder built this community, it would not be the way it is.

But we did not have that choice. We do not like this situation and we did not create it, but we are trying to do the best we can with what we have. There is nothing this Board is going to be able to do to change the designation of those roadways. There is nothing this Board is going to be able to do in order to achieve what we thought we were originally going to get. It is beyond the control of what we have and what we have the ability to do. The builder is long gone, and there were several companies who came in to complete this community.

The Resident stated then we need to go after them.

Ms. Incandela stated we have done that legal investigation as a Board, and there is no legal recourse for us to take. As a home owner, if you want to investigate your individual relationship with your builder, you may pursue that. A lot of us have already done that and it did not do us any good, but perhaps you will have more success than we did. These situations are not choices and they are things that we do not have any control over. The reasons I bought into this community are the very things that do not exist right now. We are here to make the best with what we have. We are here to maintain the standards and make it as good of a community as we can, since many of us are going to be here a lot longer than we thought. These are our homes and this is our life. Our families are using these facilities, my neighbors and your neighbors. We cannot change the roads. We have opinions on the budget and that is where we can exercise control. I say as a compliment that I serve on this Board with some of the most frugal people that you will ever meet. That is a great thing for the community because they have reduced this budget down and we have done amazing things with the finances for this community, to be able to keep it at the levels we have. We have done a good job in keeping the standards up in terms of appearances and safety of our children and the maintenance of our facilities, with what we have had available to us over the years. The assessments hurt, the road situation hurts, and the security situation is going to be a thorn in all of our sides indefinitely because it is not what we wanted and it is not what we were promised. But it is what it is.

Mr. Mihalic stated we need to lay to rest the issue of the roads. The purpose for this meeting is if we are in favor or against the additional money for the reserves. We are not going to solve the public vs. private roadway issue that has been going on for years and will continue for many more years. We need to discuss the budget issue at hand right now. Do you or do you not want to pay the additional assessment?

A Resident stated I want to know about the bond that I am paying for 30 years and what that money is used for.

Ms. Palmer stated it is the money that was used to build and construct the facilities, the clubhouse, the roadways, the sewers, the parks, and anything that we own as the CDD. Once the bonds are paid off at the end of 30 years, we no longer make those bond payments. There are two separate portions of the assessment: the bond portion and the maintenance portion. The bond portion is a fixed amount that stays the same every year. The maintenance portion is the other part of the total assessment, and that is what we are discussing with this budget. There are 22 years left of the phase 1 bonds, and after that time, the bond payment will go away and we will only be paying for the maintenance portion of the assessment.

A Resident stated I am new to the community and I love it. There are some things that are not perfect. I hear everyone's concern about the roads and security and I am sure the Board will address it because you are home owners, as well. These things have to be paid and they have to be maintained. Perhaps we can have another meeting to further discuss these issues that people are discussing tonight to see if there is something we can do about this. We may still be fighting this in 20 years, but we need to keep fighting it and someday maybe it will change.

A Resident asked are the CDD assessments based on the property value?

Mr. Moyer stated no.

Mr. McGrath stated your County property taxes are based on the property value.

Ms. Palmer stated the tax bill from Osceola County includes your property taxes as well as water/sewer, fire department, schools and other taxes. There are also non-ad valorem assessments from various entities, including the Brighton Lakes CDD. We use the County for a collection mechanism.

Mr. Mihalic stated in all the meetings we have had over the last four months, I have steadfastly been the sole member of this Board who said I did not want to see an increase because I felt this was the wrong year to do it, based on the economy and so many people being out of work and losing their homes. There are about 150 homes that are under repossession right now. I have been the only member of the Board who has spoken against this additional assessment. So far tonight, I have not heard one person come up to say you do not want to pay the extra assessment. At this point, you all have changed my mind on how I am going to vote with the rest of the Board because I have not heard any

opposition to the assessment. In addition, we sent a letter to 751 homes. There are five Board members here, which leaves 746 home owners, and only about 12 of you are here. That tells me that the other 730+ homes are in agreement to increase the assessment. Is that what you are all here? What is the reason you came to the meeting? We are not here to argue about the roads being public or private. The letter indicated we proposed to increase your assessment by \$100 per year. I have yet to hear anyone speak in opposition other than the written comments we received.

Ms. Incandela stated I interpret questions that people had about the budget and I was able to interpret from your comments that no one wants to pay the assessments, including me. I believe there is a necessity for it. I gathered from the comments that people are concerned about the increase and people in this room would rather not do it, and I understand that. That is a factor in my decision, but I already knew that. I feel the same way that the timing is horrible. I do not think there is any other choice, or else I would not have made the decision that I did. I think everyone understands that this is not something that, if given the choice, we would prefer to do.

A Resident stated it was explained to me that the assessment will never go up. I also have it in writing.

Mr. Moyer stated the letter says that the portion that goes to pay off the bond will not increase. The letter continues to say that the operation and maintenance fee can be changed.

Ms. Incandela stated for anyone who continues to have a question or an issue with the assessment, either the bond amount or the maintenance amount, you can send that to the Board in writing. We can have our attorney draft a response, which will put your mind at ease and explain everything.

A Resident asked what is the repercussion if we do not want to pay the additional \$100? What if all the residents do not want to pay it?

Ms. Incandela stated if the Board adopts the budget and you choose not to pay your tax bill, that is a different issue.

The Resident asked does interest accumulate on that?

Mr. Moyer stated yes.

Mr. Crumbaker stated if someone does not pay their tax bill, there is a tax certificate sale in the first year in June at auction. The tax collector will auction off the tax certificates and people will bid on them. It is awarded at that sale based upon the lowest

interest rate that is proposed. However, there are a number of tax certificates that do not sell and in that case, it can be struck to the County at 18% or they can resell it or attempt to re-auction it at 18%. If it is not sold at the first sale, it is 18% from there on.

The Resident stated I will go ahead and pay the \$100. It is either that, or take the chance that I will end up paying more than \$100 in the future.

Mr. Olmo stated perhaps it would be helpful to explain why the \$100 was proposed so I can explain that to other residents. After listening to comments and the Board, I want to commend the Board on the fact that we have not had any increase in eight years. The fact that you have the foresight to plan for this ought to make us happy in the future that you are making provisions for this. I read the letter and am agreeable to this soft increase as opposed to \$200 or \$300 next year. The only concern that a lot of residents I have talked with had is that this is the wrong time of the year. So many of them are losing their homes and it seems like a bad time. I understand the justification for it, though.

Mr. Bosque stated I have not been able to attend your meetings for two years because I am studying. Why did we change the landscape company and what was the impact to the budget?

Ms. Incandela stated it was a very substantial savings. The reason we changed companies was we felt that would be able to take advantage that there would be reductions in prices from vendors and it would be a good time for us to save money by putting that service out for bid to get a company that would improve services and do it for less money. Businesses are willing to do more for less money during these economic times, and the Board saw an opportunity to take advantage of that and put the contract out for bid. We were able to get a company that has performed very well for the community and it ended up saving us about \$100,000 in the budget. We also adjusted some services and cut back on, trying to maintain the standards but in a budget-friendly way so that we did not sacrifice the look and appearance of the community.

Mr. Mihalic stated it is a fixed price for four years.

Ms. Palmer stated that is how we were able to stay within budget for this current fiscal year, because we rebid that contract. The savings of that contract balanced this budget.

Mr. Moyer stated if the Board had not done that, instead of this Board considering a \$100 increase, we would have been talking about an increase of \$150, \$50 of which would have been needed for the additional maintenance costs and \$100 for the reserves.

We are able to do the same amount of work without raising your assessment at all, which is why we are discussing building reserves for future capital replacements.

A Resident asked will we earn any interest on this money?

Ms. Palmer stated yes, it will be deposited in an interest-bearing account.

Mr. Moyer stated keep in mind that interest today is 0.4%.

Mr. Frawley stated I attend most every meeting. A year or so ago, we refinanced the bonds for phase 1, which was a savings of \$100 to more than half of the community, over 60% of the community. The Board has not raised our assessments by even one penny in the history of the District. I do not want this increase, and I prefer that you give me another \$100, but this has to happen. There is no choice in this. If people want to not have the increase, we can close all the amenities, but that is not why I moved here.

On MOTION by Mr. Mihalic, seconded by Ms. Palmer, with all in favor, approval was given to close the public hearing.

C. Consideration of Resolution 2009-03 adopting the final budget

Mr. Moyer read Resolution 2009-03 by title into the record.

On MOTION by Mr. McGrath, seconded by Ms. Palmer, with all in favor, approval was given to Resolution 2009-03 adopting the budget for fiscal year 2010.

D. Consideration of Resolution 2009-04 levying assessments

Mr. Moyer read Resolution 2009-04 by title into the record.

On MOTION by Ms. Palmer, seconded by Ms. Pieters, with all in favor, approval was given to Resolution 2009-04 levying assessments for fiscal year 2010.

EIGHTH ORDER OF BUSINESS

Acceptance of the Audited Financial Statements for Fiscal Year 2008

Mr. Moyer reviewed the audited financial statements for fiscal year 2008, which received a clean audit opinion. In their opinion, the financial statements that the District provided to the auditor as of September 30, 2008, fairly represented in all material respects the financial conditions of the District. The Auditor General requires the auditor to look at internal controls to test if the District has in place sufficient checks and balances on the payments and use of District monies so that a reasonable person would say we are doing a good job of protecting the public's money. The auditor stated that

nothing came to their attention that indicated a problem with internal controls over financial reporting. The auditors also have to test for compliance with laws, rules, and regulations, and they state nothing came to their attention in which they could determine that we violated any laws, regulations, bond covenants, or agreements. The management letter is their opportunity to bring to management's attention things that are not material weaknesses but, nevertheless, could be improved upon, and there were no findings of the auditor. There are certain other things they are required to test, the notable one being if the District is in a state of financial emergency, which is a defined term under Florida law, and they found nothing that would indicate that we fell into any of those categories that would trigger a definition of financial emergency.

On MOTION by Mr. Mihalic, seconded by Ms. Palmer, with all in favor, approval was given to accept the audited financial statements for fiscal year 2010 and to file them with the appropriate State agencies.

NINTH ORDER OF BUSINESS

District Manager's Report

A. Financial Statements

Mr. Moyer reviewed the financial statements as contained in the agenda package, which is available for public review at the District office during normal business hours.

Mr. Moyer stated we have collected 100% of our assessments that we levied. Without that collection rate, then our operation and maintenance programs would be in jeopardy, so that is excellent news.

B. Check Register

Mr. Moyer reviewed the check register as contained in the agenda package, which is available for public review at the District office during normal business hours.

On MOTION by Mr. Mihalic, seconded by Mr. McGrath, with all in favor, approval was given to check register.

C. Consideration of Fiscal Year 2010 Meeting Schedule

Mr. Moyer stated reviewed the meeting schedule for fiscal year 2010. The Board approves their meeting schedule annually and we advertise it in the newspaper so that people know when these meetings are scheduled. These meetings will also be posted in the community center. Generally it is the third Thursday of each odd month.

On MOTION by Mr. Mihalic, seconded by Ms. Palmer, with all in favor, approval was given to the meeting schedule for fiscal year 2010.

D. Discussion of Children in the Exercise Room

Mr. Moyer stated Mr. Frawley brought a problem to the Board's attention in which there are children in the exercise room. His email outlines the specifics, and this is something the Board should discuss.

Mr. McGrath stated I would like to add this to the agenda for the next meeting.

Mr. Mihalic asked should we give Mr. Frawley and our staff at the recreation center some sort of guidance in this interim period if that situation happens again?

Ms. Palmer stated the guidance is the current rules, that there cannot be unaccompanied children in the fitness room but they can be accompanied. Even an accompanied child must not be touching or be on the equipment if they are under 16.

Mr. Smith stated if complaints can get to Joey, then we can go to the cameras and see who is doing this and write the parents a letter. I would prefer that we write them a letter than to have Joey approach them.

Ms. Incandela stated we can discuss this at the next meeting, but I do not think it necessitates a change in our rules. I think the rules are fine. If there is an issue of liability for the children getting hurt, our rules designate that they are not permitted to use the equipment and I think it is the parents' responsibility and requirement to supervise their children. I do not think we need to consider any changes to the rules. Has there been any equipment broken or damaged because of the children using them?

Mr. Frawley stated no.

Ms. Incandela stated I do not think we need to change our rules on this matter. We can send a letter to the parents and see if that resolves the situation.

Mr. Frawley stated parents are not supervising their children, but we are liable.

Ms. Incandela stated I do not believe that we are. Our rules clearly state they are not permitted to use the facilities if they are under 16.

Mr. Crumbaker stated the District can certainly be sued under any instance, but liability is a different issue. If a parent is violating the rules, that is our defense. There is a potential for liability.

Ms. Palmer stated even if we change the rules to say that you cannot have your children in there, kids are still going to go in there and someone could get hurt. There are

many families who want to use the room and have children under 16. If we change the rules, we have now restricted them from being able to use the equipment if their children cannot accompany them. There are many children who are respectful and abide by the rules.

Mr. Moyer stated we will add this item to the agenda and you can have a more lengthy discussion at your next meeting.

E. Discussion of Action Item List

Mr. McGrath stated there is an increased expense of \$5,000 for the pool. I am not sure if that was for chemicals as well as cleaning. I appreciate receiving some quotes for that since it will be an ongoing maintenance item.

Mr. Smith stated the contractor for the chemicals is not increasing this contract by \$5,000. I will cleanup the narrative because it appears to say that. It is the additional cost associated with maintenance of the pool. We replaced the pool drain on the deck, we had a pump replacement, and the ongoing maintenance of the facility required that extra expense. The narrative indicates there is a miscellaneous contingency for the building itself but includes the pool and pump and it should refer just to the building. The dollars are just for pool maintenance and the clubhouse itself. The narrative is confusing so we will clean it up.

Mr. McGrath asked does it make sense to get proposals for both items?

Mr. Smith stated we received a proposal from Osborne's and they were willing to lower their price to \$1,000. The chemicals are priced by the gallon.

F. Field Operations – Monthly Highlights

Mr. Smith reviewed the monthly highlight report as contained in the agenda package, which is available for public review at the District office during normal business hours.

Mr. Smith stated under the items for consideration, I would like to wait on the DVR and camera and discuss this more at another meeting. I would like to discuss the increase for the pool attendant. We included money in the budget to increase their salary \$.25 per hour. It is up to the Board if you want to increase it or keep it the same.

Ms. Palmer stated I think we keep it the same. Many people in today's economy are taking a pay cut or a pay freeze now. With us having to increase the assessments by \$100, I think we do a pay freeze for now.

Mr. Mihalic stated I agree.

Ms. Palmer stated we can revisit it and if the economy improves, I have no problem discussing it again. We have not cut anyone's hours because they do provide a valuable service to us. I think it is appropriate to have a pay freeze.

Mr. McGrath stated I agree.

Mr. Smith stated it was just for the one full-time employee and we will continue to do a Christmas bonus for the part-time staff.

Ms. Palmer stated you have an item to replace the damaged camera at Kariba and I do not think we can put that off if the camera is damaged. If it does not work, it needs to be replaced.

Mr. McGrath stated the two items are almost \$3,800, and that is over 25% of our annual budget.

Ms. Palmer stated we need to discuss that. It concerns me when I see a request to replace a damaged camera. Can it be repaired?

Mr. Smith stated no, it needs to be replaced. The DVR is still operational, but we do not know how much longer it will be. If we go too long, then it will start to have a negative impact on the cameras and might cause damage to the cameras.

Mr. Mihalic stated I suggest we replace the camera and wait for the DVR until September to see how the budget looks.

Ms. Palmer stated we will have to replace the DVR eventually. I do not think we have a choice but to replace the camera. Let us authorize Mr. Smith to replace the DVR if it goes bad or if it affects the quality of the cameras if he needs to do that prior to the next meeting.

Mr. Mihalic stated I concur.

Ms. Incandela stated my only concern is that we have invested in a brand new camera and we hook it up to that DVR. Will that DVR in anyway affect that camera?

Mr. Smith stated no, this DVR is for the clubhouse. The other DVR is for the gatehouse for the Kariba camera.

Ms. Incandela asked will it cause any damage if we wait until the DVR goes completely?

Ms. Fuentes stated it might.

Ms. Palmer asked is it fine for now?

Ms. Fuentes stated yes.

Ms. Palmer asked is it appropriate to authorize approval for replacement of the camera and give you the authorization to replace the DVR if you believe it is to the point where it is affecting our security, if that needs to happen prior to the next meeting? Otherwise, we wait until the next meeting to consider it.

Mr. Smith stated yes, that will work.

Mr. Mihalic stated if for some reason it goes down, please email us and let us know.

Mr. Smith stated as soon as it starts to go a little, then we will replace it and let you know.

Ms. Incandela stated I just do not want the new camera affected by this DVR.

<p>On MOTION by Ms. Palmer, seconded by Mr. McGrath, with all in favor, approval was given to replace the camera at Kariba Court and to authorize District staff to replace the DVR, if needed, prior to the next CDD meeting, as provided in the proposal from Access Control Technologies.</p>
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G. Update from Gerry Frawley

Mr. Frawley asked has there been any progress on the fire department signs?

Mr. Smith stated it is for fire protection if they have a truck they cannot pump out of or if they cannot reach a fire hydrant. It is a wet drain system so they will pump right out of the drains.

Mr. Frawley stated the house that burned on Volta was supposed to have a hearing on June 29 and they are prepared to demolish it but they did not provide the proper publications, so it has been delayed. Regarding the current school bus pickup location, which is the community center, it is being moved to in front of the basketball hoop area on Brighton Lakes Boulevard. It is still wide enough that buses can get through and it is a straight-away whereas now it is on a curve. There are no homes there and plenty of room for parents to park. It gets back to the original plan. If you live in the back of the community, you can go up Chapala and it will go around the stop.

Mr. Mihalic stated they will also monitor the situation on Pleasant Hill Road.

Mr. Frawley stated when they set it up originally, the bus stop was supposed to be 200 feet south where the power box is in front of the Brighton Lakes sign. That is where the bus is supposed to stop but they refused to do that and started stopping in the middle of the intersection. That was in violation of their own rules, and they will make sure that

does not happen. The law says at a traffic signal, there has to be a perimeter of 200 feet away from the signal.

Ms. Pieters asked is there a sidewalk there?

Mr. Frawley stated yes, so when they get off the bus, they will step onto the grass to get to the sidewalk. We offered to put in a mulch path or something instead of them having to walk on the grass but we want to be sure they are going to use that location as the bus stop. Within the past year, we looked into the flooding issue on Chapala and on Brighton Lakes Boulevard and we had someone to take care of the pipe issues. What is the status of that?

Mr. Smith stated they worked on Chapala and when they completed that, they were going to work on the ones on Brighton Lakes Boulevard. With the money we had available, he could only do the ones on Chapala. We found on Chapala that the drains were clear and that there was not a problem, but you can see that it still floods in that area. I went through the system on Brighton Lakes Boulevard and we did not see any dirt.

Ms. Palmer stated Huron Circle flooded during that storm, up on the grass, because that storm was huge.

Mr. Frawley stated I would like the Board to discuss the issue of how we let people into the community center, who is responsible for stopping people from going in, and what responsibility do we have to ask someone? Staff does not arrive until 2:00 p.m. and there are people in the facilities all the time. I see people waiting in the parking lot for someone to come through the gate and they all follow inside. We also changed the direction of the parking lot to be one way when this was a school bus location. It is not one way anymore because the school bus does not stop in here. People are still driving the wrong way, but there is no need to have it one way.

The Board unanimously agreed to change the direction of the parking lot to two ways coming in and out.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being nothing to report, the next item followed.

B. Engineer

There being nothing to report, the next item followed.

ELEVENTH ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

TWELFTH ORDER OF BUSINESS

Supervisor Requests and Comments

Ms. Palmer stated because Poinciana High School received a failing grade this year, they appointed a new principal and they just announced that she is coming from Jones High School, which was an F school and is now an A school. They are starting three new magnet programs at Poinciana High School, one of which is they will open and operate a credit union at the school. Students who are involved in that magnet program will be in the groundbreaking and will be able to open and operate the credit union and be involved in the daily operations. There are two programs that are similar to that that I cannot remember. It is a good thing because some of our children will not go to college and this gives them the technical ability to graduate from high school with real world experience.

Mr. McGrath stated we need the field report at least a week before the meeting. We have reams of paper to review and we need this in order to spend time reading everything. The sprinkler system was supposed to be reviewed and the rain sensors fixed so that they are not going off when it is raining. Has that been done?

Mr. Smith stated yes.

Mr. McGrath stated I receive a lot of comments on that issue because people do not want to see them irrigating when it is raining so much.

Mr. Frawley stated Jeb Stuart indicated that a lot of them are getting old and so they were going to change them all.

Mr. Smith stated that is correct and we were authorized to do that work.

THIRTEENTH ORDER OF BUSINESS

Other Business

There being no other business, the next order of business followed.

FOURTEENTH ORDER OF BUSINESS

Adjournment

On MOTION by Ms. Palmer, seconded by Mr. Mihalic, with all in favor, the meeting adjourned at 8:00 p.m.
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Gary L. Moyer, Secretary

Michelle Incandela, Chairman