

MINUTES OF MEETING
PINE RIDGE PLANTATION COMMUNITY DEVELOPMENT DISTRICT

A meeting of the Board of Supervisors of the Pine Ridge Plantation Community Development District was held on Wednesday, January 9, 2013 at 3:00 p.m. at Courtyard by Marriott, 610 Wells Road, Orange Park, Florida 32043.

Present and constituting a quorum were:

Levi Ritter	Chairman
Mike Mesiano	Supervisor
James Mutka	Supervisor

Also present were:

Jim Oliver	District Manager
Jason Walters	District Counsel
Peter Ma	District Engineer

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver called the meeting to order at 3:00 p.m.

SECOND ORDER OF BUSINESS

Organizational Matters

A. Oath of Office for Newly Elected Supervisors

Mr. Oliver stated Mike Mesiano was elected during the landowners election and James Mutka was sworn in previously to fill the vacant seat during the period preceding the general election. Now that we have had the general election, he was sworn in a second time.

B. General Information for Supervisors

Mr. Oliver stated Mike has served on a previous board in the State of Florida, so he is very aware of public officials responsibilities. He is familiar with the Sunshine Laws and the Public Records Laws. The key thing to remember is not to discuss District business with other supervisors except at a noticed meeting.

C. Consideration of Resolution 2013-01, Canvassing and Certifying the Results of the Landowners Election

Mr. Oliver stated included in your agenda package is Resolution 2013-01 canvassing and certifying the results of the landowners election. The largest landowner came here and had

a proxy representing over 200 votes. That proxy holder, who was Levi Ritter, executed 100 of those votes for Mike Mesiano. Those were the only votes cast. Mr. Mesiano has been duly elected.

On MOTION by Mr. Ritter seconded by Mr. Mutka with all in favor Resolution 2013-01 Canvassing & Certifying the Results of the Landowners Election was approved.

D. Consideration of Resolution 2013-02, Election of Officers

Mr. Oliver stated included in your agenda package is Resolution 2013-02 election of officers. Levi has been serving as the Chairman. Bill Pyburn has been serving as Vice Chairman. The balance of the board was serving as Assistant Secretaries. I have been serving as Secretary. Jim Perry has been serving as Treasurer and other staff members in my office are Assistant Treasurers and Assistant Secretaries.

On MOTION by Mr. Ritter seconded by Mr. Mutka with all in favor Resolution 2013-02 Election of Officers Adding Mr. Mutka & Mr. Mesiano as Assistant Secretaries & All Other Positions Remaining the Same was approved.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the August 15, 2012 Meeting

Mr. Oliver stated included in your agenda package is a copy of the minutes of the August 15, 2012. Are there any additions, corrections or deletions?

On MOTION by Mr. Ritter seconded by Mr. Mutka with all in favor the Minutes of the August 15, 2012 Meeting were approved.

FOURTH ORDER OF BUSINESS

Acceptance of the Minutes of the August 15, 2012 Audit Committee Meeting

Mr. Oliver stated included in your agenda package is a copy of the minutes of the August 15, 2012 audit committee meeting. Are there any additions, corrections or deletions?

On MOTION by Mr. Mutka seconded by Mr. Ritter with all in favor the Minutes of the August 15, 2012 Audit Committee Meeting were accepted.

FIFTH ORDER OF BUSINESS

Acceptance of the Minutes of the November 14, 2012 Landowners Meeting

Mr. Oliver stated included in your agenda package is a copy of the minutes of the November 14, 2012 landowners meeting. Are there any additions, corrections or deletions?

On MOTION by Mr. Ritter seconded by Mr. Mutka with all in favor the Minutes of the November 14, 2012 Landowners Meeting were accepted.

SIXTH ORDER OF BUSINESS

Consideration of Audit Committee Recommendation Regarding FY12 Audit

Mr. Oliver stated earlier today, the audit committee met and reviewed the four proposals that were submitted by independent CPA firms. The rankings were Berger Toombs with 100 points. Second was Grau & Associates with 98 points. Carr Riggs was third with 95 points. McDirmit Davis was fourth with 92 points.

On MOTION by Mr. Ritter seconded by Mr. Mutka with all in favor the Audit Committee Recommendation of Ranking Berger Toombs as the Number One Ranked Audit Firm & Authorization for Staff to Execute an Engagement Letter with Berger Toombs was approved.

SEVENTH ORDER OF BUSINESS

Acceptance of FY11 Audit

Mr. Oliver stated this audit has been provided to the Auditor General. It states, "In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities in each major fund of the District as of September 30, 2011." In the internal audit controls it says, "We did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses as defined above." In the management letter it says, "Pine Ridge Plantation CDD has not met one or more of the conditions described in Section 218.503(1), Florida Statutes." That comment refers to emergency financial conditions and we have not had to declare a financial emergency for this CDD.

On MOTION by Mr. Ritter seconded by Mr. Mutka with all in favor the Fiscal Year 2011 Audit was accepted.

EIGHTH ORDER OF BUSINESS

Consideration of Proposal for Capital Reserve Study

Mr. Oliver stated at the budget hearing there were some comments about the District looking into having a capital reserve study performed. This firm has done several for us and we have found them to be the lowest priced firm. It is a local firm. They can do a capital reserve study for \$2,800. This would give us an outline for the next 25 years of monies to set aside for capital repairs and replacements. As we approach the fiscal year 2014 budget process, it may be something that you want to consider.

Mr. Ritter asked did you say this is in the budget already?

Mr. Oliver responded this is not in the budget already but we could certainly move some funds around. It is helpful for budgeting that money and also to help explain to residents some of the costs of maintaining this property.

Mr. Ritter asked how soon do they start looking at things?

Mr. Oliver responded they would start looking at things that need to be done in 2014. So you want to table this until the next meeting?

Mr. Ritter responded yes.

NINTH ORDER OF BUSINESS

Consideration of Pool Maintenance Services Proposal

Mr. Oliver stated we have pool maintenance proposals for consideration. ASG has been performing that and there was some level of dissatisfaction at the last meeting about the job they were doing. I think Charles went back to them after that meeting and said you need to up your game. They made a proposal with the same pricing as last year. If you are comfortable keeping them on board with the idea that through the next budget process you will seek proposals from ASG and two other companies.

Mr. Ritter asked so their existing contract has expired?

Mr. Oliver responded yes. They are on a month to month basis now.

Mr. Ritter asked and they have made a proposal to do the same level of service or greater for the same amount for this period?

Mr. Oliver responded yes. Their scope didn't change but it has been emphasized to them that they need to do a better job within that scope.

Mr. Ritter stated it was always my understanding that they did a heck of a better job than the initial company that we had.

Mr. Mutka stated I actually recall the comments the gentlemen made. He was actually talking about the pool chemicals and why it costs so much. I actually know the person that made those comments and he just didn't understand why it costs us \$30,000 for chemicals. Going around and talking to people at the pool, I haven't heard too many complaints. I know Charles is on top of that.

Mr. Ritter stated maybe we can ask them to submit another proposal and tell them that we are going to be seeking other bids and see if they can sharpen their pencil at all. Maybe you can let them know that we have had some people in the community come to the meeting and question the cost of the chemicals.

Mr. Oliver stated another company other than ASG actually provides the chemicals. It is separate from their contract. Could we go ahead and approve their contract for the current year with the understanding that in June I will bring proposals for fiscal year 2014?

Mr. Ritter asked what is the benefit of having them under contract?

Mr. Oliver responded Jason can get into the difference between month to month versus actually having them under contract. I was just thinking about protection for the District.

Mr. Walters stated we provide 30 termination provisions in all of the contracts anyways, so it would be a years worth of pricing. I would just rather have their new agreement with all of the new protections and insurance requirements. Technically, they are month to month and you can certainly make the legal argument that they are still bound by all of the provisions of the previous agreement but they could try to make the argument that we are no longer bound by that.

Mr. Ritter asked so the pool chemicals are separate?

Mr. Oliver responded yes. They contract with a company called Poolsure.

Mr. Ritter asked so you pay by the usage then?

Mr. Oliver responded yes.

Mr. Ritter asked what would happen if you just called them up and said we are soliciting proposals and right now you are on a month to month, so if you could sharpen your pencil a little bit then we will sign you on until September?

Mr. Oliver responded we can ask that.

Mr. Ritter asked why don't you ask them that and we will talk about it at the next meeting?

Mr. Oliver responded yes.

TENTH ORDER OF BUSINESS **Other Business**

There being none, the next item followed.

ELEVENTH ORDER OF BUSINESS **Staff Reports**

A. Attorney

Mr. Walters stated we are starting a new session. There are already a few bills related to District's that have been filed. We will keep an eye on those and report back.

B. Manager

Mr. Oliver stated the seat that Chris Middleton is currently holding was supposed to be filled by the general election. However, no one qualified for that seat.

Mr. Mutka stated I had a resident that was interested in doing it. His name is Matt Lowsy. He was looking to contact you and he was asking me about it.

Mr. Oliver stated I haven't heard from him.

Mr. Walters stated Chris is still serving as a supervisor in that seat for 90 days. He is a holdover supervisor. The vacancy is declared as of the second Tuesday after the general election, so about mid November. From that point forward that seat is vacant. Chris is still a holdover supervisor and the statute provides for 90 days to fill that vacancy. Jim brought a resolution, which will declare that vacancy as is asked for under the statute and then the board needs to start thinking about filling that seat. If after 90 days we haven't filled it yet I think the reality is Chris no longer serves on the board and there is still a vacancy. Those vacancies are just filled by appointment of the board. You would have a motion nominating an individual to serve in that seat and then a vote would be taken.

Mr. Oliver stated the primary reason that I am more sensitive to it is because we had three IRS audits last year. Those audits focused on the qualified elector seats and the speed at which boards filled them. One of our Districts, Aberdeen, did not get a determination yet because that seat was not filled at the time of the audit. It was a Developer controlled board. We had the same issue at another CDD but they had appointed people to those seats for which no one qualified. We want to remain compliant to protect the tax exempt status of the bonds.

Mr. Walters stated if you read the financial type of publications, you may have noticed that the IRS has come out with some preliminary determinations with respect to The Villages CDDs down in Central Florida. That audit has been going on for five years now. It has literally turned into a huge battle. There is counsel from California representing the Developer and the District there. This District does not look like any other District in the State. They will never transition to a resident controlled board and that is a sticky point for the IRS. They are saying we are going to make a preliminary determination and now the Governor wrote a letter to the IRS saying to think about what you might do here. Essentially their determination is they are going to determine that you are not a political subdivision for purposes of IRS tax purposes. You can imagine that is a huge issue because it affects the tax exempt status of the bonds. They have issued \$360M worth of bonds.

Mr. Ritter asked when is the next transition period?

Mr. Oliver responded in two years from last November.

Mr. Mutka asked am I allowed to go and talk to residents to see if anyone is interested?

Mr. Walters responded I would just want to get some direction from the board in terms of how we want to go about filling that vacancy. We can do it as informally or as formally as we want.

Mr. Ritter stated I am fine doing it formally.

Mr. Mesiano asked does that seat require you to be a resident of the District?

Mr. Oliver responded yes. They must be a registered voter living in the District. We can send out a letter and put it on the website. It just transitioned this last November to a general election seat.

Mr. Ritter asked do we have a website?

Mr. Oliver responded yes. It is Pineridgeplantationcdd.com.

Mr. Mesiano asked is that new?

Mr. Oliver responded yes. I want to send a mailer out about the website.

Mr. Ritter asked how is that funded? Is it something that is required?

Mr. Oliver responded it is required by statute and certain documents have to be posted to a District website. Resolution 2013-03 says that no one qualified for seat number four that is currently held by Chris Middleton and it is the Board's intent to appoint someone from the District to fill that vacancy.

On MOTION by Mr. Ritter seconded by Mr. Mutka with all in favor Resolution 2013-03 Declaring a Vacancy in Seat 4 on the Board of Supervisors was approved.

C. Engineer

Mr. Ma stated every year in October, we have to submit a work authorization for our fees. I have work authorization number 21 for general consulting engineering services. It is a not to exceed amount of \$7,000, which is the same amount as the approved budget.

Mr. Ritter asked did you get all of those permits renewed?

Mr. Ma responded I got one of them renewed.

Mr. Ritter asked was that inside that budget last year or is that in addition to that budget?

Mr. Ma responded it was inside of the budget.

Mr. Mesiano asked what is going on with the property that was for a future school?

Mr. Ritter responded Sandhill owns that property. The dirt was owned by AJ Johns. At some point hopefully the school board will own it.

Mr. Ritter stated I think those are the same folks that before we started development that used to do it across the entire property because they thought it was their backyard.

Mr. Oliver stated I can tell you that in this very room on the first Wednesday of every month that Ridgewood Trails CDD had the same discussion.

Mr. Ritter stated I think the best thing would be for direct communication between the landowners out there and Charles. Charles can also speak on behalf of Sandhill.

Mr. Mesiano stated in other land that I own and manage, I wrote a letter that was addressed to the sheriff's office and I handed it to an officer and he said that is all I need. They have been arresting people out there. They call me and tell me once in awhile that they arrested two last weekend.

On MOTION by Mr. Ritter seconded by Mr. Mesiano with all in favor Work Authorization No. 21 with a not to exceed amount of \$7,000 was approved.

D. Operations Manager

Mr. Oliver stated Charles does a great job out there. I hear from him frequently. As soon as something goes wrong he calls and he already has a solution in the works. He is very responsive and it is working out very well.

Mr. Mesiano asked how does he compare relative to other managers?

Mr. Oliver responded he's mature and knows how to handle issues. He doesn't panic and is very responsive. There were some complaints a couple of years ago, but it has really improved quite a bit with Charles coming on board.

TWELFTH ORDER OF BUSINESS Supervisors' Request

There being none, the next item followed.

THIRTEENTH ORDER OF BUSINESS Audience Comments

There being none, the next item followed.

FOURTEENTH ORDER OF BUSINESS Financials:

A. Balance Sheet as of October 30, 2012 and Statement of Revenues & Expenditures for the Period Ending October 30, 2012

Mr. Oliver stated included in your agenda package is a balance sheet and income statement as of October 30, 2012.

B. Treasury Report

Mr. Oliver stated included in your agenda package is a treasury report.

C. Approval of Check Register

Mr. Oliver stated included in your agenda package is the check register from the December packet. These are check numbers 853 through 876 for \$39,816.32.

Mr. Ritter asked does ASGs monthly pool maintenance include the lifeguards?

Mr. Oliver responded no. It is a separate contract.

Mr. Ritter asked it is the same company though, right?

Mr. Oliver responded yes.

Mr. Mesiano asked do we still have a contract with the pool for the lifeguards?

Mr. Oliver responded we haven't contracted for this coming year. It is the same company that does pool maintenance.

Mr. Mesiano asked are we going to take proposals for that?

Mr. Oliver responded to the extent that you are going to stay with them in the short term, it may make sense to stay with the same firm for your lifeguards. Typically, they open it up for the spring break period and then open up on weekends up until Memorial Day. When the slide is operational, lifeguards are required.

On MOTION by Mr. Ritter seconded by Mr. Mesiano with all in favor the Check Register was approved.

Mr. Ritter asked how often does U.S. Bank bill us for the A and B trustee?

Mr. Oliver responded once a year.

Mr. Ritter asked we pay them \$4,000 to take out money and then send it to other people?

Mr. Walters responded they do a little bit more than that. That money is moving around a lot. It is not just we write a check and they do it. It is also all of the assessment flow. Tapping the debt service reserve. Moving the money back through and making sure all of the indenture provisions were followed. You can't replace the trustee without consent of the bondholders and there are not a lot of folks doing it.

Mr. Ritter asked who pays if the trustee has to hire professionals and consultants?

Mr. Walters responded it depends on the status of the accounts. Meaning if you are in default then they provisions to pay for their consultants. There used to be more players in the trustee market but now there is really only two or three.

D. Assessment Receipts Schedule

Mr. Oliver stated included in your agenda package is the assessment receipt schedule. Collections are at 44.83% through the end of December. We still have a way to go. If we are not fully collected by the end of the tax collection period, the tax certificate sales process will be triggered.

FIFTEENTH ORDER OF BUSINESS

Next Scheduled Meeting – February 13, 2013 at Courtyard by Marriott, 610 Wells Road, Orange Park, FL

Mr. Oliver stated the next scheduled meeting is February 13, 2013 at 3:00 p.m. at this location. It may be cancelled if there is no new business to bring before the Board.

SIXTEENTH ORDER OF BUSINESS Adjournment

On MOTION by Mr. Ritter seconded by Mr. Mesiano with all in favor the Meeting was adjourned.

Secretary / Assistant Secretary

Chairman / Vice Chairman