

**MINUTES OF MEETING
HERITAGE OAK PARK
COMMUNITY DEVELOPMENT DISTRICT**

A regular meeting of the Board of Supervisors of the Heritage Oak Park Community Development District was held on Thursday, April 16, 2020 at 10:00 a.m. Due to the changing environment associated with COVID-19, and to enable action on items essential to the health, safety and welfare of the community during the pandemic, as well as any other business that may properly come before the Board, the Board of Supervisors of the Heritage Oak Park Community Development District held this special meeting electronically under the auspices of Florida Executive Orders 20-52 and 20-69.

Present and constituting a quorum were:

Brian Bitgood	Chairperson
Paul Falduto, Jr.	Vice Chairperson
Edward Carey	Assistant Secretary
Earl Bell	Assistant Secretary
Kent Weeks	Assistant Secretary

Also present were:

Robert Koncar	District Manager
Michelle Egan	Project Manager
Alan Baldwin (via Skype)	Accounting Manager
Residents	

The following is a summary of the minutes and actions taken at the April 16, 2020 meeting of the Heritage Oak Park CDD Board of Supervisors.

FIRST ORDER OF BUSINESS

Call to Order and Roll Call

- Mr. Bitgood called the meeting to order and Mr. Koncar called the roll.

SECOND ORDER OF BUSINESS

Audience Comments on Agenda Items

- Ms. Egan read comments aloud from residents that were submitted via email.

THIRD ORDER OF BUSINESS

Approval of Consent Agenda

- A. Approval of the Minutes of the February 20, 2020 Meeting**
- B. Approval of the Minutes of the March 5, 2020 Meeting**
- C. Financial Statements and Check Register**

On MOTION by Mr. Falduto seconded by Mr. Weeks with all in favor the Consent Agenda was approved.

FOURTH ORDER OF BUSINESS

New Business

A. Street Tree Canopy

- Mr. Bitgood noted the County asked that the street trees be trimmed again. After going around with three vendors, there are only a few places that really need it. Rather than do everything, he feels it is more responsible to only do four areas.
- He asked Ms. Egan to contact those vendors and obtain quotes.

FIFTH ORDER OF BUSINESS

Old Business

A. Pool Repair Bid

- Ms. Egan tried contacting the vendors to get bids without success. A previous vendor, Ralph from Novella Limited, who did exploratory work, cannot get a crew. He is trying to find a crew in order to provide a cost estimate to do the work.
- Superior Pool called her and came to look at the problem. She did not hear back from them.
- She previously asked Kast Pool, who cannot find anyone to do the work.
- She will inform the Board once she receives information.
- Mr. Falduto suggested the Board agree to schedule an emergency meeting in the event quotes are received, rather than waiting until the next scheduled meeting to address quotes. This way the District can move on this while amenities are still shut down.
- Mr. Koncar suggested continuing this meeting to a time certain and see what bids are received because newspapers are only publishing once a week due to the shutdown.
- Mr. Falduto agreed with Mr. Koncar's suggestion.
- Mr. Bell asked if the District is financially ready to do the work if prices are received.
- Mr. Bitgood responded they need prices first in order to know if they are financially ready.
- Mr. Bell asked whatever happened to Mr. Weeks' idea of just getting the edges repaired.
- Ms. Egan noted the vendor told her it will happen again if you only do the edges. They already repaired them twice.
- Mr. Bell noted he would like to pursue getting the edges fixed and asked how many of the tiles are currently broken.

- Ms. Egan responded 75 that she knows of; some are hairline cracks, and some are major cracks.
- Mr. Carey suggested rather than replace any tiles, something be put over the tiles keeping them from being a hazard to anyone touching them. He suggested getting plastic and cementing it to the tiles so they are water proof and do not deteriorate. It can solve the problem of people in the pool being injured by sharp tiles.
- Ms. Egan will follow up with that.
- Mr. Falduto noted now is the time to shut the pool and fix it. If it is put off until next year, then the pool will be shut down for a month next year. If it can be fixed during the current shutdown, it will not cause additional hardship to residents.
- Mr. Bitgood noted if these vendors cannot get crews to do the work, it is a moot point.
- Mr. Weeks noted what Mr. Falduto is alluding to is going to raise the assessment fee. He feels if something does not need to be fixed immediately, they should wait a year. The pool was fully functional when it was shut down.
- Mr. Carey noted it is a moot point now because we do not know how long this will last. It would be nice to take care of it while it does not directly affect anyone in the park.

SIXTH 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

- Mr. Koncar noted there are two things to discuss: the proposed budget and the resolution authorizing the use of the Supervisor of Elections for the upcoming election process.

i. Discussion on Proposed Budget Fiscal Year 2021

a. Proposed Budget – Version 1

b. Proposed Budget – Version 2

- Mr. Falduto noted the bond was paid off this year.
- He noted two months ago, Mr. Baldwin, Mr. Koncar, Ms. Egan and he met for about three hours to work on the budget. The goal was to arrive at a zero-increase budget. They came up with a budget that would not increase assessments for Fiscal Year 2020-2021.

- Two years of not addressing the irrigation system, other than to make repairs as needed, left the Irrigation Fund approximately \$200,000 plus in the red which was taken out of Unallocated Reserves. That meant a zero dollar increase for 2020-2021; however, the District would be \$120,000 short in Unallocated Reserves for operating funds for the first three months of the budget year. If the Irrigation Fund is overspent again, and it will likely be because repairs keep coming, it would probably be worse off in the 2021-2022 budget.
- The Board authorized staff to look at loans. Mr. Baldwin did a really good job of getting an amortization schedule for a \$2 million or \$3 million loan. We were able to reduce \$130,000 from the Operating Budgets set up with zero increase; \$45,000 from an irrigation mainline replacement, since it was going to be included with the loan; and another \$35,000 from swale repairs. \$55,000 were taken out of the irrigation line.
- Mr. Falduto noted Mr. Baldwin was able to incorporate the irrigation line into the operating budget. The Board will need to vote on this in order to allow it to happen because the Board has voted to keep the Irrigation Line separate.
- With a \$2 million loan, many projects that came up in the February meeting can be addressed. We would be able to replace the main line and would end up with about \$300,000 for pool repairs, with a \$2 million loan.
- Assessments will likely need to be increased somewhere in the range of \$60 for next year.
- Nobody wants to raise assessments with this economy. However, if assessments are not raised next year, the District will not make it through next year. Two years ago, the Board tried to explain to people the irrigation system would be a drain on the Park. They did not want the District to go out for a loan at that time. The District is now over \$200,000 in the red, which came out of the Reserves in order to keep fixing the mainline.
- He noted the District is already \$125,000 short for next year. The cost for the main line is not going down, it is going up.
- Mr. Baldwin noted the reason why he pulled the Irrigation Fund back into the General Fund was to get an overall understanding of how the loan would affect the entire budget versus two separate budget line items, which is why he combined it. He was trying to see the effects of the irrigation fund since it does have a large negative ending balance.
- He noted the total available amount for the projects would be approximately \$1.7 million. He put in some money for the cost of issuance and set aside \$50,000 in case of an emergency. With

the two different loan amounts, the \$2 million is around \$60, but are only estimated numbers. The numbers themselves are based on hypothetical numbers now. The way the loan is structured in the first year is interest only and the District only pays interest on the amounts drawn.

- The Board can approve a high-water mark because it can always be lowered before the budget is adopted, but it cannot be increased from what is approved. Since they do not have a signed loan document with true accurate numbers, he suggested going for the high water mark, increase the \$2 million to a \$75 amount per unit. As the Board gets closer to adoption with more definite numbers, it can always be lowered.
- Mr. Bell noted he has not seen any projection of the cost for a \$2 million loan.
- Mr. Koncar noted the impact of a \$2 million loan on assessments is on agenda page 113.
- Mr. Carey noted last year the District spent a lot of money replacing the main line that runs down Heritage Oak Boulevard. Is it possible to go back and capitalize that in retrospect?
- Mr. Baldwin noted the amount of money has already been spent, has already been recorded and has already been through an audit. Whether those expenses would be included as part of the use of either the \$2 million or the \$3 million amount, it is up to the Board.
- Mr. Falduto noted the prime interest rate has gone down significantly. If the District is going to get a loan, this is probably the best time to do it.
- Mr. Baldwin spoke to the bank and currently the interest rates have dropped a little. He did not receive this information until after the agenda package went out. He thinks it went down about 0.2%. Many of these numbers are hypothetical because they are guessing on rates. He cannot provide definitive numbers on how much it would cost per resident until there is a signed loan with term sheets and amortization schedules. He is doing the best he can based on information he is able to pull and extrapolate.
- Mr. Bitgood noted they know Mr. Baldwin is doing the best he can with what he has.
- Mr. Weeks noted if he had a leak on his roof and the roof was 20 years old, instead of fixing it, he would replace it. If the Board is going to do something, they should go the entire route and fix the pool the way it should be fixed. If they can capitalize the pool and the main line that must be replaced and if they took the loan, then the District would be financially in good shape for the next several years.

- Mr. Bitgood noted they are trying to get quotes for the pool. They do not know how much it will cost. In the meantime, they can do a temporary fix. Once the quarantine is lifted, it can be opened again.
- Mr. Bitgood noted they must decide which budget to go with. He understands the Board wants to go with the \$2 million loan and asked what they need to do to move forward.
- Mr. Koncar suggested continuing the meeting to April 30, 2020, because there are still questions. Some Board members have not looked at the budgets. That will give Ms. Egan time to get a quote for the pool.
- Mr. Falduto agreed April 30, 2020 sounds good. He asked Mr. Koncar between now and then to start looking for a broker so they have information and what it may cost. When they did the budget for next year, they took line items that were underfunded, and funded them properly.
- Mr. Koncar noted staff will investigate what it may take to get a financial advisor and put that information together for the April 30, 2020 meeting.
- Mr. Bitgood stated they may not need a financial advisor. They may only need a broker because he does not want to spend any more money than is necessary.
- Mr. Baldwin noted he put \$75,000 in the budget for the cost of issuance. It is a hypothetical number based on history of other clients. It may be higher or lower.
- Mr. Bell asked if it would be possible to have the continued meeting sitting at a table.
- Mr. Koncar responded the restriction on meetings for governmental entities is currently exempt from the 10-person rule. They can have a face-to-face meeting if they prefer. If they do meet in person, they will have to spread the Board members and the audience out. He will confirm with Mr. Cohen that governmental entities are exempt from the 10-person rule.
- The Board members agreed with that.
- Mr. Bitgood noted on April 30, 2020 they will meet at the Lodge. They will have people call in. To sum up, they are concentrating on the Version 1 Budget.

ii. Consideration of Resolution 2020-04 Confirming District Use of Charlotte County Supervisor of Elections to Continue Conducting District’s Election of Supervisors in Conjunction with the General Election

On MOTION by Mr. Falduto seconded by Mr. Bell with all in favor, Resolution 2020-04, Confirming the District’s Use of Charlotte County Supervisor of Elections to Continue Conducting the District’s Election of Supervisor in Conjunction with the General Election, was adopted.

SEVENTH ORDER OF BUSINESS On-Site Administration Report – Project Updates

- Ms. Egan noted they have disinfected the Lodge, wiped down everything: door handles, doors, chairs, tables, the offices and more.
- She has been working with the insurance adjuster to get restroom repairs to the Lodge from the water leak. A bid was submitted and given to the adjuster. The adjuster was checking and will inform her tomorrow so the repairs can be done.
- She noted they are working on pool furniture. Sidewalks are being pressure washed.
- She updated the Board on the gate and the callbox that was hit last week.

EIGHTH ORDER OF BUSINESS Supervisor Requests

- Mr. Falduto thanked Ms. Columbus, the Activities Director, for all the work she has done.
- Mr. Bitgood thanked Ms. Egan for all her hard work.
- Ms. Egan noted she will send out a blast email about the continued meeting.

NINTH ORDER OF BUSINESS Audience Comments

- Ms. Egan read comments from a resident.

TENTH ORDER OF BUSINESS Continuation

- There being no further business, the meeting was continued to April 30, 2020 at 10:00 a.m.

Secretary

Brian Bitgood
Chairman