

**MINUTES OF MEETING
RIVERCREST
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Rivercrest Community Development District was held on Thursday, December 7, 2006 at 6:00 p.m. at the Rivercrest Clubhouse, 11560 Ramble Creek Drive, Riverview, Florida.

Present and constituting a quorum were:

Ed Pichette, III	Chairman
Melanie Calloway	Vice Chairperson
Manuel Carro, Jr.	Assistant Secretary
Julio Cruz	Assistant Secretary
Lisa Dunn	Assistant Secretary

Also present were:

Bob Fernandez	Manager
Rolando J. Santiago	Attorney
Tonja Stewart	Engineer (Via Telephone)
Andrew Mendenhall	Severn Trent Services
Doug Draper	Prager, Sealy & Co.
Kim Bryant	Field Manager
Several Residents	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Pichette called the meeting to order and called the roll.

FIFTH ORDER OF BUSINESS

Engineer's Report

Mr. Pichette stated we are moving the engineer's report up because we are going to have a conference call with her. This document begins with an overview of her report to us.

Ms. Stewart stated hello.

Mr. Fernandez stated we are ready for the engineer's report. Mr. Draper is here with us. Would you like him to go first or would you like to go first?

Ms. Stewart responded I would like to go first.

Mr. Fernandez stated we have your draft engineer's report before us.

Ms. Stewart stated I have some supplemental information I obtained subsequent to the report, which may help in some budget issues. I attached a list of what items need replacement, enhancement or reconstruction. I identified them as one through ten. The irrigation well reconstruction and piping replacement is a priority. I do not know if you have a contractor in

place or not. The basketball court is required to have lighting. I spoke with TECO today in regard to having electricity capacity service to the clubhouse to be able to program the lighting. I do not know if anyone knows why the basketball court was not lit originally. I question whether there is a service capacity problem in being able to provide the lights. I do not know if anyone knows the answer.

The bottom line, in terms of my engineer's report for improvements, is I have enough money to cover the lighting of the basketball court. There needs to be initial work done in terms of getting electricity out there to make sure we have the capacity to provide lighting for the court.

Mr. Draper stated I think it is a soft cost, which can be paid for with the bond proceeds. The District may or may not incur some of these costs prior to the bond issue. They probably want to get paid at the time they do the electrical inspection. Is that correct?

Ms. Stewart responded that is correct.

Mr. Draper stated we should have an O&M amount to pay these costs until we can get the bond proceeds generated, which will not be until January or February.

Ms. Stewart stated I do not know if it is the same philosophy as far as the structural inspection for the clubhouse. We had a pool inspection. I assume we have the same issue in terms of the clubhouse inspection. Once the bond proceed is in we will move forward with that inspection.

Mr. Draper stated it is typical to do the bond issue, get the money and then start with the work.

Ms. Stewart stated I received a report today on the pool in regards to the heaters. There was a significant cost in my report associated with the pool heater. There appears to be a possibility that there can be some electrical improvements done to them, which will help facilitate getting them back into operation. The number in my report is an estimate to replace the heaters. Depending on the final inspection, there may be some savings there. I do not know what the Board is looking at in terms of total numbers.

Mr. Draper stated I wanted to come here to explain how this report fits in the overall financing of what we are doing. What Ms. Stewart has put together is a list of improvements the Board wants done. If there are additional improvements the Board wants her to look at, we can put them in here. The amount of proceeds we can generate with a refinancing is an excess of \$116,500. It is not a question of being able to exceed this number. We will take a portion of this

money up front and put it into a construction acquisition account, which will be used for these projects. The rest of the savings will be passed on in terms of an annual lower assessment on the debt service side.

Ms. Calloway asked I know this estimate is for \$116,500, but will we be able to take out more than this for a reserve?

Mr. Draper responded that raises federal tax law issues. This report goes in a document, which is issued out to the investors. She anticipated these will be done within two years. You have to give a timeframe. If you are accessing the tax exempt market, you are putting tax exempt proceeds in an account. In order for bond counsel to write his opinion, he must have an expectation of when this money is going to be spent. Most bond counsels, including yours, will have a problem with putting money in there when there is no expectation of when it is going to be used. The use of the money is contingent upon a future event. The likelihood of the future event is uncertain.

Ms. Calloway asked what if the money is not used within the two years and it is left over? We can save the money until a capital improvement comes along.

Mr. Draper responded I understand what you are saying. I'm saying it is the same situation we encountered at Arbor Greene. You could not put the money aside in case a hurricane comes or in case there is vandalism and then draw the money. I am going to talk with bond counsel and see if we can get this done. The way we worked around it at Arbor Greene was we lowered the debt service for the residents, but then have a corresponding increase on the O&M side. From an annual number prospective, they do not see it. It is the same exact number. Because it is O&M the money is put aside and used to build up a reserve.

Ms. Calloway stated I had a question about the asphalt path. It will be approximately 1,600 feet and three to four feet wide. Did you have those dimensions?

Ms. Stewart responded I believe it is four feet wide. Do you have a particular dimension you are looking for?

Ms. Calloway responded I wanted to make sure of the length? I was not sure if \$5,000 was a good estimate. It seems low to me.

Ms. Stewart stated if we need to move some of the things around, such as the pool heater, we can do it.

Mr. Draper stated that is a good point. We are putting \$116,500 in to a bank account. It can be more or it can be less depending on the revisions, which take place within the next month.

You are not restricted by the categories in the report. If the asphalt actually costs \$7,000, but the roof enhancement ends up costing \$8,000, there are no restrictions. She is going to be looking for whether or not they qualify for public tax exempt purposes.

Ms. Calloway stated I thought we discussed play equipment such as swings and something with a slide to put where our volleyball courts currently exist. I did not see an estimate for it. I know play equipment can be approximately \$30,000. Do you know anything about this?

Ms. Stewart responded no. This is the first time I heard about this.

Mr. Fernandez stated we would like to take out the volleyball court behind the clubhouse and replace it with a real playground.

Ms. Calloway stated a swing set with three swings, one toddler swing and an all in one type of play equipment.

Mr. Draper stated the purpose of this meeting is to continue to add to this wish list because it is going to be a moving target up until the time we mail the offering document, which is going to be in the January timeframe. I want to make sure I gave you the timing on this in terms of making sure we are coming to a resolution on this. It is going to drive the financing.

Mr. Fernandez asked do you have anything else for your report?

Ms. Stewart responded the final report is based on the specifications. The Board should be able to have input in terms of the final decision making of the specifications themselves. If they want to form a committee to give me priorities, we can start tweaking these numbers. The pool person was helpful. He did the inspection. Many of the pool pavers need to be isolated and repaired.

Ms. Calloway asked what company did you use?

Ms. Stewart responded Sharper Image.

Ms. Calloway stated we had issues with them. They maintained the pool immaculately; however, when we called them for pool repairs we did not have a good experience with this company. We suggest not using this company for things such as pool repairs. I heard they came out today. We had an email, which was supposed to be forwarded to you. It may not have been forwarded to you today. We have other pool company estimates. We might want to forward them to you so you can take a look at them.

Ms. Stewart stated absolutely. The only other thing I have relates to the street lights on Symmes Road. I did get information from the previous manager in regard to a request from the

Board. There has been communication with TECO. I left a message with Ms. Knight and have not heard back. I do not know if this is still an outstanding issue.

Ms. Calloway stated the issue is we can buy out of our contract with TECO for \$127,000. Talking to them about considering reducing them does not seem to be an option of this District. We will have an additional four to five years of our contract left with TECO. We will be able to renegotiate with TECO about our lights when our contract is finished with them.

Ms. Stewart stated the pond behind the clubhouse has been transferred and they are requesting the Board sign the transfer operation for SFWMD. I would like to do an inspection of the pond before I make the recommendation.

Ms. Calloway asked is the developer giving the pond over to us now?

Mr. Fernandez responded I am handing out the back up from the email. The top page has to do with the street lights, but if you look beyond that you will find the SFWMD issue.

Ms. Calloway stated I thought we already maintained this pond. We have been maintaining it so it does not affect us much.

Ms. Stewart asked are you happy with it?

Ms. Calloway responded we have a gentleman maintaining all of our ponds. He did not say anything about there being issues. I am sure we can call him next week to find out if there are any issues. Our field manager can do this.

Ms. Stewart stated as long as the Board is happy with it, I do not need to do an inspection. It is whether or not you have questions to verify you do not have any problems.

Ms. Calloway stated at this point we do not know of any.

Mr. Pichette stated the issue is do we want her to inspect it for problems. It seems like a reasonable thing to do.

Ms. Calloway stated we already have a company maintaining our ponds. You can call him and see if there are any issues with this pond. We already pay him to maintain the pond. He should have the information.

Mr. Fernandez asked do they still need to approve the document?

Ms. Stewart responded not if there is no problem with it. Do you want to sign it as the District Manager?

Mr. Fernandez responded it does not matter to me. If the Chairman feels comfortable signing it, I can have him sign it. I do not have an original.

Ms. Stewart stated I can get the original to you. It does not have to wait until the next Board meeting. It needs to be executed by the appropriate entity.

Mr. Fernandez asked do we need Board action to authorize me to do this?

Ms. Stewart responded I do not believe so.

Mr. Fernandez stated I will sign it if there is no objection from the Board.

Mr. Pichette stated that is fine.

Mr. Fernandez stated send me the original.

Ms. Stewart stated okay.

Mr. Draper stated the working group had a conference call where we talked about the documents of what needed to be prepared. It is a preliminary schedule. The first part of the schedule was getting the engineer report going and having you guys think about your wish list. You may come up with a subcommittee to come to a final resolution on this. By the time we mail the document, we have to know the numbers.

The second part of it is getting the insurance commitment executed. We secured an investment grade rating and we procured an insurance assurity bid from Radian Insurance. They sent us a commitment letter we will need the Board to execute. It says you will pay for a premium if and when you issue bonds. It does not commit you to doing anything. It is a fee, which is on the impressive side. This does not lock you into using them.

I am going to do a cost benefit because if we have a rating, we are going to have insurance. If it is cheaper to do a rating from a cost benefit analysis, we will get the bonds rated and issue bonds based on the rating. I will present this to you for you to make a decision. It is 120 basis points to the total debt service on the bonds. We did a deal for Oakstead and it was 120 basis points for an insurance premium on the credit. I did a transaction in The Oaks of Bonita Springs for 110 basis points, but it was a mature District and a larger amount of units.

Ms. Calloway asked what does this mean?

Mr. Fernandez responded it is a rate applied to the base.

Mr. Draper stated 120 basis points is 1.2%. You are looking at a range between \$150,000 to \$300,000.

Ms. Calloway stated that is rolled into the bond.

Mr. Draper stated it is a cost of issuance. Because you are using insurance it becomes an AA credit versus what you would be as BBB plus. It allows you to get lower interest rates so you are in a better position. That is the analysis I do, which determines the direction we go to.

Mr. Pichette asked by authorizing me to execute the commitment letter do we have to pay?

Mr. Draper responded you do not pay anything unless the bonds are issued. It is an insurance commitment. It is more binding on them than it is you. I want to bind them because it generates a deal. We are going to go out and market bonds as if ratings have been insured. We want to make sure they are at the closing. We are using their credit to get the savings we will be using for the projects. It is a necessary evil and it is what we worked to get for you. To get this for a CDD special assessment deal is good. We cannot get most insurers to look at deals less than \$10 Million. The fact we got them in on this is good.

Mr. Fernandez stated the appropriate motion is to authorize the Chairman to execute the Radian surety bond commitment letter.

On MOTION by Mr. Carro seconded by Ms. Dunn with all in favor the Chairman was authorized to execute the Radian surety bond commitment letter.
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Mr. Draper stated there will be many emails as we get this refinancing going. Does the Board want to be involved in those emails, or do you want your District manager and District counsel to receive them?

Mr. Pichette responded I do not mind being courtesy copied on them. It is nice to see what is going on.

Mr. Draper stated I will keep you in the loop. The only thing I will say is for you not to reply to all if you have a question, because it would be a Sunshine Law violation. When is our next meeting in January?

Mr. Pichette responded the first Thursday of January.

Mr. Draper asked is it still the Board's intention to get to the market as soon as it is achievable?

Mr. Pichette responded yes.

Mr. Draper stated you are in one of the best markets we ever had. Last Thursday, the municipal market index closed business at 3.95% for a 30 year rate. It is the lowest ever.

Ms. Calloway asked can you think of anything else you want on the list for the engineer's report?

Ms. Dunn responded the playground.

Ms. Calloway stated what we currently have may not be a big enough area. We might have to extend it out more. We will look at the whole issue of the equipment as well as extending it.

SECOND ORDER OF BUSINESS**Approval of the Minutes of the October 24 and November 2, 2006 Meetings**

Mr. Pichette stated each Board member received a copy of the minutes of the October 24 and November 2, 2006 meetings and requested any corrections, additions or deletions.

Ms. Calloway stated there are many things needing to be changed or removed. On page four of the October 24, 2006 minutes, under street lighting, the word “shortly” needs to be removed from the second sentence. The last sentence of the paragraph needs to be removed as well.

On the bottom of page three of the November 2, 2006 meeting, “Ms. Fiatoa” needs to be changed to “Ms. Bryant” and “Mr. Ballenger” needs to be changed to “Luke Brothers”. In the middle of page four where it says, “Ms. Calloway stated...” it should be Neighborhood Watch Committee instead of Security Crime Committee. The second sentence needs to be deleted from the record. The motion made needs to say Neighborhood Watch Committee.

Mr. Pichette stated when I asked for a motion I said Security Crime Committee. You did not say it, but I did.

Ms. Calloway stated I think it should be Neighborhood Watch Committee. If you said it, maybe it is your motion and not mine.

Mr. Pichette stated Security Crime can have Neighborhood Watch fall under it, but Neighborhood Watch is not responsible for security of the pool. It is just wording. It does not matter, but I said Security Crime Committee when I asked for a motion.

Mr. Fernandez stated for your information the motion is as stated by the Chairman. Even if someone worded the motion differently, when he calls for a vote that is the motion voted on.

Ms. Calloway stated on page seven, under the fourteenth order of business, the second paragraph was stated by Ms. Bryant and not Ms. Fiatoa. The second sentence was Ms. Bryant instead of Ms. Hartman and the amount is \$4,500 instead of \$4,000. The motion needs to be corrected to reflect \$4,500.

I do not think the first motion on page ten is correct. It should say installation of basketball court lights instead of “private street lights”. The first paragraph after the motion says

“Board members” and it should not say “Board”. Lisa Dunn needs to be deleted as a committee member in the motion and it should be Kim Bryant.

Mr. Fernandez stated there are legal opinions, I will not speak for Mr. Santiago, if you formally designate a committee and charge them with the responsibility of coming back to the Board with a recommendation, the committee is subject to the Sunshine Law as well.

Mr. Pichette asked do we have to publish their meetings?

Mr. Fernandez responded if you charge them with issues to come back before you on things they will be making recommendations on and you will take action, yes.

Mr. Pichette stated okay.

On MOTION by Mr. Carro seconded by Mr. Cruz with all in favor the minutes of the October 24 and November 2, 2006 meetings were approved as amended.

Mr. Pichette stated the next item is the approval of operations and maintenance expenditures for October. This was not in the package, but we have been provided with a copy.

On MOTION by Ms. Dunn seconded by Mr. Carro with all in favor the operation and maintenance expenditures for October 2006 were approved.

THIRD ORDER OF BUSINESS

Manager’s Report

A. Ratification of Agreement between Rivercrest Community Development District and Severn Trent Environmental Services, Inc.

Mr. Fernandez stated we had the Chairman sign this and we are asking the Board to ratify the Chairman’s signature.

On MOTION by Mr. Carro seconded by Ms. Dunn with all in favor the agreement between the Rivercrest CDD and Severn Trent Environmental Services was ratified.

B. Ratification of Resolution 2007-2 Designating Andrew Mendenhall as Assistant Secretary and Janice Larned as Treasurer

Mr. Fernandez stated we did this so we could start paperwork and keep things moving. We are asking you to ratify the Chairman’s signature.

On MOTION by Ms. Dunn seconded by Mr. Carro with all in favor Resolution 2007-2 designating Andrew Mendenhall as Assistant Secretary and Janice Larned as Treasurer was ratified.

C. Consideration of Resolutions

i. Resolution 2007-3 Designating Severn Trent Environmental Services, Inc. as District Manager

Mr. Fernandez stated this is a formality because you already approved the contract.

Ms. Calloway stated we issued a check to Rizzetta & Company for \$5,500 on November 10, 2006. They have been paid. This says you will be compensated as of November 2, 2006.

Mr. Fernandez stated I believe our intent is to start charging you December 1, 2006.

Mr. Pichette stated the employment contract is dated November 2, 2006. It does not mean we start paying them as of November 2, 2006.

On MOTION by Mr. Carro seconded by Ms. Dunn with all in favor Resolution 2007-3 designating Severn Trent Environmental Services, Inc. as District Manager was adopted.

ii. Resolution 2007-4 Designating Pamela Rower as Assistant Treasurer and Bob Fernandez as Assistant Secretary

Mr. Fernandez stated this will allow me to sign documents on behalf of the District.

On MOTION by Mr. Carro seconded by Mr. Cruz with all in favor Resolution 2007-4 designating Pamela Rowers as Assistant Treasurer and Bob Fernandez as Assistant Secretary was adopted.

iii. Resolution 2007-5 Designating Signatories

Mr. Fernandez stated we left this blank for you to make decisions about the names you would like to put on as signatories on the bank accounts.

Mr. Pichette asked who are we looking for?

Mr. Fernandez responded it depends on who would like to approve to access your bank account.

Mr. Pichette asked who will be dealing with our account?

Mr. Fernandez responded your Treasurer is Ms. Larned. You will probably want to put her on as a signatory.

Mr. Pichette stated clearly, as well as our District manager Mr. Mendenhall.

Mr. Fernandez asked do you want any Supervisors?

Mr. Pichette responded I do not see why we would need to.

Mr. Fernandez asked what about field staff?

Mr. Pichette responded no.

Mr. Fernandez stated it may be a good idea to put Ms. Rower as well.

Mr. Pichette stated she is the Assistant Treasurer.

On MOTION by Mr. Carro seconded by Ms. Calloway with all in favor Resolution 2007-5 designating Ms. Larned, Mr. Mendenhall and Ms. Rower as signatories was adopted.

iv. Resolution 2007-6 Designating Rolando Santiago as the Registered Agent and His Office as the Registered Office

On MOTION by Mr. Carro seconded by Mr. Cruz with all in favor Resolution 2007-6 designating Rolando Santiago as the registered agent and his office as the registered office was adopted.

D. Consideration of Engagement Letter with Grau & Associates to Perform the Financial Audit for Fiscal Year Ending September 30, 2006

Mr. Fernandez stated this is the result of your audit selection process. They have submitted an engagement letter proposing an amount not to exceed \$9,500 to conduct the audit.

Ms. Madill asked what is the audit for?

Mr. Fernandez responded it is required. It is an annual audit to review the finances in order to determine whether or not the financial statements of the District truly represent the financial condition of the District.

Ms. Madill asked I was going to ask for a financial audit because Rizzetta & Company mismanaged our budget last year. I submitted many unpaid bills at the October meeting. How far back does the audit go?

Mr. Fernandez responded it is for fiscal year ending September 30, 2006. It goes from October 1, 2005 to September 30, 2006.

Ms. Calloway stated this does not give me assurance they are going to look at this closely. It was brought up to me by Ms. Fiatoa and I am not satisfied with it.

Mr. Fernandez stated it is standard language I have seen in virtually all audit contracts. That refers to the fact they cannot give you absolute assurance because they are not going to look at every single record. They are going to sample the information and they are going to look at processes and procedures to assure the checks and balances are in place as well as the proper

protocol is being followed. We are making sure there are no material weaknesses in the way we handle the funds.

Ms. Calloway stated for \$9,000 I would think we could get a detailed analysis of our funds. We have serious concerns about how this District's money has been managed by the prior company.

Mr. Fernandez stated I had the experience of sitting with an auditor at the beginning of an engagement and saying things like that. There are areas we have concerns about and would like you to give special attention to those areas. It is important information for them to have. If you think you may have a material weakness, call it to their attention and let them know at the offset. They will know to do a special sampling of that information. They will look at particular records as their sample. If you are concerned about a specific area, you can identify it and they will include it as part of the audit.

Ms. Madill stated I am concerned about all the areas. I have it in print where they were paying a dead person on the CDD's budget.

Ms. Calloway stated I have been going through reports. It has taken a great deal of my time to have to go through everything, but it is necessary to do this every month. It is obvious things were not taken care of correctly.

Mr. Pichette stated I do not want to pay \$20,000 for an audit.

Mr. Fernandez stated you will if you ask them to do a detailed look at your records.

Ms. Calloway stated I want a comparison of the budget proposed and the actual expenditures in comparison to what we allotted.

Mr. Fernandez stated the audit does this. It compares expenditures to the budget. There are provisions for amendments to your budget within 60 days after the end of your fiscal year in order to address concerns raised by the audit.

Ms. Calloway stated I was hoping we could request it to be simple so a layman can look at this audit and easily determine what is going on. We have a spreadsheet showing our budget. I would like an additional column stating what we actually spent. I want it easy to read so a regular person can go through it quickly and break it down.

Mr. Carro stated Ms. Calloway and I do not feel at ease. We are willing to go with a \$9,500 budget in order for this audit to be more detailed.

Mr. Fernandez stated it may be difficult to get that for this fiscal year because it is for a fiscal year we have not done the books for. This is a year Rizzetta & Company was responsible

for your books. In order for the audit to be done, the auditor is going to have to interact with people from Rizzetta & Company who prepared these records. We had other districts where a transition took place. All the records get sent to us. We try to make sense of them, but when the auditor asks us why things were done we do not know the answer. All we have are the records sent to us by Rizzetta & Company.

Mr. Pichette stated I do not want this to become open ended. I do not want to pay \$20,000 for an audit. It will defeat the entire point. They mismanaged \$5,000 and we spent an extra \$10,000 to figure this out. I do not want it to get to this kind of crazy situation.

Ms. Calloway asked if we have to go into litigation with Rizzetta & Company, will we be required to get an in depth audit? They made a budget, which was not accurate and has put this District in financial chaos.

Mr. Santiago responded to enter into a lawsuit we will need evidence. A detailed audit can be a component of the evidence. We will need something. If we do not have it elsewhere, the audit will provide it. It is a good method to prove any misappropriations.

Ms. Calloway stated \$9,000 is a great deal of money. I expect a detailed audit for this amount. It seems like a great deal of money to not do something accurate.

Mr. Pichette stated it is not when we are dealing with something this large. It is a reasonable amount. We can chase after the evils of the past, but the bottom line is the Board members at that time signed off on all those budgets and bills. This is their defense. Severn Trent cannot tell us what we are going to do. We are all independent. They operate under our direction. I do not want to spend money on a witch hunt over the sins of the past. We can move forward from here.

Ms. Calloway stated they exercised grossed negligence. It has put this District in financial chaos. They knew those lights were eventually going to turn on. The developer built that road. The developer knew and Rizzetta & Company knew. They mismanaged the funds.

Mr. Carro stated the Board members at the time were developers. We have to go after the developer as well as Rizzetta & Company.

Ms. Calloway stated we paid this company to be our financial advisors and do our accounting. Being a financial advisor means giving this Board advise as to how funds should be spent, including the budget and how it should be allocated. When they did not do that correctly they put this District in a bad situation.

Mr. Pichette asked do you want to spend money on litigation?

Ms. Calloway responded yes.

Mr. Pichette asked do you want to spend \$20,000 to \$50,000 in court costs we do not know if we will recuperate in the end? Who are we really suing? Do we sue ourselves as well? The Board approved all of this.

Mr. Santiago responded a great deal of this depends on what the audit finds. If we go after Rizzetta & Company we will have to find they engaged in misconstruing of the facts causing the Board to approve those things. At the end of the day the Board approved those items, unless we can find they committed fraud or deceit. To get to that you will need the evidence. You may be better off getting this audit done and giving the auditors advice as to what to look for. If they find a hiccup, they might be able to report back to us. You can then authorize a deeper search. If evidence comes up, we can have this discussion.

Mr. Carro asked what if we find evidence and the Board members who approved those items were the developers? Will we have to go after them as well for approving the figures from Rizzetta & Company?

Mr. Santiago responded when you sit on this Board you have sovereign immunity. Unless you can find an extreme act of negligence, they will be immune to prosecution. It is a high hurdle to get over.

Mr. Pichette stated it is what protects us.

Ms. Calloway stated I still feel it was misinformation given by Rizzetta & Company the Board used to make a decision on. We cannot help if we were given the wrong information. We paid them to give us correct information and they gave us wrong information.

Mr. Santiago stated the fact you are different people on this Board is irrelevant.

Mr. Fernandez stated I have a suggestion on how you should proceed. This audit engagement letter before you is legally required. You need to have the audit. You went through the process of selecting the auditor. You have to do this. Unless you feel this number is too high and you want to go with the second auditor you selected, you should approve this engagement letter and have them do the audit. If the audit comes back inconclusive or it is vague, you will have to decide if you want to have a special audit done to target a certain area to make your case. You must have an audit and it has to have the specifications this anticipates. Whether this is the tool, which accomplishes the purposes you described or not it is still a legally required step you have to take.

Mr. Santiago stated I agree. I think this is our best course of action. Instead of authorizing a \$20,000 audit up front, let us go through the \$9,500 audit. If there is anything we do not like, we can have them dig deeper.

On MOTION by Mr. Carro seconded by Ms. Dunn with all in favor the engagement letter with Grau & Associates to perform the financial audit for fiscal year 2006 at an amount not to exceed \$9,500 was approved.

E. Consideration of Radian Security Bond Commitment Letter

This item was discussed under the engineer's report.

FOURTH ORDER OF BUSINESS

Attorney's Report

Mr. Santiago stated I received four banker boxes from Mr. Van Wyk yesterday. I do not have a great deal to report because I just received them yesterday. We had a number of contracts authorized at the November 2, 2006 meeting, which were pending. They have been executed. We are waiting on confirmation that funds exist to proceed with contracts, which may be problematic.

Mr. Pichette stated we have been having our Field Manager and our Activity Director give us updates.

Ms. Bryant submitted her status report.

Ms. Bryant stated Sunrise Landcare called me to let me know they want their money.

Mr. Pichette stated give that to the District manager and they will take care of it.

Ms. Bryant stated you have an invoice from Remson Aquatics. It is very important.

Ms. Calloway asked is this under pond maintenance?

Ms. Bryant responded yes. It will be under the contract we discussed at the last meeting. This is in order to keep in compliance so we do not get fined. We have five ponds, which have not been released. There is vegetation they put in and when it dies, they let you know it needs to be replaced. This is what we are up to in order to get the ponds released to us. We need to have these things planted.

Mr. Carro asked is this for all the ponds in the area?

Ms. Bryant responded no, just five.

Ms. Calloway asked how long have you known about this?

Ms. Bryant responded I just found out the other day.

Ms. Calloway stated we budgeted \$20,000 for lake and pond maintenance. We have \$15,000 budgeted for mitigation area monitoring and maintenance as well as \$6,000 for lake/pond repair.

Mr. Pichette stated we need to get this done.

On MOTION by Ms. Dunn seconded by Mr. Carro with all in favor District management was authorized to pay the invoices from Remson Aquatics in the amount of \$13,865.
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Ms. Calloway asked where are we with our finances? I just paid my taxes on November 28, 2006. Have those funds been received? I received an email stating Rizzetta & Company had \$17,000 so far. Have we received additional funds for the month of December?

Mr. Fernandez responded not that I am aware of.

Ms. Calloway stated those funds should be coming in soon. We usually get the biggest chunk in December. Is there confirmation that the address our special assessments go to has been changed to Severn Trent and not Rizzetta & Company?

Mr. Fernandez responded I understand it has. I will double check.

Ms. Calloway stated when I checked on November 30, 2006 all the funds were still going to Rizzetta & Company. I do not want these funds funneled through Rizzetta & Company. They should be going directly to Severn Trent.

Ms. Fiatoa submitted her status report.

Ms. Fiatoa stated I contacted Verizon and was able to get call waiting, call forwarding and voice mail removed from the account. I did not get the long distance removed. We are only charged eight dollars for long distance. If we were to remove long distance, we would have to go under another plan and it will be \$27 more a month than what we pay now. I found out we have a third line being billed to this building. We cannot find the phone jack for this line. We do not use it. It is costing us approximately \$50 per month.

In regard to the kiddy pool, Florida Leak Detection came out and discovered three leaks. They suggested rerunning the pipe in order to fix the main leak. We are waiting for Mr. Santiago to come up with a contract for Sharper Image.

Under Tab 1 I have two fence quotes. The first one is from Nations Fence in the amount of \$5,400. The second one is from West Coast Fence in the amount of \$5,686. Everything is the

same except for a foot difference. Nations also included an extra quote for a mid rail on the existing fence in the amount of \$1,900.

We received two light quotes for the basketball court. The first one is from HEC. They will tie into the existing light. The amount is \$8,675. They do not pay for permitting, sod or irrigation repairs if they cause damage. They will include a timer and we will also have a control box in here.

Ms. Calloway asked is there a picture of what these poles will look like? I want them to mimic what is already out there.

Ms. Fiatoa responded I told them I want them to mimic what is out there. This is for a concrete pole, which does not mimic what we have.

Ms. Calloway stated Ms. Stewart questioned whether we are required to provide TECO lights on private property as we are required in the right of way. I think we can put in our own lights. I would like them to be similar. This is good information and I am going to pass it along to Ms. Stewart. We still have time to investigate this and try to find a quote closer to our budget. I will have her add the playground equipment, the handicap ramp and the ten foot fence for the basketball court to our list for improvements. I will have her contact you if she needs further estimates.

Ms. Fiatoa asked are we allowed to sell accessories for ID cards for revenue?

Ms. Calloway asked have we had requests for this?

Ms. Fiatoa responded yes.

Mr. Pichette stated I do not think so.

Ms. Fiatoa asked will the Board have a problem with me extending staff hours during the holiday break?

Ms. Calloway asked what do you have in mind?

Ms. Fiatoa stated I will need someone during the afternoon hours.

Mr. Pichette stated it makes sense.

<p>Mr. Carro MOVED to authorize Ms. Bryant and Ms. Fiatoa to coordinate employees' schedules to work extra hours during the winter holiday from December 15, 2006 to January 2, 2007 and Ms. Dunn seconded it.</p>
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Mr. Fernandez asked do you have enough in the budget to do this? Do you know how much it is going to cost?

Ms. Fiatoa responded I do not know.

Mr. Fernandez stated it may be a good number of hours we are talking about. There will be a cost associated with it.

Ms. Bryant stated Ms. Hartman never sat with us to see what kind of staff we have and how much money we need.

Mr. Santiago stated at the November 2, 2006 meeting we briefly discussed some of the on campus operations. You asked me to put together an employee handbook, which I will present to you at the next meeting. I subsequently had a meeting with staff and we discussed there is no structure. I have not seen the budget. We have to look at a structure to see what you have for your operations staff and to create a plan of action identifying who is the most senior person on your field staff. A great deal of structure needs to be done. It ties in with knowing how much money is available so you can tailor a structure.

Mr. Fernandez stated the budget is what it is. However it was arrived at, it is the limit you have. I suggest we sit down and talk about what this means in terms of service level and whether we need to make some adjustments. You are only three months into your budget year. If you are already talking about going over your budget, it is early enough to make adjustments. Otherwise, the auditor will find you have a problem over expenditures.

Mr. Pichette stated they do not need our permission to switch around hours as long as they stay within the budget.

FIFTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Mr. Pichette stated we cannot send emails to each other within the Board. Any emails between two Board members, even if they are courtesy copies, are a violation of the Sunshine Amendment. Any contact between us dealing with CDD business outside of the public meetings is a violation of the Sunshine Amendment. You can email the District manager or counsel. We cannot talk to each other outside of these meetings about any issues dealing with CDD business. I do not want to see anyone get in trouble. Those emails become a part of the public record.

Ms. Calloway stated I was under the impression I cannot email Board members on things we are to make a motion on.

Mr. Santiago stated if it is going to be a matter of discussion for the Board, you cannot do it outside of a noticed meeting.

Ms. Calloway stated I received a bill from Sunrise Landscape for \$19,000. I was confused on this bill because we paid them \$39,000 on October 13, 2006. When did our new landscape company start?

Ms. Bryant responded November 9, 2006.

Ms. Calloway stated Sunrise Landscape should be paid for September and October. I do not understand why we are receiving an invoice for \$19,000. We need to look at this.

Mr. Fernandez stated okay.

Ms. Calloway stated the previous attorney we had has billed us \$11,000 for this year. They were budgeted at \$17,000 for the year. We have \$6,000 left for our attorney for the rest of the year. I need to know where these invoices are and what we were paying this attorney for. Last year we paid him \$15,000 for the entire year. He now sent us a bill for a few months worth in the amount of \$11,000.

Mr. Fernandez stated I have the invoices here.

Ms. Calloway stated we sent Brown and Brown a check in the amount of \$39,000. They are our insurance company for this property. Our insurance policy was \$18,000 last year. The budget shows this year should have been \$20,000. I want to know why our insurance went up and why the District was not notified.

Mr. Fernandez stated we received notices from the insurance companies we work with and recommended doubling the budget to all the districts we work with.

Ms. Calloway stated our previous management company failed to financially advise us correctly on the budget for this building. Rizzetta & Company has put us \$20,000 in debt because they failed to accurately budget for this building. This is huge negligence on their part. Can we search for other companies? Does this seem like a reasonable rate for this?

Mr. Fernandez responded this is the kind of increase we have seen across the Board.

Ms. Calloway stated this concerns me. There is also a line item about taxes to Hillsborough County. We sent a check to the tax collector for almost \$1,400 and we are tax exempt. Why was there a check sent to Rivercrest CDD for \$1,000?

Mr. Fernandez responded that is interest on the line of credit.

Ms. Calloway stated the District has an off duty officer. I calculated the mileage around the subdivision. In the application for the off duty officer they want to know the number of miles around your subdivision in case it is excessive because they will bill for mileage.

Mr. Fernandez stated I want to back up. In regard to the check to the tax collector, there is a dollar charge per certificate, per correction. The budget was revised after the roll was submitted to the county and there is a charge of one dollar per certificate, per correction. There are 1,385 parcels.

Ms. Calloway asked why is the District responsible for Rizzetta's mistake?

Mr. Pichette responded we would have had the budget done earlier had Rizzetta not made a mistake on the notifications.

Ms. Calloway asked can we bill Rizzetta for the \$1,385?

Mr. Fernandez responded you can bill them, but it does not mean they are going to pay it.

Ms. Calloway asked do we have legal standing to do this?

Mr. Santiago responded we have standing, but the likelihood of success is tough. It does not hurt to send out an invoice for it.

Ms. Calloway stated we are \$20,000 in debt because of the insurance for the clubhouse. They are grossly negligent and we need to go to litigation.

Mr. Pichette asked when is the audit due back to us?

Mr. Fernandez responded the audit is legally required by the end of the fiscal year.

Ms. Calloway stated the audit is for last year. I also want to know when the Supervisors will be paid. This is our third meeting without being paid.

Mr. Fernandez stated the list of expenditures you approved included the payments to the Supervisors.

Ms. Calloway stated we have not been paid for the last meeting in October, the November meeting nor this meeting. There are three meetings we have not been paid for.

Mr. Fernandez stated we will get on it.

Ms. Calloway stated going back to the off duty officer, I calculated the mileage in this subdivision and it is 13 miles. It will be \$1,500 a year. At this point they are not charging us mileage, but we are requesting them to concentrate on certain areas we know have activity. They are patrolling all the areas. I was out there when the officer was here. I followed him to make sure he was patrolling.

Mr. Carro stated I spoke to an officer named Mr. Fletcher. He drove by my area because of the problems we had. I had a lengthy conversation with him and he gave me his number to call if I see anything out of the ordinary. He comes at different times. Depending on his shift, he will drive by.

Ms. Calloway asked do we need a motion to pay mileage if they charge us? They have not at this point. It seems to be a minimal cost to the District. I do not appreciate neighbors putting postings on the internet regarding myself. If they have an issue, I encourage them to come to these meetings to discuss it. This was one of there issues. They need to be aware we will be having this patrol through the neighborhood.

Mr. Pichette asked do we need a motion?

Mr. Fernandez responded it depends on the original contract you have with them. It seems to me it will also provide for payment of expenses in addition to the hourly rate you pay.

Ms. Calloway stated the hourly rate is \$32 and it is \$.25 a mile. I did the calculation according to the hours we hired them as well as the mileage for them to do the patrol. That is how I came up with \$1,500.

Mr. Santiago stated I went through the bills totaling \$11,000. There are three bills. There is a bill for \$4,500, one for \$3,600 and one for \$3,500. They all have one recurring theme. There must have been many issues regarding parking enforcement. The bulk of what is here is parking enforcement discussions, conferences and research.

Mr. Pichette stated that was a long time ago.

Ms. Calloway asked did we ask him to do research on it?

Mr. Pichette responded someone complained about people parking on the mini park and we asked him if we could tow the cars. That was it. At the time he told us at the meeting we cannot.

Mr. Santiago stated the bulk of what I see has to do with parking enforcement. If these are charges incurred in the previous fiscal year, but paid out with money from this fiscal year, it begs the question why. I do not know the answer. I will have to look to see if the previous fiscal year budget was expended. These are the type of things, which will need to be answered.

Ms. Calloway asked how do we justify we are being charged this amount for this small task we asked him to do?

Mr. Pichette responded this was in July.

Mr. Santiago stated it was clearly the previous fiscal year. The closest date I see is October 12, 2006, but it is the date of receipt by the District office.

Mr. Pichette stated no Board action was taken. We did not authorize him to do anything. We did not ask him to do research.

Ms. Calloway asked let us ask him to furnish us the motion in which we asked him to research this?

Mr. Pichette responded we had a discussion, but we did not ask for anything further.

Mr. Santiago stated I can ask him to do this. He may or may not do it. If we had not paid the bills, we would be in a better position.

Ms. Calloway stated but we did not authorize any of those numbers.

Mr. Santiago stated I hear you, but the money is already gone.

Ms. Calloway stated that is the problem. If we want to dispute anything we get, it is always a month behind. We already paid those bills.

Ms. Dunn asked what happens if we do not approve the bills at the next meeting and they have been paid out?

Mr. Santiago responded no payment should be made without being authorized.

Mr. Fernandez stated we need to have administrative policies in place, which require authorization before payment is made. In the case of something having to do with field activities, your Field Manager and Activities Director are authorized to sign off on the invoice. They send it to us and we pay it. We should not pay it unless we have authorization. Other bills, which are routine in nature, come directly to us and we pay them. Something like the attorney's bill, he has a fiduciary responsibility to you to charge for services you authorize him to conduct. The attorney's bill is something you rely upon the attorney to represent your best interest.

Mr. Carro asked was there not a request one time to have all bills be approved or reviewed by us before they were paid?

Mr. Fernandez responded these were signed off by your District manager.

Ms. Calloway stated we understand; however, we dispute the decisions made by our previous management company. This is why we fired them. We did not hire that attorney either. He was already here when we all came. The developer hired him.

Mr. Santiago stated chances are there was an operating pattern. The District manager would call them and it is great for the lawyer because they are billing those calls.

Mr. Pichette stated if an email went to him, he billed us for it.

Mr. Santiago stated my practice is if you email me and it only takes me a few seconds to respond to you, I am not going to bill you. I'm also going to tell you if you email me and ask me to take action, I am not going to do it. I am going to ask you to bring it up at the next Board meeting, get a second and if the motion carries unanimously, the body has decided to do it.

Mr. Pichette stated I agree not every bill needs to come before us to get paid. Do we need to make a motion in order to get this policy in effect where any item, which appears to threaten the integrity of the budget needs to be brought before us first?

Mr. Fernandez responded if you put boundaries on this, you end up with restrictive policies. I prefer you give us a chance to do our job and if you find we are not giving you the level of review and control you are looking for, we will do something different. I was looking at your budget from last year for legal counsel. This is the unaudited financial statement or the year ending September 30, 2006. You budgeted \$10,000 for District counsel. By the end of the fiscal year you spent \$18,000. You overspent almost \$9,000 last year. That is the answer to your question as to why this did not get charged last year.

Mr. Pichette stated the problem with the budget is the fact we are not seeing the totals racking up throughout the year. We are seeing the month to month expenses, but we are not seeing where we are at. I would like to see a quarterly update on where we are at.

Ms. Calloway stated we sat here with 30 people in this room on budget day and decided to cut our budget. Since then, I have not seen one of those people who were there so they can see why we need additional funds. I am cautioning this Board that next year we are to stick to the budget presented to us. We really need the \$60,000 we cut in the budget.

Mr. Renza stated we started a neighborhood watch in Northern Creek. It cost \$.25 per house, per year, to have a neighborhood watch. You have to get in touch with the insurance company and they will furnish you with a packet. The packet tells you the procedure. You have to get at least 50% of the residents' signatures to get a neighborhood watch. You may want each neighborhood to do their own and they would each choose their own coordinator. Once you have the signatures you inform the Sheriff's Department. You will get a crime prevention officer to come out. You will get a community officer. He calls me regularly every month to ask if I have any issues.

Mr. Carro stated we had an issue in my neighborhood in which we called 911 twice on two different things and they never called the police department. I now have the card from the patrolman who comes here and I have the direct number to Hillsborough Police. The 911 operator never reported the call to the police department.

A resident stated if you are interested in learning what the Sheriff's Department does, there is the Citizen's Academy. It is run by the Sheriff's Department. It is a free course and

there is no age limit. It is three hours a night, once a week. They go through everything the Sheriff's Department does.

Mr. Pichette stated we are now at audience comments. If anyone would like to speak, please state your name and your business.

Mr. Caslini stated last summer the previous attorney was negotiating a payment from the developer.

Mr. Pichette stated yes, on the street lights.

Mr. Caslini asked was it ever received?

Mr. Pichette responded no.

Ms. Calloway stated we have been asking for it. We have not been able to find out if it was received or what the negotiation was. The developer came to one of our meetings to discuss it. He said he was going to look into it. I asked him how much he thought it would be and it was approximately \$36,000.

Mr. Caslini stated it is not much compared to what they should pay, but it will help the budget with the issues that came up. I am waiting to confirm a date with Deputy Service for our section. Once I get this information I will let you know the date and we will try to get the recreation center for a neighborhood watch.

Mr. Pichette asked what section?

Mr. Caslini responded Stone Branch on Holly Creek. Going back to my first question, since the previous attorney collected so much extra money, maybe we can find out what happened so we can continue to try to get those funds.

Mr. Pichette stated the CDD never took over the street lighting, yet the CDD was paying for it. The developer was passing the bill along to the CDD, even though the CDD did not have a contract for the lighting and the developer did. It came out to be well over \$100,000, which the CDD paid on behalf of the developer. They never reimbursed us for anything, nor did they agree to completely reimburse us for anything.

Mr. Santiago stated when I met with staff they told me Mr. Van Wyck was negotiating a matter involving the small park across from where they have the current office.

Mr. Pichette stated they initially did a six month lease to park there because they turned their parking lot into houses because they were in their final phases. Now the development is taking seven months longer to finish than initially planned. They came back to the Board asking

for an extension. They have an extension until the end of this year. The agreement also stated they have to restore the park if they did any damage to the grass.

A resident asked who is responsible for replacing the stop sign?

Ms. Calloway responded the county. Ms. Fiatoa told me about it. I suggested we call Hillsborough County because they will have to replace the stop sign, but we had a decorative pole with the sign. I recommended we get a standard sign put there because with the widening of 301 I did not want the county to remove our decorative pole and replace it with a regular stop sign when they are finished widening. I asked her to get the pole so we have it and have the county put a standard sign with a metal pole. We are going to keep it this way until the road widening is completed.

Mr. Mendenhall stated I am going to be your District manager. I have been with Severn Trent for approximately a year. I have the unique experience of having been a CDD Supervisor for three and half years. I also have background in finance. I worked for JP Morgan Chase for eight years. I also worked as an assistant treasurer at Cigna Healthcare. I had the opportunity to work with a couple of districts, which have gone through the same transition you are going through. I worked with districts, which have gone from developer to resident control. I also worked with districts, which have gone from one management company to ours. I understand all of the things your are going through and I am happy to pitch in to figure out how to move forward.

Mr. Pichette stated thank you.

Ms. Calloway stated we were talking about \$10,000 bond money left over. The minutes from July 6, 2006 say, "Ms. Hartman stated that currently, there is \$10,000 in the long term debt account and she stated that it can to be used to secure the pumps and to cover the repair costs." This amount of money should be available as left over bond money. If it is not there, someone needs to find out where the money went.

Mr. Fernandez stated you cannot use it for repairs. You can use it for replacement.

Ms. Calloway stated they have to re-drill the well. It is a replacement of the well.

Mr. Santiago stated Ms. Calloway sent me an email regarding an auto accident with damage to the property. I wanted to know if this is being handled by staff.

Ms. Bryant stated yes. I am waiting for lawn service to let me know how much it will cost to repair the spot.

Mr. Santiago stated I understand the person who caused the accident is willing to pay for it.

Ms. Bryant stated yes. She said she would pay for it.

Mr. Santiago stated it is wise to memorialize the fact she made this arrangement because memories fade quickly after accidents occur.

Ms. Calloway stated I spoke with the officer. We should have the report available after five days. It should be available at this time.

Mr. Santiago stated if the CDD is an injured party to the accident, we are entitled to a copy of the report. If we can get it, we can start building our file. We want to get a letter to her saying what was discussed and in the interim we are going to figure out what it costs. This way we will have good records.

SEVENTH ORDER OF BUSINESS

Adjournment

There being no further business,

On MOTION by Mr. Carro seconded by Ms. Dunn with all in favor the meeting was adjourned.

Andrew Mendenhall
Assistant Secretary

Ed Pichette, III
Chairman