

**MINUTES OF MEETING
STONEBROOK
COMMUNITY DEVELOPMENT DISTRICT**

A Regular Meeting of the Stoneybrook Community Development District's Board of Supervisors was held on **Thursday, November 19, 2009 at 9:15 a.m.**, at the **Stoneybrook Community Center, 11800 Stoneybrook Golf Boulevard, Estero, Florida 33928.**

Present and constituting a quorum were:

Ron Ritschel	Chair
Chris Brady	Vice Chair
Ed Harland	Assistant Secretary
James Boesch	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Dan Cox	District Counsel
Matt Nieder	Golf Course Superintendent
Bruce Harwood	PGA Head Golf Professional
Mike Coughlin	Resident
John Blakeley	Master Board Liaison
Vince Fagliarone	Resident
Frank Ponchak	Master Board Treasurer

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Ms. Crismond called the meeting to order at 9:15 a.m. All Supervisors were present, except Mr. Davis, who recently resigned.

Mr. Boesch stated that treasurers of Port Rush Run and Knight Run would like to discuss some irrigation issues with Mr. Adams, following the meeting. He requested an executive session and a fifteen (15) minute time limit for any topic presented by an audience member.

SECOND ORDER OF BUSINESS

Affidavit of Publication for Rescheduled Meeting on November 19, 2009

The affidavit of publication for the November 19, 2009 meeting was included in the Agenda package.

THIRD ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

******This item, originally the Twelfth Order of Business, was discussed out of order.******

Mike Coughlin, 21371 Lancaster Run, discussed drainage issues in which water drains towards the building during a watering or natural rain; water comes within 12 inches of the front door, every time the grass is watered. He stated he presented the same issues to the Master Board and discussed the issue with Matt and Ron.

FOURTH ORDER OF BUSINESS

Resignation of Kris Davis

******This item was an addition to the agenda.******

Mr. Ritschel stated Mr. Kris Davis tendered his resignation from the Board of Supervisors. He noted Mr. Ray Rodriguez expressed an interest in the Board and his intent was to run in the next election. He stated Mr. Rodriguez served on the Board in the past.

On MOTION by Mr. Boesch and seconded by Mr. Brady, with all in favor of accepting the resignation of Supervisor Kris Davis.

Mr. Adams stated the Board can request letters of interest and/or entertain a question and answer session with prospective candidates. He said the Board can appoint a replacement as quickly as they desire; there are not any time constraints. Mr. Ritschel suggested that interested parties attend the next meeting. Mr. Boesch recommended individuals leave resumes at the office. Mr. Adams stated the resumes can be included in the next Agenda package. Discussion was held regarding the process for notifying people and presenting the resumes at the Board meeting. The Board decided to include the received resumes in the January Agenda package.

FIFTH ORDER OF BUSINESS

**Consideration of Award of Contract for
Landscape Maintenance**

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

Mr. Ritschel summarized the events leading up to the District obtaining the landscaping responsibilities of the common areas. He noted the bid was advertised and bids were received.

The Master Board requested something in writing stipulating that the common areas will be maintained at the same standard.

Mr. Ritschel stated each bid has some discrepancies. He stated the Board has the right to waive specifics of the contract. He noted Mainscape did not comply with all the requirements, as they sent their bids on their own forms, rather than using the forms provided in the bid package. Pinnacle did not complete the provided forms. Pelican Landscaping took an exception to the irrigation and submitted an addendum for irrigation. The remaining companies, in compliance with the bid specifications, were TruGreen, Crawford and Luke Brothers. TruGreen was the only bidder that met the District's budget and bid specs. He noted TruGreen maintains Fiddler's Creek CDD and discussed his tour of the property with Phil Brougham, Chairman of Fiddler's Creek Community Development District #1. Mr. Brougham discussed TruGreen's service, noting that TruGreen has on-call service and other positive aspects. Mr. Ritschel noted Mr. Brougham's email confirming the success of TruGreen in Fiddlers Creek CDD #1.

An audience member, Vince Fagiarone, questioned how the District's idea of landscape maintenance differed from that of the Master Board. Mr. Ritschel noted the tax bill is complete, includes the assessment for landscaping and some tax bills are already paid. The Master Board's suggestion to take over the landscaping, would mean they would have to bill the CDD; the CDD would have to write a check to the Master Board. Mr. Fagiarone expressed concern as to whether the bids were scrutinized by the Board Members, rather than a third party. He questioned the reasons the current landscaper was not considered for this bid. Mr. Boesch stated the process for determining the landscaper was determined through the bid process and the residents were well informed of the change of responsibility from the Master Board to the District.

Mr. Ritschel stated Ryan Brindley's bid was dismissed due to the attached addendum for irrigation issues; his price was also well over the District's budgeted amount.

On MOTION by Mr. Boesch and seconded by Mr. Harland, with all in favor of approving TruGreen Landscaping for Landscape Maintenance for the first year contract price of \$187,049, with a second year option of \$199,997.

Mr. Ritschel asked Mr. Cox if he had any legal concerns regarding the current bid process. Mr. Cox stated that the bid process was completed, as required by law.

Discussion was held regarding the specs of the bid and the ending price of the bid.

SIXTH ORDER OF BUSINESS

Consideration of Proposal for Early Termination of Yamaha Lease

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

Mr. Harwood stated EZ Go Carts will be delivered on the morning of November 30th and the GPS company will be ready to switch the GPS systems. The Yamaha carts will be ready to be shipped out on December 1st.

Mr. Cox stated Yamaha came back with a payoff amount of \$25,638.00; this is better than half of what would have been paid if the contract went to term. He said he has been discussing such payment with the bondholders, as it is their money paying the lease. Mr. Harwood presented a summary of the loss of revenue since January, 2009. May 4, 2009 was the date Yamaha was put on notice of the damages; the loss, since May 4th, is about \$15,600. He noted no more lease payments would be paid; it would be a one time payoff. Discussion was held as to the litigation costs and the issue of proving the lost revenue. Mr. Ritschel noted a new lease was negotiated with EZ Go for new carts, transfer of the GPS system and the Board decided to break the lease with Yamaha.

SEVENTH ORDER OF BUSINESS

Discussion/Consideration: Revised Rate Study

******This item, previously the Fifth Order of Business, was discussed out of order.******

Mr. Adams discussed the success of having residents pay based on usage, rather than a flat rate. As a result, the annual usage is down from the original Engineer's Report of 400 million gallons, thus decreasing the revenues of the irrigation fund. He discussed the need for a rate change. According to the revised rate study, he identified the golf course, common areas and the community. He noted the percentage estimate of the common areas is removed and moved the usage amounts into the resident or metered amounts. He noted, either way, the community would pay for the water as part of a landscaping expense, or, as in this case, they absorb the usage into the community usage and pay it as part of their monthly bills. The study

reflects 60% usage in the community and 40% usage in the golf course; 150 million gallons of water for the community and 100 million gallons of water for the golf course, respectively. He noted he prepared a five (5)-year projection of the District's expenses (see exhibit A). He summarized the expenses, as noted on the analysis, including the deferred obligation that is due to the golf course. The expenses with one (1) asterisk reflect a 3% annual increase; two (2) asterisks reflect a 4.5% annual increase. The Reserve/Bulk Effluent Cost is updated to include a gradual increase in cost from Lee County. He assumed the average usage will be 70% effluent, with 30% produced by the on-site wells. Mr. Nieder discussed the South Florida Water Management District (SFWMD) permit will be completed by December 27, 2009 and may allot more than 250 million gallons of water. Mr. Adams noted this rate will have to be reviewed in the coming years. Mr. Adams stated the District can bill as indicated in Year 1, or bill based on the average rate over the five (5)-year projection.

Mr. Adams clarified for the multi-family neighborhood common areas, the additional ERU's were assigned based on the square footage takeoffs provided by Mr. Nieder in June. He discussed the meter readings from the first day of the month to the last day of the month; the difference being the amount that was pumped for the month. 43%, of the amount pumped for the month, was billed to the golf course, 3% was billed to the Master Association; the remainder, which was billed to the Community, was based upon actual usage through the individual meter reads serving the residents and any remaining differential was considered due to line loss.

Mr. Ritschel questioned the change in the total cost from the previous year to this year. Mr. Adams stated the original rate study did not include the infrastructure depreciation or the deferred obligation number to the golf course.

Mr. Cox noted the possibility of a surcharge, should the District's usage drop below a certain level and it may need to be considered when making an amendment to the rule.

Discussion was held as to building a reserve to help account for the depreciation. Mr. Adams noted the mechanical style meters have been around for over 15 years and contain gears that may strip or break and the pumps and motors are not a huge expense; under \$20,000. Mr. Ritschel explained that Mr. Adams' analysis is an attempt to charge only what is necessary and is an attempt to foresee future issues; such as the meter lease payment expense ending after the first five (5) years.

He noted this is only for irrigation water, not potable water. Mr. Nieder explained that, regardless of whether residents are present, the watering of the landscape is still completed. He discussed that there was one (1) line metered for Port Rush and Lancaster; Knighton had different lines stemming from a main line, which gave that community nine (9) meters.

On MOTION by Mr. Boesch and seconded by Mr. Brady, with all in favor of accepting the proposal to be billed on a yearly basis by approving the first year base rate of \$1.69 per 1,000 gallons, as presented, and authorizing the establishment and advertising of a public hearing for the rate change to occur at the January meeting.

EIGHTH ORDER OF BUSINESS

Update: New Irrigation Permit

****This item, previously the Sixth Order of Business, was discussed out of order.****

Mr. Nieder stated the deadline for SFWMD to provide the District with a permit is December 27, 2009; the allocation will consider the residential acreage and the golf course acreage. He discussed having to blend the water to meet SFWMD standards.

NINTH ORDER OF BUSINESS

Update: Delinquent Irrigation Bill

****This item, previously the Seventh Order of Business, was discussed out of order.****

Mr. Adams stated that any past due accounts, over 60 days, were noticed in two (2) forms; a past due notice was mailed to the address of record and the notice was posted at the residence. The shutoffs are scheduled for Monday, November 23rd. He noted their monthly bills include a phone number to contact the billing office. Mr. Ritschel clarified that shutoff means that the meter will be locked. Mr. Adams stated the yards in which the associations took over the maintenance will not be locked, but the property's bill will be forwarded to the Association. If payment is not received within 30 days, from the Association, then the meter will be locked.

TENTH ORDER OF BUSINESS

Staff Reports

****This item, previously the Eleventh Order of Business, was discussed out of order.****

- a. **Manager**

*****This item was discussed out of sequence.*****

i. Unaudited Financial Statements as of October 31, 2009

Mr. Ritschel requested a financial statement workshop, in order to better understand the financials. Mr. Adams apologized for the financials being late; however, the Accounting Department ended up putting forth a tremendous effort that included additional and unforeseen efforts. He further stated that the current set of financials was deemed to be about 99% accurate and that the December set of financials should get us to about 100% accuracy. Mr. Adams referred the Board to Page 8 for a consolidated view of the District's current status, which, in his opinion, is the most useful page, from a pure Management perspective. Mr. Harland requested, on Page 6, to move "Due from Irrigation Fund" to the left so that it does not look like it is grouped under Concession. Mr. Adams stated the Board can email him any questions/comments regarding the financials and he will forward them to Jeff Pinder.

Mr. Boesch requested an update from Mr. Ponchak on the money owed from the previous collections. Mr. Ponchak stated they started out at \$21,000, but now they are at about \$18,000. Mr. Adams noted that it is on the books as a receivable. Mr. Ritschel stated he thought the number was higher, as the District has only received one (1) check. Mr. Boesch noted the District owes the Master Board money for security and the golf course. Mr. Ritschel noted there was not a bill for October.

ii. NEXT MEETING DATE: December 15, 2009 at 9:15 A.M.

b. Attorney

*****This item was discussed out of sequence.*****

Mr. Cox stated the Board, in September, adopted a resolution for amendments to the Groundwater Recharge/Density Reduction and requested the Board's signature and approval to send to the Department of Community Affairs, as input to consider in their review of the amendment. Mr. Cox explained it would be important if they were to make a finding of non-compliance or rejected the amendments and the District wanted to participate in any challenge and recommended sending it. With the Board's consent, Mr. Cox stated he will forward the resolution to the Department of Community Affairs.

c. Engineer

*****This item was discussed out of sequence.*****

There was no report and the next item followed.

d. Golf Superintendent

*****This item was discussed out of sequence.*****

Mr. Nieder noted the unknown lease that was discovered was paid off, the Stoneybrook truck was paid off and the title was received; an airifier, ice machine and mower were paid off. The completed lease was \$1,300 a month and was included in the budget. He noted the new sprayer's monthly payment would be less than \$1,300 a month. He discussed mulch, tree trimming and flower prices. He noted the bridge contractor requested to be able to turn in an invoice, as he completed a bridge. Discussion was held regarding various proposals to resurface the bridges. Mr. Nieder explained he took the annual budget and broke it down by acreage size of the golf course. It costs, on average, \$10,212 per acre/per year to maintain the turf. His ultimate goal is to reduce the turf size down from 120 acres to 85 to 90 acres; thus reducing the maintenance cost. He stated he is going to get a cost breakdown of the cost to remove the turf and replace with plants, thus reducing the fertilizer costs. Discussion was held regarding the no-till process, remove the old grass to the bare dirt, fumigate the soil and re-spray with Champion grass; the turn around time is 60 days and the cost is \$0.51 per square foot. The grass is about \$100,000 and the fumigation is \$15,000. He recommended doing the irrigation around the greens. The total project would be around \$200,000. He noted the grass grows so tight that should the weeds grow, it would be pushed up and out and the mower would take it out. Discussion was held as to other courses using the same process.

Mr. Boesch noted that this project was not included in the budget. Mr. Nieder stated he is addressing the course's issues and ways to solve the problem using the least amount of money. He stated the tree trimming total is \$18,800, pine straw is around \$20,000 and both are included in the budget. Discussion was held regarding the current contractors and budget.

e. Golf Pro

*****This item was discussed out of sequence.*****

Mr. Harwood stated the rounds are up in November; averaging 131 rounds per day. Revenues are up and are projected at \$125,000 this month. He stated the players cards will be out by Thanksgiving or early December. He discussed a resident that requested to put a "no trespassing" sign in his yard. Mr. Cox recommended that he discuss the sign with the Design Review Committee of the HOA.

ELEVENTH ORDER OF BUSINESS

Approval of October 27, 2009 Regular Meeting Minutes

****This item, previously the Eighth Order of Business, was discussed out of order.****

The October 27, 2009 Regular Meeting Minutes were presented for the Board's review.

On MOTION by Mr. Boesch and seconded by Mr. Brady, with all in favor of accepting the October 27, 2009 Regular Meeting Minutes, as presented.

TWELFTH ORDER OF BUSINESS

Other Business

****This item, previously the Ninth Order of Business, was discussed out of order.****

There being no Other Business, the next item followed.

THIRTEENTH ORDER OF BUSINESS

Committee Reports

****This item, previously the Tenth Order of Business, was discussed out of order.****

There being no Committee Reports, the next item followed.

FOURTEENTH ORDER OF BUSINESS

Executive Session

****This item, previously the Thirteenth Order of Business, was discussed out of order.****

On MOTION by Mr. Boesch and seconded by Mr. Brady, with all in favor of convening to the Executive Session at 12:13 p.m.

Mr. Adams reopened the public session at 12:56 p.m. He noted Supervisor Brady was absent from the previous roll call. Mr. Ritschel discussed a homeowner that has not paid his bill since February. He stated he went to his house and saw there was a leak. The leak was fixed and the homeowner did not pay his bill because he felt like he was not getting answers to his questions. He questioned if the District could refund him a credit from the leak that caused his January bill to be high. He recommended to the homeowner that he pay his bill, to avoid a meter shutoff. Mr. Adams noted the January bill was billed at the base rate for the entire gallonage and

did not know a way to give him a refund that was not arbitrarily based. Discussion was held regarding the policy of providing credits. Mr. Cox noted there are statutory provisions that prohibit the District from giving away a product.

Discussion was held regarding the drawings of the District. Mr. Ritschel stated the drawings are nowhere near as close as the original drawings; there is not a point of reference for the valves, etc. He requested revised drawings and returned his invoice for \$2,500, as the Board approved the amount not to exceed \$2,900.

Discussion was held about a prepaid CDD Assessment for 2010. Mr. Adams stated the tax bill is usually prorated at closing and the estoppel letter will indicate a principal payoff amount on the debt service side.

Discussion was held regarding the District's insurance. Mr. Adams noted the District's insurance is with PGIT and is billed annually; quarterly billing costs more.

FIFTEENTH ORDER OF BUSINESS

Adjournment

****This item, previously the Fourteenth Order of Business, was discussed out of order.****

There being no further discussion, the meeting adjourned at 1:15 p.m.

**On MOTION by Mr. Boesch and seconded by Mr. Ritschel,
with all in favor of adjourning.**


Secretary/Assistant Secretary


Chair/Vice Chair

EXHIBIT A

**Stoneybrook CDD
Irrigation Rate Analysis
11/13/2009**

ASSUMPTIONS:

Total Annual Flow Assumption 250,000,000 ***
 Golf course percentage of Total 40%
 Community percentage of Total 60%

REVENUE

Golf Course
 Based upon annual gallonage assumption of 100,000,000

Common Areas: As the CDD is assuming the common area landscaping, and will no longer bill for estimated usage in these areas, this estimated usage is now rolled into the Community usage.

Community
 Based upon annual gallonage assumption of 150,000,000

5 Year Projection					
Year 1	Year 2	Year 3	Year 4	Year 5	
\$169,000	\$158,000	\$154,000	\$156,000	\$158,000	

\$0 \$0 \$0 \$0 \$0

\$253,500 \$237,000 \$231,000 \$234,000 \$237,000

BILLING RATES

Price Per 1000 gallons	Year 1	Year 2	Year 3	Year 4	Year 5	Average
	\$1.69	\$1.58	\$1.54	\$1.56	\$1.58	\$1.59

Typical Monthly Bill- Year 1

Type	ERU	Units	ERUs	Avg/ERU/Mo Usage	Monthly Bill	Annual Revenue
SF	1	737	737	13.522	\$22.85	\$202,108.94
Condo	0.65	208	135.2	8.789	\$14.85	\$37,076.16
Villa	0.3	174	52.2	4.057	\$6.86	\$14,314.91
		1119	924.4			\$253,500.00

Typical Monthly Bill- Year 3

Type	ERU	Units	ERUs	Avg/ERU/Mo Usage	Monthly Bill	Annual Revenue
SF	1	737	737	13.522	\$20.82	\$184,170.27
Condo	0.65	208	135.2	8.789	\$13.54	\$33,785.37
Villa	0.3	174	52.2	4.057	\$6.25	\$13,044.35
		1119	924.4			\$231,000.00

EXPENSES

Capital- Loan Repayment

For annual repayment of a loan to address the capital cost of retrofitting the irrigation distribution system with meters at all non CDD connections. The annual cost is based upon the following assumptions.

Capital Costs \$500,000
 Finance Term 60 months
 Interest Rate 5%

Operating

- * Electricity
- * Rentals and Leases- Controller Upgrade
- * Service Contract (pumps)
- * Repairs and Maintenance (building/pumps)
- ** Labor
- * Line Repairs
- * Accounting
- * Audit
- * Meter reading
- * Miscellaneous- Bank Fees
- * Utility Billing- billing, collection, deposit
- * Insurance
- * Depreciation
- * Deferred Obligation (due to Golf Course)
- *** Reserve/Bulk Effluent Cost

Total Revenue	\$422,500	\$395,000	\$385,000	\$390,000	\$395,000
	\$115,000	\$115,000	\$115,000	\$115,000	\$115,000

\$59,328	\$61,108	\$62,941	\$64,829	\$66,774
\$32,004	\$32,004	\$0	\$0	\$0
\$1,701	\$1,752	\$1,805	\$1,859	\$1,914
\$33,818	\$34,833	\$35,878	\$36,954	\$38,062
\$29,996	\$31,346	\$32,756	\$34,230	\$35,771
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
\$8,240	\$8,487	\$8,742	\$9,004	\$9,274
\$4,635	\$4,774	\$4,917	\$5,065	\$5,217
\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
\$1,200	\$1,236	\$1,273	\$1,311	\$1,351
\$15,000	\$15,450	\$15,914	\$16,391	\$16,883
\$3,152	\$3,247	\$3,344	\$3,444	\$3,548
\$28,436	\$28,436	\$28,436	\$28,436	\$28,436
\$40,000	\$0	\$0	\$0	\$0
\$32,813	\$39,375	\$56,438	\$56,438	\$56,438
\$421,323	\$393,047	\$383,443	\$388,961	\$394,667

Total Expenses

* Projection numbers assume 3% annual increase

** Projection numbers assume 4.5% annual increase

*** Projection number assumes a gradual increase in cost from Lee County, for the next two years (\$.25/1000 year one and \$.30/1000/year two) settling into currently disclosed price of \$.43/1000 gallons in year 3. The gallonage leaving the pump station for the 12 month period of August 1, 2008 through July 31, 2009 was 251M. The original JEI report projected 400M annually, and the prior Rate Study used an average, between the original 400M and the prior year actual of 243M, of 321M. Based upon the last two years of historical/actual data, 250M is assumed for this report.

It is further assumed that an average of 70% of total annual flow will be from effluent (remainder to come from on site wellfield) and that the County will continue to provide effluent free of charge during the summer months.