

**MINUTES OF MEETING
LEXINGTON OAKS
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Lexington Oaks Community Development District was held on Thursday, January 24, 2008 at 8:30 a.m. at the Lexington Oaks Clubhouse, 26304 Lexington Oaks Boulevard, Wesley Chapel, Florida.

Present and constituting a quorum were:

Don Peters	Chairman
Terry Bechtel	Vice Chairman
Peter Hanzel	Assistant Secretary
Raymond Dolente	Assistant Secretary
Fritz Nystrom	Assistant Secretary

Also present were:

John Browne	Manager - Severn Trent Services
Tracy Robin	District Counsel
Bob Valentine	Engineer
John Adams	Site Manager
Chuck Bellissimo	HPI

The following is a summary of the minutes and actions taken at the January 24, 2008 Lexington Oaks Board of Supervisors meeting.

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Pledge of Allegiance

The Pledge of Allegiance was recited.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the December 27, 2007 Meeting

Mr. Peters stated each Board member received a copy of the minutes of the December 27, 2007 meeting and requested any additions, corrections or deletions.

There not being any,

On MOTION by Mr. Nystrom seconded by Mr. Bechtel with all in favor the minutes of the December 27, 2007 meeting were approved.

SIXTH ORDER OF BUSINESS

Engineer's Report

Mr. Valentine addressed the following:

A. Preakness Law Enforcement Signage

- The trees have been trimmed and a sign needs to be replaced.
- A quote for \$615 was received from Cornerstone Businesses to replace the sign using concrete around the post base.

On MOTION by Mr. Peters seconded by Mr. Hanzel with all in favor the bid from Cornerstone Businesses in the amount of \$615 to replace the sign in Preakness to comply with law enforcement was accepted.

- Mr. Valentine will contact the county to re-inspect the signage.

B. Fitness Center

- The changes were made to the site plan for the driveway and storage area.
- The landscape plans and the calculations for drainage were revised for the SWFWMD permit and will be submitted tomorrow.
- No issues with the permit are anticipated.

The Board and staff discussed the timeline for the bidding process with the outcome being the District Manager will provide a scope of services and timeline at the February Board meeting.

- Mr. Valentine suggested the District not go out for bids until the permit is in the hands of the county for at least 30 days to make sure there are no significant changes.

C. Other Capital Projects Review

- An updated Capital Improvement Project report is attached for the record.

- Mr. Valentine updated the Board on the proposal from OneSource regarding enhancement of the front entrance.

The Board and staff discussed enhancement of the front entrance and the need for designing a proposal for the bidding with the outcome being the engineer will provide a quote for the design of a proposal for bidding on the front entry enhancements to the District Manager.

- A discussion ensued regarding the use of an LED sign in the entry way.

Mr. Nystrom moved the Board accept the fixed sign, not the LED sign, for the right hand side of the front entry and Mr. Hanzel seconded the motion.

The Board and staff continued to discuss the installation, price and use of a fixed sign with the outcome being the item was tabled.

On MOTION by Mr. Hanzel seconded by Mr. Peters with all in favor the prior motion was tabled.

D. Paver Repair – Alternatives and Funding

- The following costs for entrance pavers were reviewed:
 - \$120,000 - pattern texture pavement
 - \$140,000 - brick pavers
 - \$110,000 - plain concrete
 - \$ 45,000 - asphalt
 - \$ 75,000 - brick pavers without the concrete base
- A comparison was noted with the ponds. Work was done on the ponds to bring the infrastructure up to the standard it should have met in the beginning. The builder should not have placed the entrance out there in that manner knowing they were building from the front backwards and there would be all the truck traffic causing damage.
- It was a poor management decision by Pulte Homes to construct this facility from the front to the back when it should have been designed from the back to the front.

- Mr. Hanzel felt Pulte Homes failed to obtain a site permit which would have allowed for construction exit.
- Mr. Robin noted the ponds were a design failure. The fact the design was defective and the weir/dam failed was a design issue which is a distinction from the pavers. There was really not anything wrong with the design of the pavers. It could have been designed more substantially than it was but the design has not failed; it has worn out after 8 or 10 years.
- Mr. Robin noted it may have been constructed according to the design but was it designed in such a way it was doomed to failure or is it a repair and maintenance issue. This is what Mr. Valentine is dealing with in terms of trying to decide whether bond funds can be used. He has to make certifications to the bond Trustee in drawing that money.

The Board and Staff continued to discuss the comparison of the pond and pavers issues with the outcome being Mr. Valentine will further review the options of what can be approved for the use of bond funds and make a recommendation to the Board.

- Mr. Robin noted bond proceeds cannot be used to make improvements on non-CDD property. If we call this a capital improvement, we are making a capital improvement to a county road and I do not believe we can use the bond proceeds for this.
- At the time it was done originally the CDD constructed the capital infrastructure on lands in the District that were owned by Pulte Homes which were then dedicated and given to the county. All of which were part of the requirements of the development order. Even off-site improvements can be constructed in the early stages of development provided they are requirements of the development order. The development requirements of this District have long since been satisfied. To go back after the roads have been given away to the county and the terms of the development order have been satisfied and try to use bond proceeds to improve a county road are not going to be permissible.
- Mr. Robin will review if using O&M funds is an option and report back to the Board within 48 hours.

- If the result is the District cannot spend their funds for the pavers then Mr. Valentine will contact the county about paving of the entrance while they are mobilized in the area.

The record will reflect Mr. Bellissimo joined the meeting.

FOURTH ORDER OF BUSINESS

**Security System Report by Chuck Bellissimo
of HPI**

Mr. Bellissimo addressed the following:

- We will soon be in the programming stage and a decision must be reached regarding the cards.
- The existing printer is a good model if it is in working condition.
- The HPI proposal for ID card upgrade to printable cards using the existing card printer and a Magicard Rio 2e brochure, the current model of the existing printer, was distributed; copies of which are attached for the record.
- The proposal includes the cost of 5000 cards and other supplies. The printer the District presently has is an older model of the Rio 2e but it uses the same supplies.
- This package includes the camera and everything required to use the existing printer.
- If the existing printer does not work or does not provide a card to the liking of the Board, it can be replaced with the new model which uses the same supplies.
- Mr. Bellissimo explained the picture card process and the information which can be included on the back of the card.

The Board and staff continued to discuss the different picture card process options.

- Conversation ensued regarding the pole and tower permitting and Mr. Bellissimo noted they will use the smaller poles and he has re-engineered the draft design.
- When the engineering stamped plans arrive he will submit them to the county, which he hopes will be in mid February.
- The Board requested Mr. Bellissimo keep the District Manager updated regarding the status of submitting the documents to the county.

The record will reflect Mr. Bellissimo left the meeting.

The Board and staff continued to discuss the pricing and enforcement of the picture card system, the process of distributing the cards and the verbiage on the back of the card with the outcome being the proposal was accepted as presented.

On MOTION by Mr. Bechtel seconded by Mr. Nystrom with all in favor the HPI proposal for the picture card option and verbiage on the back of the card as presented in an amount not to exceed \$22,000 was accepted.

SEVENTH ORDER OF BUSINESS

Discussion Items

A. Irrigation Water Issues

- It was noted there has been no change.

B. Bids for Fitness Center Equipment

- Bids for the Fitness Center equipment were received from Gym Source and Commercial Fitness Products, copies of which are attached for the record.
- Staff recommended Quote #852073 from Gym Source in the amount of \$78,905. A 30% down payment is required and the balance due on delivery.

On MOTION by Mr. Hanzel seconded by Mr. Peters with all in favor the proposal from Gym Source (Quote #852073) for fitness equipment in the amount of \$78,905 requiring a 30% down payment with the balance due on delivery was accepted.

- Mr. Adams has received inquiries from individuals asking if the existing exercise equipment will be available for purchase.
- Mr. Adams will get an estimate on the existing equipment.
- Mr. Robin will review the statute for advertising requirements regarding the sale of the existing exercise equipment and report back to the Board.

C. Entrance Sign

This item was previously discussed.

D. Newsletter Bill

- Mr. Adams will send the newsletter bill to Severn Trent after verification.
- It was noted the first newsletter the District began paying for was August, 2005 and they are being billed for 36 months. The amount should be \$2,900 as opposed to \$3,600.

Mr. Peters moved to authorize staff to correct the bill to indicate \$2,900 as opposed to \$3,600 and submit for payment to Severn Trent and Mr. Dolente seconded the motion.

- It was noted a motion is not required to pay a bill.

EIGHTH ORDER OF BUSINESS

Manager's Report

Mr. Browne addressed the following:

- An Assessed Products (lot size) by Village spreadsheet was distributed, a copy of which is attached for the record.
- The only address available for those referred to as "unknown" was that of the lot owners, no address within the community was available.
- Mr. Robin noted there should be a true-up available for the completion of the community. The preliminary assessments when they were adopted by the Board anticipate there are going to be "x" number of units that will be built in "x" number of sizes. It is not uncommon that the marketing plan shifts or changes during development.
- The assessment methodology is finalized at completion.

The Board and staff continued to discuss how the lot size and totals were determined.

- The Proposed Journal Entry spreadsheet was distributed, a copy of which is attached for the record.
- The ten items on the spreadsheet need to be placed in fiscal year 2007. The line items have been identified and submitted to the accountant for updating.

B. Discussion of the Resident Option to Pay Debt Off Early

- Residents can contact Ms. Jodie Bennett in the Severn Trent Assessment Department who will provide them with the pay off amount and the process they will need to follow if they want to pay off their debt service portion as a lump sum.
- Mr. Robin suggested the District have Prager Sealy review the bonds after the capital improvement projects are completed and make recommendations on whether a refunding is in order. When the bonds were initially issued they had more risk associated with them then they do today.
- It was decided if a resident has questions regarding paying off the debt early they will be referred to Severn Trent for information.

A. Purchase of Golf Course Overview

The following was noted:

- Golf courses are difficult to manage and there is a lot of competition in the District's geographic area.
- Players are price sensitive and the use of coupons cuts into profits.
- The District would have to invest initial capital to make the purchase.
- Mr. Robin noted there are only about six districts in the state which own and operate golf courses.
- They have all been the consequence of failed business plans. None of them have been financially sound. There are two in this area, Heritage Harbor and Heritage Isles. Their current financial status is unsustainable and in a crisis because of the restaurant and golf course.
- The business plan was prepared on the basis these districts would own and operate the golf course and restaurant and have sufficient business.
- In this market the golf courses are suffering.
- Mr. Robin noted that based on experience with this ownership pattern it is not a very encouraging thing to think the experience of this District will be much different.

- There are two financing options. Those golf courses were both financed with revenue bonds meaning the residents of the communities are not directly responsible for repayment of those bonds. They are not tied to special assessments on individual homes; they are tied to revenues which flow directly off the business. This is a good thing for the residents but a bad thing if you were to try to raise several million dollars in revenue bond financing now because the history of funding for this type of recreational use is a bad picture.
- The two districts mentioned have to approach the bond underwriters about restructuring to avoid defaults and those types of things have to be disclosed to the bond investors. It is not a rated bond because it has no guaranteed income stream and therefore the interest rate is higher. In my opinion it will be very difficult in this market to get a revenue bond financing put together.
- The other way to do this is through special assessment revenue bonds. If that could be structured, the special assessment would be levied on all lots.

The Board and staff continued to discuss purchasing the golf course, if it would be beneficial to the District, the growth and impact to the District and the restrictions of the land with the outcome being it would not be beneficial at this time for the District to purchase the golf course.

- Mr. Robin noted if there comes a time the golf course is for sale and the Board wants to look at those prospects it can contact Prager Sealy regarding financing options.

FIFTH ORDER OF BUSINESS

Attorney's Report

Mr. Robin addressed the following:

A. Pimlico Quit Claim Deed

- An email was received from the attorney of the Pimlico HOA requesting the District issue a Quit Claim Deed to a piece of Lexington Oaks Boulevard lying outside the gate of Pimlico running east a couple of hundred yards.
- The county is not agreeing to accept that strip because the plat does not contain an adequate dedication to the county for public road purposes.

- The county will be satisfied if the HOA gave a deed and the CDD granted a Quit Claim Deed.
- There is no deed from Pulte Homes to the HOA.
- It is Mr. Robin's understanding the District has no interest in owning any part of Lexington Oaks Boulevard. If the county would be satisfied with a Quit Claim Deed from the District, it could give one, not making any representations about ownership or what is being conveyed. All you are doing is saying "any interest I own in this I am conveying".

The Board and staff continued to discuss the request for a Quit Claim Deed with the outcome being Mr. Robin will respond to the HOA attorney stating the Board conceptually approves this in principle but requested he bring back the deed and the plat for a final decision.

B. Lighting Assessments Letter

- A letter drafted by Mr. Robin and reviewed by the Chairman is available if requested by residents answering questions regarding the lighting assessments. The answer is no, the CDD is not reimbursing for this.
- The letter explains the Board did its due diligence and determined this was not a practical feasible thing to be addressed.

C. Security System Contract Timeline

- The Board knew the contract was flexible and the concerns were that the original plan might not be doable and the engineering completed.
- The contract states they will complete it 90 days after receipt of the permit from Pasco County.
- Additional information should be available within the next 30 days on the revised plan, the relocation of various poles and structures to make this work.
- According to comments this morning the contractor will make the changes within the scope of the existing price.

The Board and staff continued to discuss the security system contract timeline.

- Mr. Robin noted at the last meeting the concern was the contractor was going to fail to perform half of the contract. He needs to be given reasonable time to perform, if he is unable to do that than the District can modify or terminate some part of the contract.

NINTH ORDER OF BUSINESS

Staff Report – Site/Clubhouse Manager

A. Kitchen Upgrade

- The kitchen upgrade turned out well. Mention was made in the newsletter congratulating those involved.

B. Pond Fountain Electric Meter

- This will take place next week.

TENTH ORDER OF BUSINESS

Supervisor Requests

- It was noted there are dead plants on the other side of the entrance to Preakness. Mr. Adams will follow up on this.
- It was requested a speaker to the clubhouse television be installed and the canopy posts outside the clubhouse be painted.
- Mr. Peters recollected that it was previously agreed there would be no open house signs except by the entrance to each village and only on Saturday and Sundays.
- Mr. Adams was not aware of this and Mr. Peters will review the meeting minutes to find this reference.

ELEVENTH ORDER OF BUSINESS

Audience Comments

There not being any, the next item followed.

TWELFTH ORDER OF BUSINESS

Approval of the Financial Statements, Check Registers and Invoices

The following was discussed regarding the financials:

- There is a statement and reserve account discrepancy as to the month for Hawthorne.
- Provide updated receipt of assessments.
- Hawthorne and Preakness should have the telephone expenses included.
- Mr. Browne will follow up on what the “Pre Navision Check No. #3575 is.

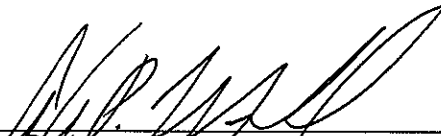
- The Hawthorne/Preakness general ledger printouts should be updated.
- The cost of kitchen appliances should be moved from O&M to Capital projects.
- Mr. Browne will check what Revenue-Special Assessments – Other is?

On MOTION by Mr. Bechtel seconded by Mr. Dolente with all in favor the financial statements, check registers and invoices for the period ending December 31, 2007 were approved.


THIRTEENTH ORDER OF BUSINESS Adjournment

There not being any further business,

On MOTION by Mr. Nystrom seconded by Mr. Bechtel with all in favor the meeting was adjourned.



Andrew P. Mendenhall
Secretary



Don Peters
Chairman