

**MINUTES
NORTH PALM BEACH HEIGHTS
WATER CONTROL DISTRICT**

May 31, 2013 at 7:00 p.m.

**Palm Beach Gardens Library
13303 Campus Drive
Palm Beach Gardens, FL 33410**

The Monthly Business Meeting of the North Palm Beach Heights Water Control District (“District”), having been duly advertised and posted, was held on May 31, 2013 at the Palm Beach Gardens Library, 11303 Campus Drive, Palm Beach Gardens, FL 33410. The meeting was called to order at 7:00 p.m., the Pledge of Allegiance was read, and roll call was taken:

Present

Jeff Iravani
Wally Baldwin
Lee Hintemeyer
Lynn McCullough
Brett Carpenter

Report by Mr. Baldwin, District Attorney:

1. Mr. Baldwin attended a Palm Beach County Tax Collector’s Meeting for Taxing Districts on April 11, 2013 regarding general information and deadlines. He forwarded the handouts with pertinent information to Karen Steadman, the District’s CPA, and the Chairman.
2. After research, Mr. Baldwin was able to locate the Plan of Reclamation. The District was founded in 1958. Mr. Baldwin found some Court documents that the Plan of Reclamation was inadvertently not filed in Circuit Court until April 15, 1976. Mr. Baldwin also located 4th DCA documents showing that interested parties in the District challenged the Plan and the 4th DCA rejected the plan. Mr. Baldwin is still conducting research to find the adoption of the Plan of Reclamation. Mr. Baldwin stated that if they are unable to locate this, they will adopt a new Water Control Plan. Mr. Baldwin needs to determine which Plan was finally approved.

Mr. Carpenter had a question about the Plan. Mr. Baldwin stated that when a Water Control District is created, a Plan of Reclamation is filed with Circuit Court for approval and it shows reclaimed lands for drainage purposes.

3. When researching the records for the Plan, Mr. Baldwin discovered quite a few court documents. The Clerk had destroyed certain files; some documents are available, and some are not. He obtained some documents from SFWMD. Mr. Baldwin forwarded the documents to the Board.
4. Regency Center's Corporation has paid the 2013 Drainage Fees. They reissued another check after the first one was not cashed.
5. An attorney letter was issued to the District auditors Nolan Holt & Miner regarding legal services rendered on behalf of the District as part of the annual audit of District financial statements.
6. Andrea Lemer of Palm Beach County Information Services advised that the Print File is not available as scheduled in the 2013 Tax Roll Calendar. As soon as the file is available, she will process the District data and forward it for District review for final approval.

Mr. Carpenter inquired about this. Mr. McCullough explained the process. He gets a printout before the District defines lot property number, address and owner. It shows the amount that is being set. Before the maintenance was always the same. Size of the house or the lot does not matter for this rate. Mr. McCullough wants to ensure that the right dollar amount for the lot makes sense. If not, he has time to correct it.

Mr. Baldwin advised he is working with Karen Stedman on an updated certification. It will really simplify the taxation of each lot so they have to revise some of the documents that have been used literally for decades from the bonds so they are working on getting those in order to get the budget certified.

7. Mr. Baldwin is coordinating with the auditor Nolan, Holt & Miner, the District CPA Karen Stedman and the District Chairman regarding a request for correction of audit findings by the Florida Legislature Joint Legislative Auditing Committee. If there are reports in the audit of various districts that show something should be corrected or modified, if it is not modified or corrected over three years, they send a written request about what corrective action should be taken and/or why a district is functioning in a certain way. Mr. Baldwin spoke with the Auditing Committee Office and apparently they just sent out 400 letters to various districts, hospital districts, fire districts, water control districts, and the Districts are various sizes so they operate differently. Mr. Baldwin will respond to it as they are just basically monitoring how the Districts are functioning.

Report by Jeff Iravani, District Engineer:

1. The second canal cleaning is underway, expected to be completed by June 8, 2013. The third one should start June 15, 2013.
2. As the Board directed at the last meeting, Supervisor Hintemeyer and Mr. Iravani had a meeting with residents of Stonebriar. They explained what they could do about the slope of the canal access area and they agreed to what the District presented. Once the work started, they said they didn't like it. They changed their minds. Mr. Iravani spoke with the Chairman and they had the contractor remove the fill and put everything back to the original condition.
3. The vegetation and trees behind Egrets Landing is now removed. This was the vegetation that was in the 10 feet easement, which is actually to the south in the underground water control district that they are using for access. The contractor has to go and muck and grind the roots so the fence can be relocated. Mr. Iravani hopes this work will be completed within the next couple of weeks. SIRWCD is going to pay half the \$9,000 cost.
4. The NC6 washouts were repaired.
5. NC5 washouts were also repaired. The District also asked the Town to repair and install end walls at the two pipes that go into the Leslie Street Canal. It is being eroded underneath and it looks pretty bad. The Town will install the end walls within a month or so. They have two pipes, one is 18", one is 30", Leslie and Marion Streets, respectively and the smaller pipe is in between. It was a bad design. Mr. Iravani told the Town that he didn't want to go through the rainy season with those two walls being like that because those pipes can actually collapse and get more erosion and endanger the road too. Mr. Iravani explained that they are going to put sand cement end wall from the pipe going all the way to the bottom of the canal and then to the other pipe.
6. NC4 washouts were repaired and one restoration at Ferrera Street.
7. The canal banks on NC5 were repaired. The contractor actually used the new area, which was cleared, but it was a bobcat so it is a lot easier to do the work now since the clearing.
8. The canal banks behind several lots on NC3 were restored. On NC1, another canal bank was restored behind one lot and did some more repairs.
9. Mr. Iravani recommends that the Board adopt Palm Beach County's Local Mitigation Strategy so the District can get in the pool with other municipalities and districts to apply for funds that come from the State through Palm Beach County. There is no fiscal obligation on the District's part. Mr. Iravani can

attend the meetings every month or two. They have a local Board who decides who gets what.

10. Mr. Iravani recommends approval of Application B121201 by Chasewood Plaza for mitigation. There are two out parcels in Chasewood Plaza that are part of the shopping center. They are putting some buildings in there and taken portions of the other building out. Overall, they are going to reduce the impervious area that is good for the District. Their fee doesn't change because the amount of runoff that is generated is actually reduced a little bit. Mr. Iravani provided the application for signature.
11. 6164 Barbara Street has a pool, which is three feet from the top of the bank. The District has an 8' easement in there. The District in the past has given them a variance from encroachment. The Town has reduced its setbacks so pools can be put that close, but structurally it is not right to have it that close. The pool does not have any lateral stability and the canal bank has only 4-5 feet of soil. Mr. Iravani will e-mail that to the District Attorney.
12. Mr. Iravani attended a Solid Waste Authority meeting regarding trash collection and pre-hurricane preparation.

Someone asked about the trees. Mr. Iravani stated that the response time has slowed down due to pre-hurricane preparation. The contractors have to go back and grind the stumps behind Egrets Landing and another day's work of cutting. Mr. Iravani hopes to get it completed within a month or so.

The Board members discussed putting applications on their website. Mr. Baldwin Suggested that residents might see the applications and decide to fill them out after they have their work done, instead of before.

Mr. Iravani stated that they were going to come up with a criteria list. There are quite bit of trees, probably 30-40, which are on the eastside of the NC6 canal bank. In Stonebriar, there was only 7-10. There is one behind Walgreens, which has branches in our slope. Mr. McCullough asked Mr. Iravani to do the survey, map it and give the Board an inventory. Mr. McCullough agreed that 2-4 trees should be taken out now, the most obvious ones.

Items by the Board Members:

None.

Miscellaneous Items by the Chairman:

1. The meeting minutes for January and March have not been reviewed yet. The January meeting minutes were 14 pages long. Mr. Carpenter asked if he would

like to delegate that. Mr. McCullough will e-mail them to both Supervisors for their review.

2. Mr. McCullough asked about the status of Wal-Mart. The Board approved the new drainage plan for the building expansion some time ago. Mr. Iravani will check on the status.
3. Mr. McCullough asked if the Board members had any questions about TRIM report. It basically shows what the District was assessed in its last tax year. This is what the District has provided for the new tax year. It is basically asking the District to preview the tax bill before they go out in October in case any changes need to be made.
4. The budget meeting is June 25, 2013. Notification was mailed out.
5. Mr. McCullough received a report from the Auditor's Office as Mr. Baldwin explained. In the annual report, there are concerns that the auditors have listed. Mr. McCullough advised that the law changed and the auditor's office has gone back to everybody who had anything listed in the last three years. Mr. McCullough doesn't know what they are looking for. For example, segregation of duties, there is insufficient segregation of duties in the accounting department. The basic premise is that no one employee shall have access to both physical assets and the related accounting records or to all phases of the transaction. That is not the case. The District's checks require two signatures. Mr. McCullough has used the debit card for the new expense account but the receipts are approved by the other Board members. The Auditor's Office states "responsible official employee not involved in the accounting function should periodically perform tests on a sample basis to determine if accounting procedures of various cycles are being carried out in compliance with prescribed standards." That is why the District utilizes Karen Stedman, CPA. Mr. McCullough told the Board member that they have access to information for the checking accounts and money market accounts. Mr. McCullough showed the Board a printout of the balances in all four accounts, with the login and password information so that they can access BB&T online banking. He differentiated among the four accounts: regular checking account, managed check card account, expense account (debit) and checking account for the capital improvement money market where all the bond money went.

The issue 2009 #2, the general ledgers were not maintained for the special revenue fund is coming out because the bonds were paid off so this is no longer applicable.

Mr. McCullough advised that the tax liens that can be put on properties expire in seven years. Kara has an excel spreadsheet of property owners over the years. She will glean out everyone over 7 years old, which is probably a majority. When Mr. McCullough came on Board in 1991, they were receiving estoppel letters

from mortgage inquiring what the taxes were and if properties were clear or did they owe taxes. Mr. McCullough had two over the 21 years where he was able to flag one that said before the property closing, taxes are owed and they were collected from the new owner. Mr. McCullough advised he hasn't received an estoppels letter in years.

Investment of public funds: The District hasn't done anything with this as they are deciding how to invest the funds but the money is in the money market account. This is why the line of credit was set up.

The District was hit up on the budget items. Excess of expenditures over appropriations. Mr. McCullough will provide everyone with a list of the items that will have to be explained for this year. One of the items is the mileage. Mr. McCullough has been using .50 - .55 for years based on what the accountant said was the standard rate. Mr. Baldwin pointed out that the District needs to use the State statute, 44 cents a mile. The Auditor picked up on the discrepancy between the two mileage rates.

When the budget is put together, Karen Steadman bases it on the previous years' expenses and they project forward. A lot of work has been done over the last few years on the canals. Therefore, the District has gone over on engineering services, on attorney's fees, on a lot of canal maintenance repairs. Once the District budget is prepared, that's it, even though there is more work when things occur. Mr. McCullough advised the auditor suggested that a budget revision could be done midyear. Because of what the District does and it is small, the budget is the basic outline and exercise to establish what the assessments are going to be. If the District has washouts, they have to fix them. Ms. Stedman pointed out that just through October 1 through the end of March; the District accrued \$52,000 in engineering expenses, and another \$18,000 at the May meeting, totaling \$70,000. Mr. McCullough believes he has reached the engineering budget for this year so the District will have to recalculate for the rest of the year. Mr. McCullough acknowledged that the Board has given Mr. Iravani a lot more work in the last year or 18 months than they typically have in the past, i.e., Reclamation project, Wal-Mart, the canal and the Town, and Stonebriar. It is Mr. McCullough's projection that the engineering expense is going to go down once the reclamation is done. It should level off to about \$4,000 - \$5,000 a month. Mr. Hintemeyer will help write the explanation.

Mr. McCullough discussed the trust among the Supervisors in regards to their billing of time and services. Mr. McCullough reiterated that the Florida Legislature Joint Legislative Auditing Committee's Report is really intended to address the larger Districts and it really gets in the way of the District as a smaller district to do its job. Mr. McCullough sent it to Kara and Wally and asked for a response.

Mr. Baldwin stated that the statute applies equally, whether a district or small or large so the District is subject to the same supervision and same requirements to operate under Florida law. Mr. Baldwin read an excerpt:

If any of the above-noted findings relate to areas that may never be fully resolved due to limited staff, please explain such in a written statement and discuss any procedures that will be implemented to help address the issues. One example is a separation of duties finding. While it is understood and acknowledged that there are many small governmental entities in this State with limited resources, there are always compensating controls that can be implemented to help mitigate some of the inherent risks that exist from one individual at such an entity has access to both physical assets and related accounting records or to all phases of a transaction.

Mr. Baldwin stated that essentially has been in their audit findings and their response will be is that the District has compensating controls because it is a small district. The District has addressed these issues and has items in place to help ensure that there is oversight and that one person is not just unilaterally acting in regards to finances.

Mr. McCullough stated that they are also looking for physical assets, which the District does not have. The Supervisors do not have district vehicles. Mr. McCullough is confident enough that the District is doing the right thing in how it handles its finances and its business. Mr. Hintemeyer stated that the District simply has to document what they do. Mr. McCullough was going to ask Kara that since she made the finding, she should advise how to fix it. The District will pay her for it. Karen Stedman was a resident and sat on the District's Board so she is invaluable resource.

Mr. Baldwin spoke to the auditor's office. They essentially want people to be responsive to them, to show they are being compliant and if they are not, then corrective measures will be taken right away.

Mr. McCullough stated that none of the Supervisors are full-time employees, more like glorified volunteers. The District's business is handled professionally and competently. Mr. McCullough has confidence because not only is Nolan, Holt & Miner looking over the District's shoulder, they are checking Karen Steadman's accounting.

Mr. McCullough advised the budget is done and the District has its assessment dollar amount. At some point, Mr. McCullough believes they need to relocate their office. He has been working with Dary and has most of the records on a laptop and jump drive and will get Carbonite, to do an offload offsite. Mr. McCullough is not happy with the location anymore. Because of the rise in

assessment from the Bond payment, Mr. McCullough didn't recommend it to the Board, but feels it is time to start looking around.

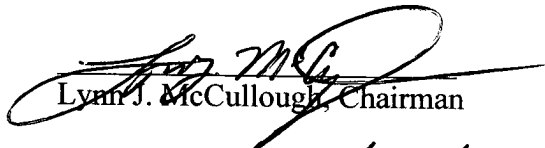
Mr. Hintemeyer made a motion to approve the Permit Application B121201 (with conditions such as requiring as-builts, additional drainage, how much work is being done) and the motion carries.

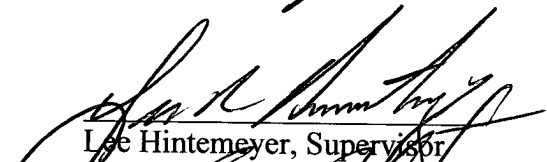
Items by the Public:

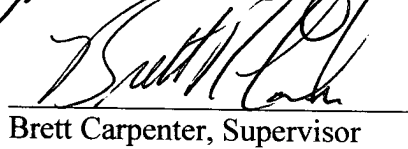
None.

A motion was made to adjourn the meeting at 8:02 p.m. and it carried unanimously.

Approved:


Lynn J. McCullough, Chairman


Lee Hintemeyer, Supervisor


Brett Carpenter, Supervisor