

MINUTES OF MEETING

**MONTECITO
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of Montecito Community Development District was held on **Wednesday, July 5, 2006, at 11:10 a.m.** at the office of Mercedes Homes, located at 6767 North Wickham Road, Melbourne, Florida 32940.

Present and constituting a quorum:

Ken Mitchell	Board Supervisor, Chairman
Bob Kush	Board Supervisor, Vice Chairman
Jim Sigmund	Board Supervisor, Assistant Secretary

Also present were:

Eric Dailey	District Manager, Rizzetta & Company, Inc.
Vivian Carvalho	Representative, Rizzetta & Company, Inc.
Dennis Lyles	District Counsel, Billing, Cochran, et al <i>(via speakerphone, joined in progress)</i>
Brian Bussen	Representative, Mercedes Homes
Hazel O'Toole	Representative, Mercedes Homes
Rey Malave	District Engineer, Bowyer-Singleton & Associates, Inc.

FIRST ORDER OF BUSINESS

Call to Order

Ms. Carvalho called the meeting to order and read the roll call.

SECOND ORDER OF BUSINESS

**Consideration of the Minutes of the Board
of Supervisors' Meeting held on June 6,
2006**

Ms. Carvalho stated that the first item on the agenda was the consideration of the minutes of the Board of Supervisors meeting held on June 6, 2006 (behind tab 1). Ms. Carvalho asked if there were any questions or comments to the minutes. There were none. Ms. Carvalho asked for a motion to approve.

<p>On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the minutes of the Board of Supervisors meeting, held on June 6, 2006 for Montecito Community Development District.</p>
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THIRD ORDER OF BUSINESS

**Consideration of Operation and
Maintenance Expenditures for July 2006**

Ms. Carvalho stated that the next item on the agenda was the consideration of the Operation and Maintenance Expenditures for July 2006 (under separate cover). Ms. Carvalho gave a brief overview of the expenditures. The total amount of the expenditures was \$14,645.91. Ms. Carvalho asked if there were any questions or comments. There were none. Ms. Carvalho asked for a motion to approve.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the Operation and Maintenance Expenditures for July 2006 (\$14,645.91) for Montecito Community Development District.

FOURTH ORDER OF BUSINESS

**Consideration of Series 2006B
Construction Requisitions #47, #49-#60
and #62-#64**

Ms. Carvalho stated that the next item on the agenda was the consideration of the Series 2006B Construction Requisitions #47, #49-#60, and #62-#64 (behind tab 2). Ms. Carvalho gave a brief overview of the requisitions. Ms. Carvalho asked if there were any questions or comments. There was a question regarding Requisition #62, which was payable to Billings, Cochran, et al. It was determined that this should be an Operation and Maintenance Expense, not paid out of the bond proceeds. There will be a credit to the capital budget. There were no further questions or comments. Ms. Carvalho asked for a motion to approve.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved Series 2006AB Construction Requisitions #47, #49-#60 and #63-#64, omitting #62, which is an Operation and Maintenance expense and will be credited back to the capital budget, for Montecito Community Development District.

FIFTH ORDER OF BUSINESS

**Change Order from GUNNstruction for
Phase 2A**

Ms. Carvalho stated that the next item on the agenda was the presentation of the change order from GUNNstruction for Phase 2A. The original contract amount was \$655,983.50, and this change order is for \$17,036.00, putting the total cost of the project at \$673,019.50. A discussion ensued regarding this change order. Ms. Carvalho asked if there were any further questions. There were none. Ms. Carvalho asked for a motion to approve.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the change order from GUNNstruction for Phase 2A for Montecito Community Development District.

SIXTH ORDER OF BUSINESS

**Ratification of the Hoover Pumping
Systems Contract**

Ms. Carvalho stated that the next item on the agenda was the ratification of the Hoover Pumping Systems contract (behind tab 4). Ms. Carvalho explained that this contract provides for a complete preventative maintenance inspection service on the irrigation pump systems. The total of the contract is \$2,600.00 per year for the common area systems. A discussion ensued regarding this matter. Ms. Carvalho asked if there were any questions or comments. There were none. Ms. Carvalho asked for a motion to approve.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the contract with Hoover Pumping Systems for Montecito Community Development District.

SEVENTH ORDER OF BUSINESS

**Consideration of Lake Doctors, Inc.,
Contract for Aquatic Services**

Ms. Carvalho stated that the next item on the agenda was the consideration of the contracts with Lake Doctors, Inc., for Aquatic Services (behind tab 5). Ms. Carvalho explained that there are three separate agreements. The first one she reviewed was the Sales Agreement, which covers the fish feeders for the retention pond. She asked for a motion to approve the Sales Agreement.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the Sales Agreement with Lake Doctors, Inc., for Montecito Community Development District.

The second agreement was the Water Management Agreement for game fish. Ms. Carvalho explained that this was to stock the pond. It was noted that the District was charged sales tax, and the District is tax-exempt. She asked for a motion to approve the contracts without the sales tax.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the Water Management Agreement with Lake Doctors, Inc., minus the sales tax, for Montecito Community Development District.

The third agreement was the Water Management Agreement for the maintenance of the ponds on a monthly basis. She asked for a motion to approve. A discussion ensued regarding this agreement.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the Water Management Agreement with Lake Doctors, Inc., for monthly maintenance for Montecito Community Development District.

EIGHTH ORDER OF BUSINESS

Consideration of the Website Agreement

Ms. Carvalho stated that the next item on the agenda was the consideration of the Website Agreement (behind tab 6). Ms. Carvalho reviewed what the website will encompass. She stated that the cost of the website was \$3,500.00 lump sum start-up fee. The monthly fee is \$100.00. She asked if there were any question or comments. Mr. Dailey stated that he will email the Board links to other CDD websites for them to review. Ms. Carvalho asked for a motion to approve.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the Website Agreement for Montecito Community Development District.

NINTH ORDER OF BUSINESS

Consideration of Appraisal

Ms. Carvalho stated that the next item on the agenda was the consideration of the appraisal (behind tab 7). She stated that the appraisal that was included in the agenda packet is outdated. A new appraisal was to be received but has not been at this time. This item was tabled until the August meeting.

TENTH ORDER OF BUSINESS

Review of Financial Statements

Ms. Carvalho stated that the next item on the agenda was the review of the financial statements. Ms. Carvalho asked if there were any questions or comments. Ms. O'Toole stated that she would like the construction account separated between the A and B bonds. She stated that the bond indenture does not require a separate construction account. She stated that Bond Counsel is looking into amending the indenture to allow two construction accounts to be set up so the financial statements will reflect the expenses.

ELEVENTH ORDER OF BUSINESS

Staff Reports

- A. District Counsel
No report.
- B. District Engineer
No report.
- C. District Manager
Ms. Carvalho stated that the next meeting is scheduled for August 1, 2006 at 11:00 a.m.

TWELFTH ORDER OF BUSINESS

New Business

Ms. Carvalho stated that the next item on the agenda is new business to come before the Board. Mr. Bussen had several items to present.

1. LSP Nursery submitted a proposal to install several plants to the entryway to add some color. The invoice totals \$980.00.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the proposal from LSP Nursery for the installation of plants to the entryway for Montecito Community Development District.

2. Mr. Bussen presented a change order from GUNNstruction for Phase 1B. He stated that it is a three-item change order. Item one was the bypass lane on South Patrick Drive in the amount of \$12,000.00. Item two was a new, paved construction entrance, in the amount of \$19,109.50. Item three was the new entry that was part of the Phase 1B contract with GUNNstruction and was based on Shearwater Parkway being reconstructed prior to the entry being constructed. This item is \$19,220.00. The total amount of the change order is \$50,329.50.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the change order for Phase 1B from GUNNstruction in the amount of \$50,329.50 for Montecito Community Development District.

3. Mr. Bussen presented a contract proposal from C & H Merrill, Inc., for electrical site designs in Phase 1B, in the amount of \$1,420.00.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the proposal from C & H Merrill, Inc., for electrical site design for Phase 1B in the amount of \$1,420.00 for Montecito Community Development District.

4. Mr. Bussen presented two proposals from Site Essentials for the street lights and signage in Phase 1B. The street light proposal is in the amount of \$24,805.81, and the sign proposal is in the amount of \$4,804.30.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board approved the proposals from Site Essentials for street lights (\$24,805.81) and signs (\$4,804.30) for Montecito Community Development District.

Mr. Bussen stated that he would be circulating the contract for the clubhouse construction. He also received the contract for the second entry and wall construction. A discussion ensued regarding this. The Board discussed the product mix within the District. Mr. Bussen stated that he will be ordering the performance bonds from Linda Hopkins so the plat for 1B and 2A can be filed. These will be triple-A rated bonds.

Mr. Dailey stated that the Board has not received any qualification packets, and the District will have to bid projects under the threshold.

Shearwater Parkway was discussed.

THIRTEENTH ORDER OF BUSINESS

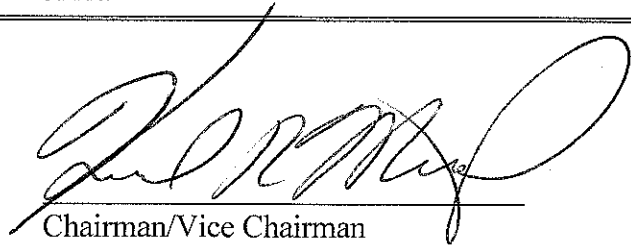
Adjournment

Ms. Carvalho stated that there were no other agenda items to come before the Board, so she asked for a motion to adjourn at 12:35 p.m.

On Motion by Mr. Sigmund, seconded by Mr. Kush, with all in favor, the Board adjourned the meeting for Montecito Community Development District.



Secretary/Assistant Secretary



Chairman/Vice Chairman