

**MINUTES OF MEETING
MEDITERRA NORTH
COMMUNITY DEVELOPMENT DISTRICT**

A Regular Meeting of the Mediterra North Community Development District's Board of Supervisors was held on **Wednesday, May 15, 2013 at 1:30 p.m.**, at **The Renaissance Center, 28121 Palmira Blvd., Bonita Springs, Florida 34135.**

Present and constituting a quorum were:

J. Gary Kaenzig	Chair
Brian Neary	Vice Chair
Thomas H. Van Tassel	Assistant Secretary
Frank Godshall	Assistant Secretary
Dan Abrams	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Jonathan Johnson (<i>via telephone</i>)	District Counsel
Kent Saffir	Hopping Green & Sams
Michelle Blackstock (<i>via telephone</i>)	Grau & Associates

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Kaenzig called the meeting to order at 1:35 p.m., and noted, for the record, that Supervisors Kaenzig, Neary, Van Tassel and Godshall were present, in person. Supervisor Abrams was not present at roll call.

SECOND ORDER OF BUSINESS

**Presentation of Audited Financial Report
for Fiscal Year Ended September 30,
2012, Prepared by Grau & Associates**

Ms. Michelle Blackstock, of Grau & Associates, presented the Audited Financial Report. Referring to the "Independent Auditor's Report", she noted that it is an "unqualified" opinion, meaning it is a "clean" opinion. She explained that, going forward, the term will change and the District will be seeking an "unmodified" opinion. Summarizing the "Balance Sheet", on Page 8, Ms. Blackstock stated that, as of September 30, 2012, total assets of \$829,095 exceeded liabilities of \$58,097, leaving a total fund balance of \$770,998. The "Statement of Revenues,

Expenditures and Changes in Fund Balances”, on Page 10, reflects that total revenues of \$9,044,194 were less than total expenditures of \$9,840,080, resulting in a deficit of \$795,886. Under “Other Financing Sources (Uses)”, Ms. Blackstock noted bond proceeds of \$6,025,000 and a payment, to refund the bond escrow agent, of \$6,078,489, resulting in a deficit of \$53,489. Overall, the “Net change in fund balance” was negative \$849,375. She referred to the “Report on Internal Controls and Compliance”, on Page 22, and the “Management Letter”, on Page 23, noting that both indicate a clean opinion and there were no findings for the current or prior years.

*****Mr. Abrams joined the meeting.*****

A Board Member recalled when the District refinanced and transitioned from Bonita Bay Group to resident owned, asking about the clubhouse and golf course debt. Mr. Adams explained that some of the debt is on the golf course, in the North, and on the clubhouse, in the South.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2013-1, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2012

Mr. Kaenzig presented Resolution 2013-1 for the Board’s consideration.

On MOTION by Mr. Abrams and seconded by Mr. Godshall with all in favor, Resolution 2013-1, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2012, was adopted.

*****Ms. Blackstock left the meeting.*****

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2013-2, Approving Proposed Budgets for Fiscal Year 2013/2014 and Setting a Public Hearing Thereon Pursuant to Florida Law

Mr. Kaenzig presented Resolution 2013-2 for the Board’s consideration.

Mr. Adams indicated that this resolution approves the proposed budget for the purposes of setting the public hearing, not less than 60 days from the date that the proposed budget is

approved. Approval of the proposed budget today does not bind the District to the service levels or costs outlined; changes can be made until adoption. The public hearing will be scheduled for August 21, 2013 at 1:30 p.m., at this location.

Mr. Adams reported that, from an operating perspective, the budget is status quo. He noted that the aquascaping expense line item now contains "Drainage Pipe Cleanout". Mr. Adams advised that the outfall structures were recently inspected and, in Mediterra South, were found to be clean, requiring no action; however, some in Mediterra North had significant impediment and appear to be the result of the outfall structures being used as part of the dewatering process. He indicated that the cost to inspect the outfall structures was \$1,500, cleanout will cost about \$7,500 and inspection of the interconnecting pipes between the lakes will cost approximately \$6,000. Inspection of the interconnecting pipes and cleaning, on an as needed basis, will proceed. Mr. Adams stated the preference to proceed now, explaining that he programmed it into the Fiscal Year 2014 budget purely for the purpose of collecting the revenue to offset the expense that should be incurred during the current fiscal year. He felt that inspections could be completed within the next 30 to 60 days, with a full report at the next meeting.

Regarding the \$175,000 "Aquascaping/Drainage Pipe Cleanout" line item, which is identical to the current fiscal year, Mr. Adams stated that he anticipates fewer aquascaping plants next fiscal year, resulting in approximately \$35,000 to \$40,000 available for drainage pipe work. In response to a question, Mr. Adams confirmed that he expects a reduction in the aquascaping costs to between \$130,000 and \$135,000 during the next fiscal year. Mr. Adams reiterated the plan to complete the work during the current fiscal year, using fund balance, while programming it into Fiscal Year 2014, in order to replenish fund balance.

In response to a question regarding frequency, Mr. Adams confirmed that the drainage pipe inspection and cleanout should not need to be completed yearly; once construction is completed, the need should be greatly reduced. He noted that, on an ongoing basis, the District must address organic material buildup in the drainage boxes alongside the road. Generally speaking, cleanout will not take place unless the impediment is 25% or greater.

Mr. Adams reiterated the steps in the project and estimated costs. Mr. Adams confirmed that an inspection will not be necessary for about five (5) years, with the next cleanout being in about ten (10) years, barring any out of the ordinary issues.

Mr. Godshall referred to the assessment tables, on Pages 16 through 19 and noted that, in the former 2001 Series bond, there was a slight increase in the debt service from last year to this fiscal year. The Mediterra South 1999 Series bond was similar, with a minimal increase, while the Mediterra South 2001 Series bond had a 15% reduction from last year to this year. He voiced his feeling that something must be wrong, given the minimal increase in debt service from last year to this year. He stated that Mr. Adams' response was that a mistake was made last year, which was missed by everyone; the mistake was corrected this year, which is what makes it seem incorrect.

Mr. Adams explained that the Mediterra South 2001 Series bond table was not updated to the refinancing numbers; however, the others were updated. He noted how the issue was discovered and confirmed that the tables do not set the District's assessment levels; the lien roll contains the correct numbers.

Noting that he discovered errors last year and this year, Mr. Godshall pointed out that the tables within the proposed budget are what the Board references; therefore, he expects them to be correct. Mr. Adams voiced his understanding.

Mr. Godshall stated that he did not realize that, with the new bond issues, the interest rate increases every year. Mr. Godshall referred to the reduction, as a result of the refinancing, and voiced his belief that the reduction was set; however, that is not true. Mr. Godshall indicated that each year, a little more will be paid in debt service.

In response to Mr. Godshall's assumptions, Mr. Abrams clarified that the interest, in actual dollars, goes down because the principal goes down. Mr. Adams pointed out that last year the interest rate was 2.4% and will be 5.1%, in 2031; as it was issued in multiple CUSIPS, it is a weighted average, over the period. Mr. Godshall questioned if the property owners will continue to see the same savings in future years. Mr. Adams indicated that it should remain about the same; although the interest will increase gradually, the principal on which it is being applied will go down each year.

On MOTION by Mr. Abrams and seconded by Mr. Godshall with all in favor, Resolution 2013-2, Approving Proposed Budgets for Fiscal Year 2013/2014 and Setting a Public Hearing for August 21, 2013 at 1:30 p.m., was adopted.

FIFTH ORDER OF BUSINESS

**Consideration of Resolution 2013-3,
Extending the Terms of Office of All
Current Supervisors**

Mr. Adams presented Resolution 2013-3 for the Board’s consideration. He explained that the District has reached the General Election trigger of 250 qualified electors; therefore, the next election will be a general election. Mr. Adams indicated that general elections are only held in even numbered years. In order for the Supervisors’ terms to coincide with the general, this resolution will extend each Supervisor’s term by one (1) year.

Mr. Adams discussed the candidate qualifying period and process for general elections.

On MOTION by Mr. Neary and seconded by Mr. Godshall with all in favor, Resolution 2013-3, Extending the Terms of Office of All Current Supervisors, was adopted.

SIXTH ORDER OF BUSINESS

**Continued Discussion: Potential Use of
Bond Proceeds for Community Irrigation
Facilities**

Mr. Adams indicated that, after the last workshop, he reviewed the requisition in question for Mediterra North and found that this does not have the potential to use bond proceeds. He stated that this removes Mediterra North’s claim in the deal. Mr. Adams noted that Mr. Kent Saffir, of Hopping Green & Sams, shared information with Mediterra South, regarding this matter. At this time, Mediterra South chose to postpone moving forward, from a legal perspective; however, they asked Mr. Adams to discuss the irrigation expenses with the construction manager, Mr. Vince Barraco.

Mr. Saffir recalled that he was asked to investigate potential causes of action that the District might have against any parties to recover funds. He confirmed that the single claim that Mediterra North had was removed because there is no evidence showing use of funds for irrigation. He noted that the Mediterra South has several issues and discussed statute of limitations, fraud and other matters.

Regarding the statute of limitations aspect, Mr. Godshall pointed out that residents had no access to information and no idea there was a problem. Mr. Johnson noted that the court will treat the District as an entity, regardless of who sat on the Board; knowledge that the 2001 or

2002 Board Members had will be attributed to the plaintiff. The court will not treat the current District differently because it now has different supervisors.

Mr. Abrams felt that the court's stance is ridiculous and questioned how the court could say this Board is the same entity, although it had no involvement. Mr. Saffir clarified that the argument will be that the entity knew; however, the current Board could argue that they only found out three (3) months ago. The outcome depends on the facts that come out in court. Mr. Saffir advised that it takes money to argue this in court and discover what occurred in 2001 and 2002.

Mr. Neary recalled that the previous Boards were comprised of Bonita Bay employees, which should be of consideration.

Mr. Adams noted that the requisitions never came before the North or South Boards; they were set up as an administrative action between the District and developer's professional staffs. The requisitions were processed through a trustee.

Mr. Abrams noted that the District must know the magnitude of what happened and whether public funds were used for something that clearly benefitted Bonita Bay. Mr. Adams indicated that his initial research shows this as an issue for Mediterra South, only; he found nothing regarding Mediterra North. Mr. Adams invited the Board to review the records but noted that documentation is missing.

Mr. Abrams felt that the Board has an obligation to the residents to be informed, research the matter and pursue it, if there is something to pursue.

Mr. Saffir stated that the first step would be to ascertain the potential amount of recovery and whether it makes sense, businesswise, to try to recover any misappropriated funds. He reiterated that, even if there was a clear misappropriation of funds, it could be very difficult, legally, to recover, because the Districts must overcome the statute of limitations issue. Mr. Saffir pointed out that there must be a cause of action on which to recover and noted that this type of case has no provision for recovering attorney's fees; every dime of the District's costs for attorney's fees will be out of pocket, which could be a lot of money. He indicated that this point was discussed with Mediterra South, who recognized that their recovery was probably not big enough to justify use of CDD funds to pursue the matter.

Mr. Godshall agreed that the Board has a responsibility to determine where it stands, while spending a limited amount of money.

In response to a question, Mr. Adams reiterated that the only Mediterra North requisition that he located, that mentioned irrigation expense, was, upon further review, determined to have not been paid by the District. Discussion ensued regarding convincing Mediterra South to participate and sharing the costs for further investigation. Mr. Van Tassel did not favor spending more money to investigate. Mr. Abrams questioned what it would take to convince Mr. Van Tassel to agree to spending money to further investigate.

On MOTION by Mr. Abrams and seconded by Mr. Godshall with Supervisors Kaenzig, Godshall, Abrams and Neary in favor and Supervisor Van Tassel dissenting, authorizing an expenditure, in a not-to-exceed amount of \$3,000, to proceed with the further review of the requisition documents in question, was approved. (Motion passed 4-1)

Regarding Mr. Adams' previous comment that he was directed by the Mediterra South Board to meet with a Bonita Bay representative to review the records, a Board Member questioned what the District has to gain by this meeting. Mr. Adams indicated that he is seeking clarification of the paperwork that was submitted to the Districts.

SEVENTH ORDER OF BUSINESS

Discussion: Website Rollout

Mr. Adams indicated that a website was established, with both Districts sharing the cost. The cost was \$650 to create and \$600, annually, to maintain the website, which includes updates twice, monthly. He explained that the website is a document data center; a means of sharing the District's documents with the community. Mr. Adams indicated that the MCA will continue to have a link to the District's website, on their website. He added that the MCA should drop the CDD page that appears on their website, as the District's website will be more up to date.

EIGHTH ORDER OF BUSINESS

Approval Minutes

A. January 16, 2013 Regular Meeting

Mr. Kaenzig presented the January 16, 2013 Regular Meeting Minutes and asked for any additions, deletions or corrections.

Mr. Godshall recalled his concern regarding the meeting location, the statute requirement that meetings be held in the county of the CDD, the lack of interaction between the CDDs and

that the requirement is inconvenient, in the case of Mediterra North CDD and its residents. He asked Mr. Johnson if there is any way that Mediterra North CDD can meet in the clubhouse, which is in another county. Mr. Johnson indicated that the law has not been amended; CDD meetings are required to be held in the county where the District is located. Mr. Johnson acknowledged the difficulty with Mediterra North but stated that there is no exception that would allow the Board to meet in a more convenient location, outside of Lee County. Mr. Godshall questioned who made the law. Mr. Johnson indicated that it is pursuant to Florida Statutes; it is a state law. Mr. Saffir and Mr. Johnson noted that there is little way around the law, short of the District sponsoring legislation to change the law, which can be very expensive.

On MOTION by Mr. Neary and seconded by Mr. Godshall, with all in favor, the January 16, 2013 Regular Meeting Minutes, as presented, were approved.

B. April 22, 2013 Joint Workshop

Mr. Kaenzig presented the April 22, 2013 Joint Workshop Minutes and asked for any additions, deletions or corrections.

Mr. Neary thanked Mr. Abrams for his work on the issue discussed at the workshop. The Board concurred.

On MOTION by Mr. Godshall and seconded by Mr. Van Tassel, with all in favor, the April 22, 2013 Joint Workshop Minutes, as presented, were approved.

NINTH ORDER OF BUSINESS

Other Business

Mr. Godshall referred to the debt service schedule, on Page 16, of the Unaudited Financial Statements as of March 31, 2013, located behind Tab 10, and voiced his opinion that the dates are off. Mr. Adams indicated that Mr. Godshall is correct, the dates are wrong. Mr. Godshall pointed out that this error is not new; it is a carryover from prior meetings.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being nothing additional to report, the next item followed.

B. Engineer

There being nothing to report, the next item followed.

C. Manager

i. Approval of Unaudited Financial Statements as of March 31, 2013

Mr. Adams presented the Unaudited Financial Statements as of March 31, 2013.

Mr. Adams indicated that the Annual Lake Audit will be presented at the next meeting. The aquascaping program will take place, following the audit. He noted that one (1) plant type will be changed, as it is not growing well. It will be replaced with Bacopa, which is low growing ground cover that should perform better. Discussion ensued regarding the lake bank conditions.

ii. 293 Registered Voters in District as of April 15, 2013

There were 293 registered voters residing within the boundaries of the District as of April 15, 2013.

iii. NEXT MEETING DATE: August 21, 2013 at 1:30 P.M.

Mr. Kaenzig indicated that the next meeting is scheduled for August 21, 2013 at 1:30 p.m., at this location.

ELEVENTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

There being no audience comments or Supervisors' requests, the next item followed.

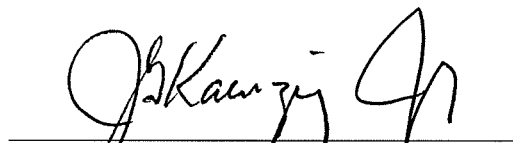
TWELFTH ORDER OF BUSINESS

Adjournment

There being no further business to discuss, the meeting adjourned.

**On MOTION by Mr. Neary and seconded by Mr. Godshall,
with all in favor, the meeting adjourned at approximately 2:43
p.m.**


Secretary/Assistant Secretary


Chair/Vice Chair