

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

A Regular Meeting of the Mediterra South Community Development District's Board of Supervisors was held on **Wednesday, May 15, 2013 at 11:30 a.m.**, at **The Club at Mediterra, 15755 Corso Mediterra Circle, Naples, Florida 34110.**

Present and constituting a quorum were:

Kenneth Nails (<i>via telephone</i>)	Chair
Kenneth Tarr	Vice Chair
Bill Rowe	Assistant Secretary
Michael Bishko	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Jonathan Johnson (<i>via telephone</i>)	District Counsel
Ken Saffier	Hopping Green & Sams
Dave Robson	District Engineer
Michelle Blackstock (<i>via telephone</i>)	Grau & Associates
Rich Goldhaber	Resident
Dan Abrams	Mediterra North Board Member

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Tarr called the meeting to order at approximately 11:30 a.m. Mr. Adams noted, for the record, that Supervisors Tarr, Rowe and Bishko were present, in person. Supervisor Nails was attending via telephone. Supervisor Luby was not present.

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, reviewed the Audited Financial Report. She directed the Board to the "Independent Auditor's Report", on Page 1, and noted that this is an unqualified opinion, meaning it is a clean opinion. She explained that, in future audits, the District will be seeking an "unmodified" opinion, rather than an "unqualified" opinion. She referred to the "Balance Sheet", on Page 8, and pointed out that total assets of \$1,929,602

exceeded total liabilities of \$104,124, leaving a total fund balance of \$1,825,478. The “Statement of Revenues, Expenditures, and Changes in Fund Balances”, on Page 10, reflects that total revenues were \$7,581,913, short of total expenditures of \$8,371,523, resulting in a deficiency of \$789,610. Ms. Blackstock that other financing sources were very active for Fiscal Year 2012, including bond refunding. Overall, there was a “Net change in fund balance” deficit of \$972,527.

Ms. Blackstock referred to “Note 6 – Long Term Liabilities”, on Pages 19 and 20, which provide details of the refunding bonds, along with the schedule.

Referring to Page 4, Mr. Bishko voiced his opinion that the information related to prepaid assessments was not clear, as it took a long time to figure out how it was accounted for, under governmental accounting procedures. Mr. Bishko referenced the sentence, on Page 13, “For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.” Mr. Bishko finds this information confusing because it differs from normal accounting rules, which would call for the assessments being recognized for the year in which they are levied. Ms. Blackstock acknowledged that it can be confusing. Ms. Blackstock explained that, at the fund level in governmental accounting, it is under the modified accrual basis of accounting and this is the standard language used to explain it.

Regarding the 60-day time unit, Ms. Blackstock indicated that it is the time period usually used by municipalities; she did not recall any deviations. Mr. Bishko pointed out that it appears that the District does not collect its assessment revenues until after the 60-day time period and asked if the difference should be reflected in a footnote.

Mr. Tarr felt that the Board does not necessarily want to change the wording; Mr. Bishko is asking what time period the District is operating under and if there is clarity.

Ms. Blackstock indicated that the “Report on Internal Control over Financial Reporting and on Compliance”, on Page 24, gives a clean opinion. She referred to Page 25 and 26, advising that there were no current or prior year findings or recommendations noted in the “Report to Management”.

Mr. Bishko referred to Item 8, on Page 27, which states “The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.” and asked if that is a major issue. Mr. Adams explained that Item 8 is a positive statement; it means that the District has not met a condition that would place it in a position of financial emergency.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2013-4, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2012

Mr. Adams presented Resolution 2013-4 for the Board's consideration.

On MOTION by Mr. Rowe and seconded by Mr. Bishko, with all in favor, Resolution 2013-4, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2012, subject to clarifications or adjustments to the text, on Page 13, as discussed, was adopted.

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

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2013-5, Approving Proposed Budgets for Fiscal Year 2013/2014 and Setting a Public Hearing Thereon Pursuant to Florida Law

Mr. Tarr asked who completes the arbitrage rebate calculations with combined districts. Mr. Adams indicated that a specific company performs the calculations; however, it is not done every year, as yearly calculation is not required. Mr. Tarr asked how the \$7,200 fee was determined. Mr. Adams indicated that the calculation does not warrant a fee of that size as much as the liability and exposure that comes with providing the calculation. Mr. Tarr asked if this is a competitive market, whether the District could use another company and if Management uses the same company for all of the CDDs that it manages. Mr. Adams indicated that other companies do arbitrage calculations.

Mr. Bishko asked what services the trustee provides to earn \$25,000. Mr. Adams indicated that the trustee manages the inflow and outflow of funds for the debt service fund accounts and ensures that the District acts in compliance with the trust indenture. Mr. Bishko asked if this is a big or little job.

Mr. Adams explained that the fee is related more to the liability exposure than the actual mechanics of the work performed but, early on, there is a lot of work when managing the construction accounts, which have a lot of transactions. He noted that, generally, the trustee fee does not change. Mr. Adams stated that the fees are usually set in a fee schedule that is

established when the bonds are issued and the fund is established. He advised that the fee is set based on the bond amount but, as the bonds are paid down, the fee slips to a set amount. Also, trustees are beginning to include an 'irregular activity' fee in their agreements because, in recent years, many people found they were working very hard for no additional fee, during times of distress.

Mr. Tarr asked if the trustee aspect could be put out to a competitive bid. Mr. Adams indicated that the District can choose to change trustees; however, it is a limited market. Mr. Johnson noted that they must check the trust indentures because it has become increasingly popular to require majority bondholder consent to change the trustee. Mr. Tarr asked how the District can take comfort with that.

Mr. Adams advised that the District can check around, depending on the provision in the trust indenture regarding successor trustees. Mr. Adams discussed the process of changing trustees. Mr. Tarr asked if anyone ever challenges the trustee fees or do they just accept them. Mr. Adams stated that nobody questions them.

Mr. Tarr mentioned the \$29,000 'Assessment roll preparation' line item, on Page 1, and noted that it equates to approximately \$26 per unit paid to AJC Associates, Inc., (AJC) for assessment roll preparation. Mr. Tarr pointed out that she obtains the data from the county and charges \$26 per unit to run it through an Excel program. Mr. Tarr asked what Wrathell, Hunt and Associates, LLC, would charge for these services. Mr. Adams indicated that Management's fee for assessment roll preparation is comparable to AJC but he will revisit the matter. The Board directed Mr. Adams to determine what Management would charge for these services.

A Board Member asked about the 'Lake bank stabilization' line item. Mr. Adams explained that the District's aquatic plant population was lacking, resulting in poor lake bank stabilization. This \$40,000 line item relates to a pine straw mulching program to help stabilize the banks. Mr. Adams indicated that the \$175,000 'Aquascaping/Drainage Pipe Cleanout' line item relates to plants. He expects that the number of plants will begin to reduce because the plant population is growing; pine straw application should also go down. Mr. Adams indicated that the \$175,000 line item also budgets for a new program related to culvert cleaning and inspections. He discussed the findings during a recent inspection of the outfall structures.

Regarding the overall project, from a strategy perspective, Mr. Adams recommended moving forward with the necessary work this summer, using existing fund balance but

maintaining the expense in the Fiscal Year 2014 budget, in order to collect the revenue to replenish the fund balance next year.

Mr. Nails asked if the amount budgeted to clean the pipes between the ponds is a one (1)-time expense. Mr. Adams indicated that the District is nearing completion of its construction; in fully constructed neighborhoods, one would expect to clean it once and not need to do so again for another ten (10) years. In this District, he recommends fully cleaning it and not needing to do it again for about five (5) years, in the construction areas, and ten (10) years in the areas with no construction.

Discussion ensued regarding drainage issues. Mr. Adams explained that the pipes, throughout the neighborhood, were inventoried. The inventory clearly delineates which pipes are the District responsibility and those that go with the roads.

Mr. Rowe asked why the Mediterra South CDD pays two-thirds of the aquascaping and drain pipe expenses. Mr. Adams indicated that the costs are split based on the number of units in each District. Mr. Rowe asked if, at some point, all of the lakes will be attractive with aquascaping. Mr. Adams noted that this is a challenging system; the water table has significant drawdown, which impacts the aquatic plants, making it difficult for them to survive. Mr. Adams discussed other plants that might succeed during the dry season. In response to a question regarding whether there are more aquatic plants in one (1) of the Districts, Mr. Adams indicated that they have had joint operating budgets for about five (5) years and, when they planted, it was spread around the community, with no focus in any particular area. Mr. Adams wondered if there was a significant difference in water elevation that would allow the North CDD's plantings to thrive. Mr. Robson recalled less than a ½-foot difference in the basins; drawdown has a significantly greater impact. Mr. Robson advised that the Districts have a very permeable water table. Discussion ensued regarding lake bank slopes.

Mr. Rowe asked if more littoral planting was done by lakes that are adjacent to populated areas, as opposed to lakes in the preserves. Ms. Crismond replied no and advised that growth is just more successful in certain areas.

Mr. Adams indicated that, in July, the Board will receive a very detailed lake audit. In response to a question about what other communities do, Mr. Adams discussed The Brooks but noted that the Mediterra Districts have the drawdown problem; he stated that other types of plants must be used and should be more successful.

Mr. Bishko noted that the ‘Capital outlay’ line item was reduced from \$10,000 in the current year budget, to \$7,500 for Fiscal Year 2014. He questioned what is defined as capital outlay and whether landscaping a lake bank is considered capital outlay or if it is only the drainage pipes. Mr. Adams stated that the lank banks are considered a maintenance item and explained that fixed objects are generally capital outlay, while supplementing plants is not.

Mr. Adams presented Resolution 2013-5 for the Board’s consideration. He reminded the Board that this resolution only approves the proposed budget in order to set the public hearing; they are not approving a final budget, at this time. He confirmed that changes can be made between now and the public hearing.

The following change was made:

Page 18, under “Phase II Neighborhoods”: Change “Il Trevvio” to “Il Trebbio”

Mr. Tarr voiced dissatisfaction with the mulch vendor and asked that a discussion item be added to the next agenda.

On MOTION by Mr. Bishko and seconded by Mr. Rowe, with all in favor, Resolution 2013-5, Approving Proposed Budgets for Fiscal Year 2013/2014, as amended, and Setting a Public Hearing for August 21, 2013 at 11:30 a.m., at this location, was adopted.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2013-6, Setting Forth the Specific Terms of the Capital Improvement Revenue Refunding Bonds, Series 2013; Confirming and Adopting a Supplemental Assessment Methodology; Confirming, Allocating and Authorizing the Collection of Special Assessments Securing Series 2013 Refunding Bonds; Providing for the Supplement to the Improvement Lien Book; Providing for the Recording of a Notice of Lien of Assessments Securing the Series 2013 Refunding Bonds

Mr. Adams indicated that the bonds will be preclosed on Friday at 10:00 a.m. He stated that the blended interest rate is in the 4.8% range, which is well within the defined threshold; the savings are from \$100 to \$400, depending on the unit type.

Mr. Adams presented Resolution 2013-6 for the Board’s consideration.

Mr. Johnson indicated that Resolution 2013-6 is the final action required by the bond purchase contract. It states the terms and conditions of the refunding bonds and provides for their reallocation through the assessment methodology that is attached. Exhibits reflect the maturity of the coupons and the debt service schedule. Pages 1 and 2 are procedural. Mr. Johnson stated that Pages 3 and 4 apply the terms of the assessment methodology in a manner consistent with the trust indenture, both in terms of the allocation and ultimate collection of the bonds. The resolution provides for the upheaving of the improvements and recording of an assessment notice. Section 6, on Page 5, reflects that all other provisions of the original lien, which were approved by the circuit court, at the bond validation, remain in full force and effect. Mr. Johnson advised that the execution of this resolution paves the way to signing the preclosing documents on Friday, in preparation for the funding early next week.

On MOTION by Mr. Rowe and seconded by Mr. Bishko, with all in favor, Resolution 2013-6, Setting Forth the Specific Terms of the Capital Improvement Revenue Refunding Bonds, Series 2013; Confirming and Adopting a Supplemental Assessment Methodology; Confirming, Allocating and Authorizing the Collection of Special Assessments Securing Series 2013 Refunding Bonds; Providing for the Supplement to the Improvement Lien Book; Providing for the Recording of a Notice of Lien of Assessments Securing the Series 2013 Refunding Bonds, was adopted.

SIXTH ORDER OF BUSINESS

Update: Refinancing of Series 2003 Bonds

This item was discussed during the Fifth Order of Business.

- **Discussion: Maintenance and Operation of CDD-owned Lake Banks, Previously Maintained by the MCA**

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

Mr. Tarr recalled discussion at a previous meeting regarding who would maintain certain lake banks, based on ownership. He researched the matter and discovered that, when Long Bay Partners/Bonita Bay Group starting plotting the property, they did not do it with an even hand. Mr. Tarr indicated that he was advised by Mr. Adams that, typically, a CDD owns to the high water mark; however, in Mediterra, the CDD owns beyond the high water mark and the Mediterra Community Association (MCA) owns everything else. He discussed other lake banks

where portions of the lake banks are owned by the MCA and other portions by the CDD. The lake banks adjacent to the golf course are owned by The Club and are nicely maintained. He noted a few 'orphan' lake banks and detailed their strange ownership histories.

Mr. Tarr indicated that, at the March meeting, the MCA estimated that they would have to spend over \$300,000 replacing dead plants in Mediterra; subsequently, the figure has grown to over \$600,000.

Mr. Adams reported on a meeting with the MCA regarding maintenance of the lake banks. He explained that there are generally two (2) ways to transfer ownership of a lake to the District, in terms of how the property is platted. The preferred method is for the lake to be platted or plotted to the control elevation and, above the control elevation, the District has an access easement in order to maintain the lake. In response to a question, Mr. Adams advised that the control elevation is the high water point, as designed.

Mr. Robson explained that, when discussing control structures, the control elevation is the level at which water stops bleeding out of the lake. During the rainy season, lakes tend to stay above the control elevation and below it during the dry season. Mr. Adams noted that, generally speaking, the control elevation is the grass edge, where the lawn stops.

Mr. Adams explained that, in other cases, the ownership tract was defined to be 10' to 15' above the control elevation, which puts the District in the position of owning the strip of green space. In this community, that situation was overcome through the community documents, which state that adjacent property owners are responsible for maintaining to the water's edge. Mr. Adams discussed the MCA's new approach, where the MCA's definition states that they are not an owner; therefore, the adjacent ownership maintenance policy does not apply, in those areas.

Mr. Adams indicated that, with the understanding that the CDD does not want to be in the landscape maintenance business, the MCA reviewed each area that they will no longer maintain and offered to maintain them, going forward, for a price. He indicated that the \$6,135 cost does not include restoration. Mr. Adams felt that most areas contain native plants, most requiring limited maintenance. He advised that the proposed cost does not come close to addressing the immediate need for restorative landscaping, in some areas.

Mr. Tarr recalled that the community used to have a walking path; however, it was removed by Bonita Bay Group and berms were installed. He stated that some properties have the amount of space referenced by Mr. Adams but others have a substantial berm that was

designed to be a landscape buffer and the area was heavily planted. In another area, the CDD owns the strip along the entry street, which was landscaped differently. It was noted that the MCA previously continued maintaining the area after it was turned over; however, they no longer wish to maintain them.

Mr. Nails asked Mr. Adams if he could confirm that all of the subject areas are owned by the CDD. Mr. Adams stated that he could not, at this time, but intends to review each area to confirm ownership, prior to the District embarking on a maintenance plan.

Mr. Tarr advised Mr. Nails that he researched ownership of the lakes on the property appraiser's website. He recalled the March meeting, which the MCA's attorney attended, and indicated that he wanted this matter on the agenda because the MCA is 'just walking away', although precedent was set more than a decade ago.

Mr. Nails felt that District Counsel should review the information and reassure the Board that the District owns these areas, prior to the District accepting responsibility. Mr. Tarr questioned if Mr. Nails believes that, if the District owns the land, it is acceptable for the District to maintain and restore these areas. Mr. Nails stated that he accepts that, if the District owns the property, it must do something, if there is something to be done. Mr. Tarr indicated that the District must have someone develop an appropriate landscaping plan for the subject areas, as he does not believe any Board Members are knowledgeable about it. Mr. Bishko wondered if landscaping the area is a requirement; meaning, if the CDD owns the property, is it obligated to maintain it in a way different from just letting it sit fallow and only be mowed.

Mr. Adams asked Mr. Johnson to comment regarding whether CDDs are subject to the master association's documents.

Mr. Johnson stated that it would be a little unusual; however, he must review the master association's documents, prior to making a conclusion. He advised that, in many instances, districts are not subject to those declarations but it could be entirely dependent upon how the property was titled, in the name of the District. Mr. Johnson indicated that, to the extent that the District does own them, it should be verified, prior to spending money on the landscaping. He feels that it should be left to an outside consultant or the District Engineer to evaluate whether, over time, renovations or restorations are necessary, particularly if there are implications on the lake itself or any permits there to, due to erosion on the lake bank or lack of maintenance. Regarding the question of whether the District must perform in a manner consistent with the HOA documents, Mr. Johnson reiterated that he must review those documents.

Mr. Tarr noted that Bonita Bay Group controlled the MCA, as well as the CDD, at the time, and indicated that, if he were on the Board, at that time, he would not have accepted landscape buffers, as part of CDD property. Mr. Tarr feels that the landscape buffer is very different from a preserve. He questioned how the Board should consider the situation that it inherited, because it was controlled by an entity that did something that was so totally, multiple standard deviations away from what other CDDs have done. Mr. Tarr stated that the legal entity accepted tracts of property that were clearly not preserves; they were landscape buffers and had nothing to do with preserves or stormwater retention ponds. He asked what does a berm, which was built to shield ten (10) houses from the road, have to do with the CDD. Mr. Tarr voiced his belief that the MCA did this and maintained it because they recognized, from the “get go” that it was done wrong and it is their responsibility to shield the community, not the CDD’s responsibility.

Mr. Nails noted that the key point is that there is a difference between the legal requirements and the expectations. His feeling was that you must maintain it but you do not have to install beautiful trees, etc. The District may own it but it might choose not to maintain it in that manner; MCA or someone else should maintain it, if they care about that aspect of it.

Mr. Johnson indicated that it is unusual to have those types of landscape buffers owned by a CDD, within a gated community. He stated that landscaping is a permissible, statutory maintenance activity under Chapter 190 but it is unusual to maintain landscaping of a district behind the gates. He does not believe it violates Chapter 190 but it is unusual. To the extent that the District decides to maintain it to a level, which is less than what the MCA is currently doing, is a way to incentivize the MCA to do it, as long as the District is not violating any permit obligations or the MCA documents are not binding on the District. Mr. Johnson reiterated that this is something the District needs to review.

Mr. Bishko voiced his understanding that Mr. Johnson is saying that, to the best of his knowledge, it is not a requirement for the District to perform that type of landscaping. Mr. Johnson agreed that the District probably does not need to do so, stating, absent something in the MCA documents requiring the District to maintain it, to a certain level. Mr. Johnson advised that there is no statutory standard imposing that level or standard on the CDD; however, maintenance standards are sometimes imposed by environmental agencies on stormwater tracts, etc.

Mr. Rich Goldhaber, a resident, stated that, from Medici's perspective, the first issue is ascertaining legal ownership of the area and, secondly, determining the maintenance standards under statute, law or general community standards. Speaking on behalf of the owners, Mr. Goldhaber stated that residents want something that is reasonable. He noted that what is currently in place is not being maintained and must be replaced. Mr. Goldhaber stated that he is not proposing that it be replaced with something exotic. A third consideration is timing; residents do not want this to "drag on" going back and forth between the CDD and the MCA.

Mr. Adams indicated that, in terms of plant material, if the District assumes maintenance, the Board might consider replacing the plants with the types currently in place. He pointed out that, if the District's choice is not suitable to the adjacent neighborhood, who are the sole beneficiaries of it, the District could possibly enter into a maintenance agreement with the adjacent homeowner's association to maintain the area to their desired level, using their own funds.

Discussion ensued regarding the minimum standard. Mr. Adams pointed out that the area was planted to look like a natural area, with native plants that survive without irrigation and require little care.

Mr. Tarr felt that the problem is that the area is a berm, as opposed to a lake bank; there are dead shrubs and trees. The area continues to deteriorate and, eventually, all of the plants will be dead.

It was suggested that the CDD offer to transfer ownership to the MCA or other associations.

Mr. Adams indicated that Staff will research the ownership documents and the MCA documents to determine if the CDD is subject to maintaining the area to the MCA's standards.

Discussion ensued regarding the history of the property in question, ownership and how the District acquired it. It was noted that the MCA likely made a mistake and continued to maintain the area for a decade, after it was transferred.

In response to a question, Mr. Adams confirmed that, by the August meeting, the District will have determined ownership, District Counsel will have rendered an opinion regarding the District's maintenance responsibilities and a recommendation will be made as to what the District will do; the information will be shared with the Board for consideration.

Mr. Goldhaber stressed that residents want someone to have responsibility.

Mr. Adams agreed that, if the District owns the property, it is likely responsible for maintaining it; however, the question is whether the District is subject to the MCA's maintenance standards.

SEVENTH ORDER OF BUSINESS

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

Mr. Kent Saffir, of Hopping Green & Sams, recalled that he was asked to investigate potential causes of action that the District might have against any parties to recover funds, if bond funds were improperly spent on irrigation facilities. He indicated that Mr. Adams' figures reveal roughly \$400,000 that might be recoverable. Mr. Saffir stated that many of the expenditures were from 2001 to 2003, which brings up a statute of limitations problem. He explained that the statute of limitations on negligence is four (4) years; in these cases, the statute would have run out. Regarding fraud, the statute of limitations relates to discovery of the fraud; the party has four (4) years from the date you know or should have known. Mr. Saffir pointed out that the debate will be regarding when the District actually knew. The District's argument will be that it only found out a few months ago; however, the other side will argue that the District should have known when the invoices were submitted ten (10) years ago.

Mr. Saffir explained that, in order to prove fraud, you must prove that there was a misrepresentation of material fact. He stated that it cannot just be a simple mistake; someone must have known it was false, when they made the misrepresentation, which is difficult to prove. He noted that the Mediterra South has several issues and discussed statute of limitations, fraud and other matters. Absent a "smoking gun" document, the District must piece together the circumstantial evidence to prove fraud, show that the District relied upon the false statements and that the District was damaged.

Mr. Saffir discussed the Statute of Repose, related to fraud; once 12 years pass, you cannot go back past that, claiming anything. He concluded that a fraud case will be very difficult to prove, in addition to being very time-consuming and expensive.

Mr. Saffir 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. From a cost standpoint, the District might spend \$200,000 in attorney's fees, alone, to recover \$400,000, at most. He pointed out that the costs do not include a forensic audit, expert

witnesses, etc. He questioned if it makes economic sense for the District to spend possibly \$300,000 to recover \$400,000, with the case taking years. He noted that the District might not recover at all, as this would be a very difficult case to prove and win.

Mr. Tarr recalled that an infrastructure design was approved and the contractors worked to the plan. He stated that the money was never under Bonita Bay Group's control; it was held by another entity and the contractors submitted their invoices to two (2) independent engineers, hired by the District. Mr. Tarr felt that fraud is something you hide but this was put down, in detail. He spoke with the MCA President regarding how Mediterra was built. Noting that the golf courses were built first, Mr. Tarr questioned if irrigation pipes were damaged or had to be relocated, in the course of building roads. Mr. Tarr stated that he investigated and discovered that Mr. Vince Barraco is the person who knows the answers, as he was in charge of all of the construction and is still employed by Bonita Bay Group. He suggested that the District ask Mr. Barraco what occurred during construction.

Mr. Nails voiced his opinion that the District should not pursue litigation, at this time, in light of counsel's comments and what appears to be minimal opportunity for recovery.

Mr. Tarr questioned if the District should at least hear what Mr. Barraco has to say regarding why irrigation pipe was necessary in building CDD facilities. Mr. Nails felt that, if the District cannot litigate this and be successful, it does not really matter what Mr. Barraco has to say. Mr. Nails felt it is unnecessary to pursue this simply to find out the reason. Mr. Tarr agreed that the District should not litigate this matter; however, he feels that the Supervisors should voice their opinions.

Recalling a comment at the workshop, Mr. Rowe felt that this should be a business decision. If there is no gain, the District should walk away.

Mr. Bishko believes that there is no question that the District does not pursue this matter in terms of legalities or forensic audits, etc. He agreed that a Mediterra North Supervisor was agitated and that it permeates the community. Mr. Bishko acknowledged that it makes no sense to pursue this; however, from a community relations point of view, there is no harm in postponing the decision until November. It cannot hurt to at least speak to Mr. Barraco; this is a public relations issue, not a legal issue.

Mr. Tarr questioned whether enough people are aware of this matter for it to be a public relations issue. Mr. Bishko speculated that word will get around the community, as the particular person is agitated about this.

The Board agreed to defer this matter.

Mr. Adams indicated that this does not appear to involve Mediterra North; the invoices are isolated to Mediterra South.

Mr. Adams agreed to speak to Mr. Barraco.

EIGHTH ORDER OF BUSINESS

Discussion: Maintenance and Operation of CDD-owned Lake Banks, Previously Maintained by the MCA

This item was discussed after the Sixth Order of Business.

NINTH ORDER OF BUSINESS

Update/Results: Recent Outfall Pipe Review/Cleaning

Mr. Adams provided the results and the cost to check the remaining interconnects, between the lakes and to clean, on an as-needed basis.

Mr. Tarr noted that a pipe that is 90% clogged will not function as it should. He asked to what standard the pipes must be, in order to be cleaned. It was indicated that 25% is the standard. Ms. Crismond confirmed that this work should be completed by the August meeting.

Discussion ensued regarding the locations of the outfall pipes.

TENTH ORDER OF BUSINESS

Update: Support from MCA in Getting Private Parties to Repair Lake Bank Erosion Adjacent to CDD Lakes

Mr. Adams feels that the MCA understands the role that the District wants them to play in supporting the District. He recommended delaying any action until after the upcoming annual audit. Once the audit is completed, the MCA will be provided with copies of the CDD's correspondence to residents, so that the MCA can draft supporting correspondence.

ELEVENTH ORDER OF BUSINESS

Update: Lake Dissolved Oxygen Testing and Recording

Mr. Adams clarified that dissolved oxygen testing is not required, at each visit. The District is conducting quarterly testing and recording on three (3) lakes. A testing was completed in February, another will be done this month and those results will be presented at the August meeting. Mr. Adams noted a fish kill in one (1) of the lakes, just prior to the February testing,

which appeared to be due to a five (5)-day overcast period, coupled with the lake not receiving much inflow or outflow, as it is at the head of the system.

TWELFTH ORDER OF BUSINESS

Discussion: Website Rollout

Mr. Adams reported that the website is operational and he received many positive comments.

Mr. Tarr pointed out that the MCA did not post this meeting on their calendar. It was suggested that the MCA have a link to the District’s new website.

Mr. Adams indicated that he will address this matter, as well as requesting that the link be more obvious.

THIRTEENTH ORDER OF BUSINESS

Approval of Minutes

A. January 16, 2013 Regular Meeting

Mr. Tarr presented the January 16, 2013 Regular Meeting Minutes and asked for any additions, deletions or corrections. The following changes were made:

Line 151: Change “several” to “60”

Line 311: Change “he has worked” to “he has worked with the ECA board”

On MOTION by Mr. Rowe and seconded by Mr. Bishko, with all in favor, the January 16, 2013 Regular Meeting Minutes, as amended, were approved.

B. March 19, 2013 Special Meeting

Mr. Tarr presented the March 19, 2013 Special Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Rowe and seconded by Mr. Bishko, with all in favor, the March 19, 2013 Special Meeting Minutes, as presented, were approved.

C. April 22, 2013 Special Meeting

Mr. Tarr presented the April 22, 2013 Special Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Rowe and seconded by Mr. Bishko, with all in favor, the April 22, 2013 Special Meeting Minutes, as presented, were approved.

D. April 22, 2013 Joint Workshop

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

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

FOURTEENTH ORDER OF BUSINESS Other Business

There being no other business, the next item followed.

FIFTEENTH 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.

ii. 512 Registered Voters in District as of April 15, 2013

Mr. Adams indicated that there were 512 registered voters residing within the boundaries of the District as of April 15, 2013.

iii. NEXT MEETING DATE: August 21, 2013 at 11:30 A.M.

Mr. Adams indicated that the next meeting is scheduled for August 21, 2013 at 11:30 a.m., at this location. The budget public hearing will also be held during this meeting.

SIXTEENTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

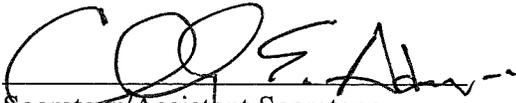
There being no audience comments or Supervisors' requests, the next item followed.

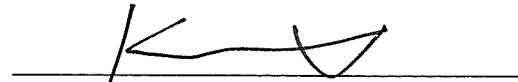
SEVENTEENTH ORDER OF BUSINESS

Adjournment

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

**On MOTION by Mr. Rowe and seconded by Mr. Bishko, with
all in favor, the meeting adjourned at 1:15 p.m.**


Secretary/Assistant Secretary


Chair/Vice Chair