

**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, January 18, 2017 at 9:00 a.m.**, at **The Club at Mediterra (Board Room), 15755 Corso Mediterra Circle, Naples, Florida 34110.**

Present and constituting a quorum were:

Robert Greenberg	Chair
Ken Tarr	Vice Chair
Mike Bishko	Assistant Secretary
Dallas Luby (<i>via telephone</i>)	Assistant Secretary
John Henry	Supervisor-Elect

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Dave Robson	District Engineer
Jonathan Johnson (<i>via telephone</i>)	District Counsel
Alyssa Willson (<i>via telephone</i>)	Hopping Green & Sams
Greg Pick	MCA General Manager

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 9:03 a.m., and noted, for the record, that Supervisors Greenberg, Tarr and Bishko were present, in person. Supervisor Luby was attending via telephone. Supervisor-Elect Henry was present, in person

SECOND ORDER OF BUSINESS

Administration of Oath of Office to Newly Appointed Supervisor, John Henry [Seat 5] (*the following to be provided in a separate package*)

Mr. Adams, a Notary of the State of Florida and duly authorized, administered the Oath of Office to Mr. Henry. He provided and briefly explained the following items:

- A. Guide to Sunshine Amendment and Code of Ethics for Public Officers and Employees**

B. Membership Obligations and Responsibilities

C. Financial Disclosure Forms

- i. Form 1: Statement of Financial Interests**
- ii. Form 1X: Amendment to Form 1, Statement of Financial Interests**
- iii. Form 1F: Final Statement of Financial Interests**

D. Form 8B – Memorandum of Voting Conflict

Mr. Henry asked if his \$200 stipend could be donated to charity. Mr. Greenberg stated that Supervisors had the option of donating their Supervisor fees to the Estuary Conservation Association (ECA), for the services it provides to the community. Mr. Henry and Mr. Luby requested that their stipend be donated to the ECA. Mr. Greenberg would email instructions to Mr. Henry and Mr. Luby.

Mr. Tarr tested the CDD email addresses on the website and Mr. Luby, Mr. Henry and Mr. Greenberg’s email addresses did not work.

THIRD ORDER OF BUSINESS

Chairman’s Opening Remarks

Mr. Greenberg stated that the main items for the meeting were the lakes and the Request for Proposals (RFPs).

Two weeks ago, the MCA Executive Committee, who also serve on the Mediterra Community Association (MCA) Board, met with Distinctive Home Builders (Distinctive Homes), the owner of a 17 acre tract of land on the east side of Livingston Road that formed the inside “U” around Mediterra. Distinctive Homes was building 27 single-family upscale homes, and requested an easement, from the MCA, to connect to the sewer pump station, along Messina Lane. Two stormwater ponds would be built on the property, running north/south, eventually draining into the lake abutting Hole #7. Mr. Tarr stated that, according to Mr. Robson’s memo, it was Lake #3. The owners advised Mr. Greenberg that there would be no problems with discharge or runoff; however, according to Mr. Robson’s email, there were issues with their Stormwater Pond Management Plan. Mr. Greenberg stated that the Board should have cooperation from and a high level of communication with the stakeholders.

FOURTH ORDER OF BUSINESS

Public Comments [3 minutes per person]

There being no public comments, the next item followed.

FIFTH ORDER OF BUSINESS

Review: SOPs and Rules of Procedure

Mr. Adams recalled that, at the last meeting, the Board decided no changes needed to be made to the Rules of Procedure (ROP), other than re-numbering and updating Management’s address. Mr. Greenberg stated that the only issue was bonding the Treasurer and Secretary and preferred to see the merged Board address that matter.

▪ **Discussion of District’s Book of Records**

****This item was an addition to the agenda.****

Mr. Tarr wanted to discuss the official “book of records”. Mr. Adams stated that Staff was preparing the books, which would include a disk. Mr. Greenberg asked if it was on the Action Items List. Mr. Adams stated that Item 26 was to change the Office of Record to the MCA; however, everything in the “book of records” would be posted on the District’s website.

Mr. Tarr recalled that District Counsel was previously asked to ensure that the ROP conformed with statutory law. Mr. Greenberg stated that District Counsel reviewed the ROP and, in the future, would report any changes in law to the District Manager or the Board. At the last meeting, District Counsel proposed additional procedures related to the Prompt Payment Act, which the Board discussed and decided was not necessary because the District was not under construction and it was a regurgitation of an existing statute and procedures were in place that fully complied with the law. Ms. Willson advised that, after every legislative session, changes in law were reviewed and the ROP was updated, accordingly.

▪ **Discussion: District’s website**

****This item was an addition to the agenda.****

Mr. Adams accessed the website, during the meeting and noted the following issues:

1. The names of the Supervisors were not linked to their email addresses.
2. The “Contact Us” link provided a blank email screen.

Mr. Adams stated that “Contact Us” should go to the District email system. Mr. Greenberg stated that “Contact Us” should be changed to “Contact District Manager”. The Board Members, listed under the tab “Mediterra CDDs”, should be linked to email addresses or a hyperlink.

Mr. Bishko asked if the MCA website included a link to the CDD website. Mr. Greenberg replied affirmatively. To provide close cooperation and integration, the MCA was rebuilding its website. In response to Mr. Tarr's question, Mr. Greenberg stated that Mr. Pick included MCA meeting notices on the website.

There was Board consensus to include all documents in the "book of records" on the CDD website.

Mr. Greenberg requested that the draft verbatim transcript be immediately sent to Supervisors and posted on the website with the draft watermark and a disclaimer that the minutes were not an official record until adopted by the Board and summary minutes were presented in the agenda package for Board adoption. Mr. Tarr questioned the usefulness of the verbatim transcript, as speakers were identified only as male or female. Mr. Henry suggested posting the minutes provided by the District Manager on the website, instead of the verbatim minutes. Mr. Greenberg asked why draft minutes from the District Manager could not be distributed quicker. Mr. Adams stated that minutes were provided, generally, within three weeks, due to the workload and the number of Districts. Mr. Greenberg requested that the verbatim minutes be sent to the Supervisors but not posted on the website. Mr. Adams would request the same Transcriptionist from REV. Ms. Crismond recommended that Supervisors and Staff state their names.

Regarding the Rules and Procedures, Mr. Tarr read the following excerpt from Page 8, under Service Contracts:

"Any contract for services, regardless of cost, shall include provisions required by law that require the contractor to comply with public records laws. The District Manager shall be responsible for initially enforcing all contract provisions relating to a contractors duty to comply with public records law."

Mr. Bishko did not recall receiving a report. Mr. Greenberg asked why a report was necessary, as District Counsel and the District Manager prepared the contract and it was their obligation to see that it complied with the law. Ms. Willson advised that all contracts included a public records provision, requiring the contractor to abide by the Florida Public Records Law and a termination provision for the District to terminate the contract if the contractor failed to comply. Mr. Adams did not have an instance where a record he requested was not provided.

Mr. Tarr read from Page 3, under “Board of Supervisors; Officers and Voting”:

“Supervisors elected by resident electors must be citizens of the United States of America, residents of the State of Florida and of the District, registered to vote with the Supervisor of Elections of the county in which the District is located, and qualified.”

Mr. Tarr stated that, if the merger occurred, the “County” should be “Counties”, because the District would operate in two counties. Ms. Willson stated that the ROP would be updated. Mr. Greenberg suggested deferring this matter until after the merger.

Mr. Tarr stated that, on Page 33, regarding the auditor selection process, Paragraph 8D stated the following:

“No contracts shall continue or allow the contract be renewed for a period of more than three years from the day of this execution. A renewal may be done without the use of auditor selection procedures provided in the rule but must be in writing.”

Mr. Tarr understood that, for six years, the District never undertook the auditor selection process. Mr. Adams stated that the auditor was engaged and continued at will, until the Board decided to go out for RFP and advised against changing auditors now, since the audit already commenced; this could be addressed in the spring. Mr. Greenberg requested the involvement of Mr. Henry, due to his financing experience and proposed establishing an Audit Committee, appointing Mr. Bishko and Mr. Henry to serve on the committee. Mr. Adams stated that, typically, the Board designated themselves as the Audit Selection Committee, approved the RFP package and authorized staff to go out for RFP. At a subsequent meeting, as the Audit Selection Committee, the Board would rank the firms, make recommendations, as a committee, and the Board would accept the recommendations. In response to Mr. Greenberg’s question, Mr. Adams stated that the process would commence in April following completion and presentation of the Fiscal Year 2016 audit.

Mr. Tarr recalled that, during the presentation of the Audit, the Board was critical of items that the auditor was asked to do. Mr. Bishko recalled a footnote issue. Mr. Adams stated that the footnote issue was addressed but the Board discussed, at length, the useful life of the concrete pipes. Mr. Adams would obtain a copy of the verbatim transcript. Mr. Tarr recalled that Mr. Grau did not present the audit. Mr. Greenberg requested that a higher level person

present future audits. Mr. Henry asked when the audit would be presented. Mr. Adams stated that the goal was to have all audits completed by March 31 and presented in April or May to meet the statutory deadline of June 30th.

Mr. Bishko stated that, according to the ROP, the Board could have closed meetings only for issues relating to lawsuit strategy and settlement negotiations.

SIXTH ORDER OF BUSINESS

Presentation: Hydro Topological Report for East Lakes (to be provided by Engineer at meeting)

Mr. Robson distributed a memorandum related to the Mediterra East Lakes Bathymetric Review. The third page listed each lake and the depths according to the 2004 as-builts and 2016 survey. Mr. Bishko asked if a similar report was provided for the Mediterra North CDD lakes. Mr. Robson replied no but Lake 52 had an island that was never measured or documented. Mediterra East was Phase 3, which had a different ground surface than the other side because there was a wetland in the middle that the community was built around. Mr. Robson discussed each lake as documented in the memorandum and provided as-builts of each lake with the cross sections. Sonar was used on each lake to take readings, which were stored.

Mr. Greenberg requested that this matter be tabled until later in the meeting.

SEVENTH ORDER OF BUSINESS

Discussion/Review: Back-up/Retrieval Procedures for District Electronic Files on WHA and AJC Servers

Mr. Tarr recalled raising the issue, several years ago, about AJC Associates (AJC), who prepared the District's lien roll, regarding the type of electronic backup AJC used and the District Manager's confidence that, if something happened, such as a natural disaster, that the lien roll would remain intact.

In December, Mr. Tarr attended a Severn Trent Services (STS) training program for new CDD Board Members. Lien roll preparation was part of STS's standard package for clients, through a separate department. Protection of the data and the client interface were important because, if something happened to the lien roll, the District would not receive any money. AJC was paid \$24,000 per year and, according to their website, their office was on Tamiami Trail, which was a UPS store, with a post office box. AJC's office was a private residence owned by

Ms. Carlson. Ms. Carlson did not file a business tax receipt file, as required in Collier County, and could not file her home as a business because, to have a home office in the City of Naples, no more than one person, other than members of the family residing on the premises, shall be engaged in home occupation within the premises. Due to the licensing issue and that this may be a “one person shop”, which was a risk to the District, the Chair placed this item on the agenda.

Mr. Greenberg asked about the Board’s obligations and risks, if there was probable cause that a vendor was not in compliance with all applicable tax and licensing laws. Ms. Willson would research this matter and email an update to the Board within the week. Mr. Greenberg asked Ms. Willson to cite a case or Attorney General opinion.

Mr. Henry asked if Ms. Carlson had errors and omissions insurance. Mr. Adams replied affirmatively and would provide a copy of the policy. Regarding filing through the County for a business license, Ms. Carlson was rejected because her place of business was a residential home. For offsite storage, Ms. Carlson utilized a personal cloud - Carbonite[®], backed up hard copies to a thumb drive and forwarded the lien roll to Management each year, after it was completed. In response to Mr. Greenberg’s question, Mr. Adams stated that Wrathell, Hunt and Associates, LLC (WHA) typically provides this service at a fee similar, if not identical, to Ms. Carlson’s.

Mr. Adams discussed Ms. Carlson’s duties, which were to prepare the lien roll, utilizing Property Appraiser records, merging the database into her proprietary software and submitting to the Tax Collector, after the final budget was adopted, in mid to late September. Throughout the year, Ms. Carlson responded to estoppel requests and provided pay-off information.

Mr. Greenberg asked for a comparison on the service that Ms. Carlson provided versus what WHA provided and directed the District Manager to prepare an RFP for lien roll services. Mr. Adams and Ms. Willson would obtain proposals from standalone lien roll vendors. This item would be placed on the February agenda. Mr. Greenberg requested that Mr. Adams offer Ms. Carlson the opportunity to provide a proposal and answer why she did not have a license, the number employees, safeguards and backup systems.

Mr. Greenberg asked Mr. Adams about WHAs backup and retrieval protocols. Mr. Adams stated that documents were retained at the District Office for the current year and prior year documents were retained at Iron Mountain but could be retrieved within one day. Digital files were replacing hard copies. WHA had two servers, one for QuickBooks, which was on the

accounting server and a small business server (SBS) for all other files. Both servers were virtual machines that replicate every 15 minutes through Microsoft.

EIGHTH ORDER OF BUSINESS

Discussion/Review: AJC Compliance with all Registration and Tax/Licensing Requirements

This item was discussed during the Seventh Order of Business.

NINTH ORDER OF BUSINESS

Discussion/Consideration: RFP for Lien Roll Services

This item was discussed during the Seventh Order of Business.

TENTH ORDER OF BUSINESS

Discussion: Distinctive Homes Parcel Discharge into District Storm Water Pond at Golf Hole South 7 and Water Quality Initiatives the District is Able to Impose

Mr. Greenberg recommended that the MCA Board not grant any easements until they go through the Southwest Florida Water Management District (SFWMD) process and Mr. Robson's review. The MCA was responsible for berming and siteline protection for homes in Calabria and Cannaneta.

Mr. Robson emailed Mr. Adams, on January 13, regarding Distinctive Homes' parcel discharge into the District's storm water pond at Hole South 7, which was delayed until they satisfied the SWFWMD. Mr. Greenberg asked how fast Distinctive Homes would receive the permit, if approved. Mr. Robson stated that the consensus from the SFWMD was that it would not be approved but Distinctive Homes had 30 days to resubmit. The SFWMD would draft the permit, if Distinctive Homes satisfied the design criteria, which must go to the Board, for approval. It was usually a 45 to 60-day process, if there was no request for additional information. A seven page request for additional information was received from the SFWMD.

Mr. Greenberg asked if the District Engineer had the ability to file an objection to a permit request on behalf of a stakeholder. Mr. Robson stated that there was a process after a permit was issued. Mr. Greenberg asked if Staff could be influenced. Mr. Robson replied

affirmatively, if the permit was issued within the boundary. If the offsite inflow was recognized in the permit and recognized that the lake was designed and the system was built to accept the water, the District could ask the SFWMD to be placed on the contact list, so the District could receive information, electronically. Mr. Greenberg tasked Mr. Robson with monitoring and reporting. Mr. Robson would contact the SFWMD.

Mr. Bishko asked if Distinctive Homes should be asked to provide information to the District if their lake flows into the District's lake. Mr. Greenberg stated that, if Distinctive Homes wanted an easement to hook up to the District's pump station along Messina Lane, it could be included in the Easement Agreement. The MCA was negotiating with Distinctive Homes, due to concerns about site lines and maintenance along the Messina Lane fence.

Mr. Bishko asked if the pipe was installed, with the anticipation that Bonita Bay Group was purchasing the entire property. Mr. Robson recalled that the pipes were included in the design of Livingstone Road, to prevent further digging underneath the road.

ELEVENTH ORDER OF BUSINESS

Update/Discussion: Aeration Installation Project

This item was discussed following the Fourteenth Order of Business.

TWELFTH ORDER OF BUSINESS

Consideration of Banking Services RFP Responses

- **First Florida Integrity Bank**

Mr. Greenberg asked if District Counsel reviewed the responses and if there were legal issues. Ms. Willson noted no requirements for a District or local government going out for RFP for District banking services. Mr. Adams shopped a litany of services and the fees were similar. The decision was whether the District wanted to use a local bank versus a national bank.

Mr. Tarr stated that, if the District's deposits were in a qualified public depository (QPD), the District was covered over and above the FDIC limits. Mr. Adams stated that the primary function of a QPD was to collateralize all investments. Mr. Tarr asked why the bank demanded 40 basis points on their balances. Mr. Adams could negotiate lower bank fees.

In response to Mr. Henry's question, Mr. Greenberg stated that the purpose of the RFP would be to use a local bank and he felt that the District should support community businesses

and there would be better service from a local bank than a large national bank. Mr. Adams stated that four of five local banks were requested to respond, FineMark Bank (FineMark) was not asked to respond as there were concerns about their ownership and the link with Bonita Bay Group. First Florida Integrity was the only bank that responded to the RFP. Mr. Adams surmised the reasoning being that the Districts do not have large operating balances. The largest balances were the debt service funds, which must be maintained by the Trustee, so they could not go to the local bank. There were two operating accounts, one for each District, plus a clearing account for joint payments of expenses. Mr. Greenberg recommended transferring all accounts to First Florida Integrity, which was a community bank.

Mr. Henry voiced concern about local banks in Florida failing and the disruption that could cause. Mr. Adams stated that, when the FDIC coverage limit was reached, when most of the revenues were received, the money would be spread through different investment accounts. Mr. Greenberg asked about the Certificate of Deposit Account Registry Service[®] (CDARS[®]). Mr. Adams replied that CDARS[®] did not work, due to the fixed terms, and the required cash flow needs for public entities; however, the CASHSWEEP program did work as the bank invests the CDD balances over multiple qualified investment vehicles and the funds could be pulled at any time without penalty.

Mr. Greenberg voiced concern about termination, if regulators imposed capital restrictions on the bank. Mr. Adams stated that the District had the ability terminate at its discretion. Mr. Henry asked if the bank provided a financial statement as part of the RFP. Mr. Adams stated that it was a requirement.

On MOTION by Mr. Greenberg and seconded by Mr. Tarr, with all in favor, authorization for the District Manager to transfer the District's banking to First Florida Integrity Bank, was approved.

THIRTEENTH ORDER OF BUSINESS

Update/Discussion: Drone Policy

Mr. Greenberg distributed a handout on the drone policy that the MCA prepared. Ms. Willson stated that regulations were continuing to evolve in this field but the District had the ability to be over and up to the navigable air space; however, since the field was evolving, this

may change. Mr. Greenberg stated that the most the District could do was to prohibit small, unmanned aircraft flying over CDD land below 83’.

Mr. Bishko stated that a problem would arise when drones flew over individual homes and the homeowner gets upset. Mr. Greenberg stated that the MCA agreed with Mr. Bishko and his opinion was that the field was evolving quickly. At some point the District would have to take action but not at this time and suggested tabling this matter indefinitely.

FOURTEENTH ORDER OF BUSINESS**Acceptance of Prager & Co., LLC
Termination of Dissemination Agreement**

- **Authorization of District Manager to Serve as Dissemination Agent**

Mr. Adams stated that Prager & Co., LLC (Prager) was no longer interested in providing dissemination agent services. As part of the Trust Indenture, the District was required to provide periodic updates, during the course of the year, essentially providing bondholders with updated information about the financial status of the District and how it was progressing development-wise. The District was required to post this information on public repositories, such as the Electronic Municipal Market Access (EMMA[®]) system.

In response to Mr. Greenberg’s question, Mr. Adams stated that an annual fee was paid to Prager, which was budgeted at \$9,000 for three bond issues. Mr. Greenberg stated that WHA provided a proposal for \$4,000 for Dissemination Agent/services, which was a savings of \$5,000.

Mr. Bishko asked why the Board was dealing with this now, as the letter was dated August 30, 2016, and the termination date was September 30, 2016. Mr. Adams stated that a required reporting was upcoming, which Staff was currently handling. Mr. Bishko asked for the link to EMMA[®].

On MOTION by Mr. Greenberg and seconded by Mr. Bishko, with all in favor, termination of Prager & Co. LLP as Dissemination Agent Agreement and authorization for the District Manager to serve as Dissemination Agent, at an annual cost of \$4,000, were approved.

Mr. Adams stated that District Counsel would prepare an addendum to WHA's agreement and forward it for the Chair's signature.

▪ **Discussion: Merger of Mediterra North and Mediterra South CDDs**

******This item was an addition to the agenda.******

Mr. Greenberg distributed a Merger Agreement and Resolution. Regarding Items 4 and 7 in the Merger Agreement, Mr. Greenberg stated funding the merger should be paid as a joint cost. There were three options for the composition of the Board following the merger. Option 1, anyone could run for a seat; Option two, there would be a larger Board, 50% from each Board and Option 3 would be based on the number of landowners, 60/40 Mediterra South CDD or 70/30 Mediterra South CDD versus Mediterra North CDD.

Mr. Tarr stated that, if Mediterra South was the successor CDD and all of the Mediterra North Supervisors retired, according to the terms, the existing election cycle would be followed and nothing would really change. Going forward, qualified electors in the former Mediterra North CDD would vote in Mediterra South CDD's election. Mr. Greenberg asked about the mechanics of the first election. Ms. Willson stated that qualified electors in Lee and Collier Counties would be eligible to vote for new Supervisors in the new merged District. Mr. Tarr asked if there must be a special election in 2018. Ms. Willson stated that Supervisors from Mediterra South could resign and Supervisors from Mediterra North could be appointed to the surviving Mediterra South Board.

Mr. Tarr recalled a comment from Mr. Frank Godshall, a Mediterra North CDD Board Member, at a meeting, that a merger between two Districts could not pass if the Boards could not decide on the surviving Supervisors. Mr. Greenberg recalled discussion that two Mediterra South CDD Board Members would resign, and two Mediterra North CDD Board Members would be appointed to the surviving Mediterra North CDD Board.

Mr. Greenberg asked if there was a public notice issue, since this item was not listed on the agenda. Mr. Adams stated that this was a follow-up request, after the agenda package was distributed and, since there was no decision making; it was a discussion, on concept. Ms. Willson would incorporate Supervisor resignation language and joint funding into the Merger Agreement.

Mr. Henry asked about the cost savings to the CDDs and residents, as a result of merging the Districts. Mr. Adams would present an analysis, at the workshop; there would be substantial

cost savings on the management side. Mr. Henry asked how the Merger Agreement addressed the CDD's debt and the bonds, how it could change, as a result of the merger, and if it conformed with all indentures, as ensuring that the Districts were not in violation of any indentures was a critical aspect. Mr. Greenberg recalled that the Mediterra South District would assume liability for Mediterra North's bonds. Mr. Adams stated that there was a joint refinancing of two series of bonds. Mr. Greenberg stated that a merged District was more secure for repayment than two Districts. Mr. Greenberg believed that the Districts would need the Trustees' approval for the merger and asked Ms. Willson to update the Board about what must occur with the bonds of both Districts before the merger workshop.

Mr. Henry asked if it made sense to remove the word "South" from the merged CDD's name. Ms. Willson replied that it could be part of the merger petition process. Mr. Greenberg stated that it would be called the Mediterra CDD.

Mr. Tarr asked about the composition of the Board. Mr. Greenberg preferred three Mediterra South CDD Board Members and two Mediterra North CDD Board Members. Mediterra South was the largest CDD, with more landowners and the most lakes. There was Board consensus. Mr. Luby planned to resign from the Board, in the event of a merger. Mr. Greenberg understood that Mr. Henry would also resign.

Mr. Greenberg asked Ms. Willson to amend the proposed Merger Agreement to include the two Mediterra South CDD Board vacant seats, funding the merger through the operational funding, having three Board Members from Mediterra South and two Board Members from Mediterra North and changing the name of the District to Mediterra CDD. Mr. Adams asked Ms. Willson to provide the amended agreement, today, so he could provide it to the Mediterra North CDD Board tomorrow.

Mr. Greenberg wanted to present to residents that holding meetings in Mediterra was the benefit of the merger. Mr. Bishko asked for a copy of the cost savings analysis, prior to the joint workshop.

*****The meeting recessed at 10:56 a.m.*****

*****The meeting reconvened at 11:03 a.m.*****

- **Presentation: Hydro Topological Report for East Lakes (to be provided by Engineer at meeting)**

Discussion continued regarding CDD drainage pipe and outfall responsibilities, lake locations, the Distinctive Homes future connection, the depth of the lakes, aquatic plant control problems in Lake 74 because of its shallowness and potential expense to dig deeper.

Mr. Robson stated that Distinctive Homes must have a Stormwater Pollution Prevention Plan (SPPP), including silt fences. Mr. Greenberg asked if Mr. Robson would monitor the construction regularly, so there were no issues. Mr. Robson replied affirmatively. Mr. Greenberg asked if Lake 74 required attention now, from a policy standpoint. Mr. Robson replied that, currently, no lakes required attention; however, the lake maintenance contractor noted plant problems in several shallow sections and the lakes could be dug deeper. Pipes installed when Livingston Road was built were outside of the District boundary and not the District's responsibility.

******The meeting recessed at 11:18 a.m.******

******The meeting reconvened at 11:24 a.m.******

******Mr. Adams noted that the Board was now meeting in the Bella Vita Room at the Sports Club. All Board Members were present with the exception of Mr. Luby, who was available by phone.******

Mr. Greenberg asked if any East Side lakes required immediate attention. Mr. Robson replied that Lakes 75 and 76 have the most algae and fish kills. Mr. Greenberg asked if London Bay could be asked to dig out Lake 76 further. Mr. Robson replied that London Bay met all permit requirements and, legally, was not required to do anything more. Lakes 75 and 76 do not have depth issues but, according to the bathymetric, there were narrow spots.

Mr. Greenberg asked if dredging remediation was necessary if LakeMasters or the District Manager discovered ongoing aquatic plant issues in Lakes 72, 73, 74 and 69. Mr. Robson replied affirmatively. Mr. Greenberg requested a process to monitor future aquatic plant issues that would need to consider dredging. Mr. Adams stated that Staff could review treatment reports and consider lakes repeatedly having to be treated because they were shallow and communication with LakeMasters. Unless the shallowness of the pond was more of an aesthetic issue, it was less expensive to increase treatment operations than dredging.

Mr. Henry asked if the Districts had reserve funds to anticipate future costs. Mr. Adams replied that, at the time of need, based on proposals, costs, etc., a financing mechanism would be put into place to offset costs, such as assessing property owners who would benefit. There

should be a reasonable amount of reserve to address unforeseen circumstances, based on a 10-year cost projection. Mr. Robson stated that, once Districts start experiencing lake erosion problems, they set aside funds and do not initiate repairs until sufficient funds are accumulated.

Mr. Greenberg directed the District Manager to monitor LakeMasters and present future algae issues that might require intervention, continue to monitor the control program, which was implemented last summer, and speak to London Bay about cleaning up trash from the construction site on the Lucarno side of the ponds. Ms. Crismond would contact London Bay.

▪ **Update/Discussion: Aeration Installation Project**

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

Ms. Crismond stated three qualifying contractors attended the pre-bid meeting and received the bid documents.

Mr. Greenberg voiced his opinion that, with the low interest rates, the District should consider taking out a loan and spreading the costs over a number of years, so it would not impact reserves. Five years would be the maximum term because, after five years, there would be additional costs, due to having to go through the validation process. Mr. Henry requested a cost estimate for the project. Mr. Adams stated that the cost would be unknown until bids were received but estimated \$300,000 to \$500,000 for 40 lakes and 17 Florida, Power & Light (FPL) connections. Mr. Henry asked if all lakes would be aerated at the same time. Ms. Crismond recommended completing all lakes at the same time, to improve the water quality. Mr. Henry stated that, if the quality of the water did not yet require it, the project should be completed in stages. Mr. Tarr stated that aerated lakes tend to develop less muck over time. The best lake system was Village Walk, which was aerated at one time.

Mr. Greenberg stated that aeration was a water quality issue, aesthetic issue and affected sediment buildup. It was on a staggered schedule, aerating about five lakes per year. Ms. Crismond stated that the District was spending \$50,000 to \$60,000 per year, based on the work necessary to install the system. Mr. Adams stated that the benefit of this exercise was having a plan for every lake that was part of the scope of services. Budgeted monies could be repurposed for the repayment of a loan. \$50,000, \$60,000 or \$75,000 was budgeted for aeration and other funds could be utilized. Ms. Crismond stated that the Mediterra North CDD's ponds were completed last year, on a staggered basis. The more problematic lakes were completed first.

Last year, the Boards decided to complete the lakes in Mediterra North and then focus on the remaining lakes in Mediterra South.

Regarding the orphaned lake banks, Mr. Tarr stated that several believed that maintenance was a CDD obligation. The MCA was asked to pay for maintenance costs and the CDD should have reimbursed the MCA but the CDD refused to fulfill its obligation. These were man-made lakes, created by Bonita Bay and the banks were deteriorating. Mr. Greenberg asked if the MCA billed the CDD. Mr. Adams replied no, as the District has an assignment agreement with the MCA. The MCA was maintaining the landscaping because the CDD does not landscape. Mr. Greenberg stated that, even though it was a CDD expense, the MCA should maintain the lake banks. Mr. Henry felt that major work of landscape replacement, should be handled by the CDD.

Mr. Greenberg recommended placing this item on the February agenda and identifying the orphan lake banks, through a report presented by the District Manager. If there was a need to upgrade the maintenance, the Board should consider the cost and work with the MCA to make sure the maintenance was consistent, perhaps engaging the same landscape architect. There should be a cost summary and an agreement with the MCA to maintain it.

FIFTEENTH ORDER OF BUSINESS**Approval of November 29, 2016 Regular Meeting Minutes**

Mr. Greenberg presented the November 29, 2016 Regular Meeting Minutes and asked for any additions, deletions or corrections. The following changes were made:

Lines 81 and 82: Change “Mr. Rowe previously asked to be reappointed to the vacant seat” to “Mr. Greenberg noted that Mr. Rowe indicated he would not seek to be appointed to the vacant seat”

Lines 84 and 85: Change “Mr. Greenberg stated that Mr. Rowe was gracious and understanding” and Insert “discussion, resulting in a decision to recommend that Supervisors donate their Supervisor fees to”

Line 115: Change: “Mr. Greenberg nominated the following slate of officers” to “Mr. Greenberg nominated the slate of officers to remain the same as it was prior to the appointment naming Mr. Henry as assistant treasurer”

Line 159: Delete “not”

Line 170: Insert “as a private entity” after “MCA”

Line 191: Insert “a” before “domiciliary”

Line 257: Change “upfront deposit, if” to “upfront deposit. If”

Line 265: Change “Council” to “Counsel”

Lines 307 and 308: Change “results, due to landscaper practices on” to “results due to differing landscaper practices.” Delete “on the residential side, and the golf course practices on the golf course side”

Line 314: Delete “,” after “community”

Line 317: Change “chemical” to “chemicals”

Line 344: Delete “,” after “times”

Line 348: Change “rigid” to “not as rigid as Lee County”

Line 353: Delete “the” before “Johnson”

Line 383: Insert “stated” before “policies”

Line 387: Insert “because” after “that”

Line 388: Change “comply. A policy” to “comply, a policy”

Line 389: Delete “in-house”

Line 390: Insert “to” after “applied”

Line 422: Change “Greenberg” to “Luby”

Line 487: Insert “he encountered”

Line 496: Change “unify” to “beautify”

Line 562: Delete “,” after “heard” and “meeting”

Line 566: Insert “up to” after “flying”

Line 570: Change “covered” to “licensed”

Line 571: Change “for line of sight” to “by line of sight flight”

Line 617: Delete: “not”

On MOTION by Mr. Tarr and seconded by Mr. Bishko, with all in favor, the November 29, 2016 Regular Meeting Minutes, as amended, were approved.

Items 7, 8, 13, 18, 19, 20, 22, 23, 24, 25, 27 and 28 were completed.

Going forward, items should be listed in reverse order, starting with the most recent and ending with the oldest on both the Action and Completed Items Lists. Completed items should be removed from the list after six months. Items one through 25 would be removed on the Completed Items List after the close of the fiscal year to which the item applies.

Mr. Tarr asked when assessment revenue would be transferred to the Trustee. Mr. Adams would provide statements in February, as the transfer occurred this month. In response to Mr. Tarr’s question, Mr. Adams estimated that \$800,000 to \$1 million would be transferred. Approximately 75% to 80% of the on roll tax receipts were received in December. The funds were transferred to US Bank to pay the outstanding principal and interest on the bonds. Mr. Greenberg asked Mr. Henry to review the mechanism between the Indenture and the Trustee.

SEVENTEENTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of November 30, 2016

Mr. Adams presented the Unaudited Financial Statements as of November 30, 2016. On-roll assessment revenue collections were at 19%; 50% of the operating assessment was billed to the MCA and the 25% must be paid by October 25, and 25% paid by April 25.

Mr. Henry requested a one-page Executive Summary with the monthly financials. Mr. Adams would provide.

In response to Mr. Henry’s question, Mr. Adams indicated that the arbitrage rebate calculation was due this year, showing that the District was not making more money than it was paying in tax.

On MOTION by Mr. Luby and seconded by Mr. Tarr, with all in favor, the Unaudited Financial Statements as of November 30, 2016, were approved.

EIGHTEENTH ORDER OF BUSINESS

Staff Reports

A. District Counsel

This item was discussed following the Fourteenth Order of Business.

B. District Engineer

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

C. District Manager

- **Joint Workshops**
 - **Wednesday, February 1, 2017 at 9:00 A.M. (*The Club at Mediterra, Bella Vita Rooms 1 & 2*) [District Merger]**
 - **Thursday, February 9, 2017 at 9:00 A.M. (*The Club at Mediterra, Bella Vita Rooms 1 & 2*) [Wildfire Management]**
- **Next Meeting Date: Wednesday, February 15, 2017 at 9:00 A.M. (*The Club at Mediterra, Board Room*)**

Mr. Adams indicated that Joint Workshops would be held on Wednesday, February 1, 2017 at 9:00 a.m., to discuss the District merger and on Thursday, February 9, 2017 at 9:00 a.m. to discuss Wildfire Management.

Regarding the conveyance of Veteran's Parkway back to the District, Mr. Adams signed an authorization form for Mr. Tom Hart to represent the District and the application that the County required to commence with the process. A surveyor must be engaged and Mr. Hart suggested the surveyor for Talis Park; if not, the surveyor from the current engineering firm could be engaged. The consent of all the utility companies that have utilities within the public utility easement will be time consuming but it should be a smooth process.

D. Operations Manager

There being no report, the next item followed.

NINETEENTH ORDER OF BUSINESS

Supervisors' Requests

Mr. Bishko was concerned about reading material, prior to the meeting, and not focusing on what was pertinent. Mr. Adams would provide only the pertinent pages of information, in the future. For contracts, include Scope of Services and prices only.

Mr. Greenberg asked Mr. Adams to relay the Board's discussion about the Merger Agreement with the Mediterra North CDD tomorrow. At the Board's request, Mr. Adams would provide the revised Merger Agreement. Mr. Greenberg would present the suggested new Board composition and the financing at the workshop.

Mr. Greenberg asked Mr. Adams to email to Ms. Willson about the options for setting the terms of appointed and elected Board Members, once the merger occurred and to provide a chart. Mr. Bishko wanted to inform the community about the February 1 workshop for the merger. Mr.

Pick would send a special email, from the MCA, about the workshop. Mr. Greenberg requested that the email be sent within the week. Mr. Adams would provide the merger information to Mr. Pick.

TWENTIETH ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

TWENTY-FIRST ORDER OF BUSINESS

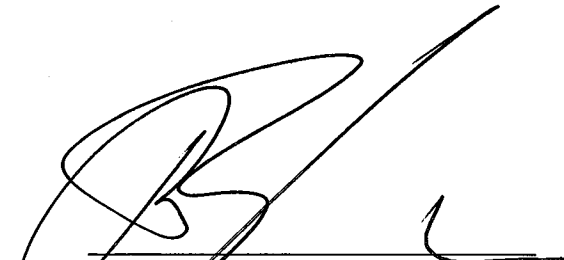
Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Tarr and seconded by Mr. Bishko, with all in favor, the meeting adjourned at 11:52 a.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]


Secretary/Assistant Secretary


Chair/Vice Chair